# **APPENDICES**

## THE COMPONENTS OF A USPAP-COMPLIANT APPRAISAL



		Uniform Residentia	ıl Appraisal Rep	oort File#	
1	The purpose of this summary appraisal rep	ort is to provide the lender/client with an acc	urate, and adequately supported, or	pinion of the market valu	e of the subject property.
	Property Address		City	State	Zip Code
	Borrower	Owner of Public Re	ecord	County	
	Legal Description				
<u>া</u>	S Assessor's Parcel #		Tax Year	R.E. Taxes	
	Neighborhood Name		Map Reference	Census Tr	
	Occupant Owner Tenant Va		nts\$ P	UD HOA\$ [	per year per month
	Property Rights Appraised Fee Simple		donoiho\		
2	Lender/Client	on Refinance Transaction Other (  Address	uescribe)		
<u>u</u>		sale or has it been offered for sale in the tw	alve months prior to the effective d	ate of this appraisal?	Type I No
	Report data source(s) used, offering price(		eive months phot to the ellective of	ate or this appraisar:	1162 1140
	Trappert data doubte(a) about onlining prices	9), 616 6416(5).			
<u> </u>	I did did not analyze the contract for	r sale for the subject purchase transaction.	Explain the results of the analysis of	of the contract for sale or	why the analysis was not
	c performed.	. acia ili dia dasjost para laco da lacación	and an area of the array or a	, die confidentier care of	and analysis mas not
	O N		100		
	Contract Price \$ Date of Contract	ract Is the property seller the o	wner of public record? Yes	No Data Source(s)	
		ges, sale concessions, gift or downpaymen	assistance, etc.) to be paid by any	party on behalf of the bo	лгоwer? 🗌 Yes 🔲 No
	If Yes, report the total dollar amount and de	escribe the items to be paid.			
	<u> </u>				
	Note: Page and the secial course of	f the palebook and are active and a	Anna .		
		of the neighborhood are not appraisal fac		On the William	D
	Neighborhood Characteristics  No Location Urban Suburban		ousing Trends  Stable Declining	One-Unit Housing PRICE AGE	Present Land Use % One-Unit %
		Rural Property Values Increasing Under 25% Demand/Supply Shortage		PRICE AGE \$ (000) (yrs)	One-Unit % 2-4 Unit %
		The state of the s	ns 3-6 mths Over 6 mths	Low	Multi-Family %
	Neighborhood Boundaries	managing time cracionic	o Co o mino C orei o mino	High	Commercial %
	B Hogasonious Soundario			Pred.	Other %
	R Neighborhood Description				
	Ö				
	0				
	Market Conditions (including support for th	e above conclusions)			
	Dimensions	Area	Shape	View	
	Specific Zoning Classification	Zoning Description	7 . 🗆		
		Nonconforming (Grandfathered Use) N		use2 Clyes ClNe	If his deposits
	is the highest and best use of the subject p	roperty as improved (or as proposed per pla	ans and specifications) the present	use? [] les [] NO	ii No, describe
	Utilities Public Other (describe)	Public O	ther (describe) Of	f-site Improvements—Ty	pe Public Private
	Electricity	Water		reet	
	Gas 🔲 🖂	Sanitary Sewer	All		
	FEMA Special Flood Hazard Area Yes	☐ No FEMA Flood Zone	FEMA Map#	FEMA Map Date	9.
	Are the utilities and off-site improvements t	ypical for the market area? Yes N	o If No, describe		
	Are there any adverse site conditions or ex	ternal factors (easements, encroachments,	environmental conditions, land use	s, etc.)? Tyes No	o If Yes, describe
	General Description	Foundation		als/condition Interior	materials/condition
	Units One One with Accessory Unit		Foundation Walls	Floors	
	# of Stories	Full Basement Partial Basement	Exterior Walls	Walls	
	Type Det. Att. S-Det/End Unit			Trim/Finis	
	The state of the s	Basement Finish %	Gutters & Downspouts	Bath Floor	
	Design (Style)	Outside Entry/Exit Sump Pump	Window Type	Bath Wain	
	Year Built	Evidence of Infestation Dampness Settlement	Storm Sash/Insulated Screens	Car Storag	ge None way # of Cars
	Effective Age (Yrs)  Attic None	Heating FWA HWBB Radiant			
	Attic None Stair Stairs	Other Fuel	Fireplace(s) # Fence		
	Floor Scuttle	Cooling Central Air Conditioning	Patio/Deck Porch		
	P   Finished   Heated	☐ Individual ☐ Other	Pool Other		☐ Det. ☐ Built-in
	0	n Dishwasher Disposal Microwav			
	Y Finished area above grade contains:	Rooms Bedrooms		are Feet of Gross Living	Area Above Grade
	Additional features (special energy efficient		(4)		
	E	, , , , , , , , , , , , , , , , , , , ,			
	Describe the condition of the property (inclu	iding needed repairs, deterioration, renovati	ons, remodeling, etc.).		
	S		- ALTONOO - ALIONALI		
	Are there any physical deficiencies or adve	rse conditions that affect the livability, sound	ness, or structural integrity of the p	roperty?   Yes   N	lo If Yes, describe
l l					
	Does the property generally conform to the	neighborhood (functional utility, style, condi	tion, use, construction, etc.)?	Yes No If No. desc	ribe

Freddie Mac Form 70 March 2005 Page 1 of 6 Fannie Mae Form 1004 March 2005

There are comparated scales in the subject registrationed within the past levely exported rangings in allegence from 5. to 5  FEATURE SUSPLECT COMPARAGE SALE #1  COMPARAGE SALE #2  COM			tly offered for sale in the subject	ntial Appraisal R	lo	\$
Pecinity of Subsect Sale Process Life And Sale A						
Posimity is Subject.  Same Price Same Price Same Price Same Same Same Same Same Same Same Sam		SUBJECT	COMPARABLE SALE	COMPARABLE SAI	E# 2 C	OMPARABLE SALE # 3
Sale Prize Cross Living Area   S						
Side PriceCross Lb Area \$ sq. ft. \$		6	I.	Ic.		Ic.
Data Source(s)  VALUE ADJUSTMENTS  DESCRIPTION  VALUE ADJUSTMENTS  DESCRIPTION  A(s) \$ Adjustment  DESCRIPTION  A(s) \$ Adjustm					- 0	
Membrane   Description   Telephone   Tel		34, II.	9 Sq. II. ]	o Syn. j	2	SQ. II.
VALUE ADJUSTMENTS   DESCRIPTION   4-) \$ Adjustment   4-) \$		THE PARTY OF THE P				
Concessions Date of Saleti Time Location Leasehold-Fee Simple Site Were Design (SNYe) Design (Construction Above Crashe Room Count Gross Living Area Salement A Finished Room Betwo Grade Room Betwo		S DESCRIPTION	DESCRIPTION +(-) \$ Ad	ustment DESCRIPTION +(-) \$	Adjustment DESCR	IPTION +(-) \$ Adju
Date of SalerTime Location LeaseNotifice Simple Size View Use						
Leasehald/fire Simple Site Wew Design (Chrotinuction Advance) Consilion Above Cladge Room Count Gross Living Area Samener & Finished Room Selow Grade Protein Blattes Site Basemer & Finished Room Selow Grade Protein Blattes Finished Room Selow Grade Finished Fini						
Size						
Site Very Destro (15/46) Destro (15/						
Very   Constitution   Construction   Constitution						
Design (SVer)  Constituted App  Constitu						
Constitution Above Coade Total Benns Burts Total						
Actual Age Condition Above Clade Room Court Const Living Area Seament & Firshed Seam						
Above Crade Room Count Gross Living Area Sept 1. Sq. ft. Sq. f	Actual Age					
Roon Court Const Living Area  Basement & Friethad Roons Below Grade Functional Utility Healing/Cooling Functional Utility Functi						
Goss Living Area Basement & Titlehod Rooms Below Grade Finchional Utility Prealing/Cooling Fincerploride Finchional Utility Finchional Ut		Total Bdrms, Baths	Total Bdrms Baths	Total Bdrms Baths	Total Bdn	ns. Baths
Basement & Firished Rooms Below Grade Functional Utility Heating/Cooling Gringly Effortial End of the State o				4		
Recoms Below Grade Finchional Utility Healing/Cooling Healing/		sq. ft.	sq. ft.	sq. ft.		sq. ft.
Fanctional Utility Healing/Cooling Friengy Efficient Items Garage/Carport PorchPatiorDeck  Net Adjustment (Tota)  Adjusted Sale Price Gross Adj. % \$ Scross Ad						
Heating/Coping  Gregor_Cfficient items  Garage/Caport  Porch/Patio/Deck  Net Adjustment (Tota)  Adjusted Sale Price  Of Comparables  Gloss Adj. % S  Indid did not research the sale of transfer history of the subject property and comparable sales. If not, explain  Wy research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.  Data source(s)  Wy research and analysis of the prior sale or transfer history of the subject property and comparable sales. Thot, explain  Wy research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of this appraisal.  Data source(s)  Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page ITEM SUBJECT COMPARABLE SALE #1 COMPARABLE SALE #2 COMPARABLE SALE #2 COMPARABLE SALE #2 COMPARABLE SALE #3 COMPARABLE SALE #4 COMPARAB						
Searage/Carport Propro/Palci/Deck  Searage/Carport Searage/Car						
Porch/Palio/Deck  Net Adjustment (Total)  Adjusted Sale Price Of Comparables Cross Adj.  My research   did   did not reveal any prior sales or transfers of the subject property and comparable sales. If not, explain  Wy research   did   did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.  Data source(s)  My research   did   did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.  Data source(s)  My research   did   did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.  Data source(s)  My research   did   did not reveal any prior sales or transfer history of the subject property and comparable sales (report additional prior sales on page IFEM SUBJECT COMPARABLE SALE #1 COMPARABLE SALE #2 Data Source(s)  Analysis of prior sale or transfer history of the subject property and comparable sales  Indicated Value by Sales Comparison Approach  Summary of Sales Comparison Approach  This appraisal is made   "as is",   subject to completed prepare years and specifications on the basis of a hypothetical condition that the improvements have been completed.   subject to the following repairs or alterations frave been completed.   subject to the following repairs or alterations on repair.						
Net Adjustment (Tota)    Adjusted Sale Price						
Adjustment (Total) Adjustment (T	Porch/Palio/Deck					
Adjustment (Total) Adjustment (T	Ř					
Adjustment (Total) Adjustment (T	s	_				
Adjusted Sale Price   Net Adj.   %   Gross Adj.   %   § Gross Adj.   %		ili mining is a so	□+ □-  s	+	Π+	□-  s
Cross Adj.   %   \$   \$   \$   \$   \$   \$   \$   \$   \$	Adjusted Sale Price	122.76% 1 1135	Net Adj. %			%
Wy research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.  Data source(s)  Wy research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.  Data source(s)  Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page  ITEM SUBJECT COMPARABLE SALE #1 COMPARABLE SALE #2 COMPARABLE SALE  Date of Prior Sale/Transfer  Price of Prior Sale/Transfer  Data Source(s)  Effective Date of Data Source(s)  Analysis of prior sale or transfer history of the subject property and comparable sales  Summary of Sales Comparison Approach  Summary of Sales Comparison Approach  This appraisal is made 3 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 3 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 3 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 3 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 3 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 4 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 4 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 4 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 4 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 4 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 5 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 5 so by Sales Comparison Approach \$ Income Approach (if developed) \$  This appraisal is made 5 so by Sales Comparison Approach \$ Income Approach (if develo	of Comparables		Gross Adj. % \$	Gross Adj. % \$	Gross Adj.	% \$
ITEM SUBJECT COMPARABLE SALE #1 COMPARABLE SALE #2 COMPARABLE SALE #2  Date of Prior Sale/Transfer Price of Prior Sale/Transfer Data Source(s)  Effective Date of Data Source(s)  Analysis of prior sale or transfer history of the subject property and comparable sales  Summary of Sales Comparison Approach  Summary of Sales Comparison Approach \$  Income Approach (if developed) \$  This appraisal is made   "as is",   subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed,   subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alterations have been completed, or   subject following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Data source(s)  My research  did   Data source(s)	did not reveal any prior s	ales or transfers of the compara	ble sales for the year prior to the date	of sale of the comparab	le sale.
Date of Prior Sale/Transfer Price of Prior Sale/Transfer Data Source(s) Effective Date of Data Source(s) Effective Date of Data Source(s) Analysis of prior sale or transfer history of the subject property and comparable sales  Summary of Sales Comparison Approach  Summary of Sales Comparison Approach  Summary of Sales Comparison Approach  This appraisal is made _ "as is", _ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, _ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, _ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, _ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, _ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, _ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, _ subject to the following repairs or alterations have been completed, or _ subject to the following repairs or alterations have been completed.						
Price of Prior Sales/Transfer Data Source(s)  Effective Date of Data Source(s)  Analysis of prior sale or transfer history of the subject property and comparable sales  Summary of Sales Comparison Approach  Summary of Sales Comparison Approach  Indicated Value by Sales Comparison Approach  Cost Approach (if developed) \$  Income Approach (if developed) \$  This appraisal is made*as is*, subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:			SSEST CONTRA	COMPARA	DLL UNLL # Z	OUNI AI VABLE OALE
Effective Date of Data Source(s)  Analysis of prior sale or transfer history of the subject property and comparable sales  Summary of Sales Comparison Approach  Indicated Value by Sales Comparison Approach \$  Income Approach (if developed) \$  Income Approach (if developed) \$  This appraisal is made   "as is",   subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, or subject to the following repairs or alterations have been completed in spection based on the extraordinary assumption that the condition or deficiency does not require alterations have been completed, or   subject to the following repairs or alterations have been completed in spection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:						
Analysis of prior sale or transfer history of the subject property and comparable sales  Summary of Sales Comparison Approach  Indicated Value by Sales Comparison Approach \$ Indicated Value by: Sales Comparison Approach \$ Income Approach (if developed) \$ Income Ap						
Summary of Sales Comparison Approach  Indicated Value by Sales Comparison Approach   Andicated Value by: Sales Comparison Approach   Cost Approach (if developed)   Income Approach (if developed)   This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:						
Indicated Value by Sales Comparison Approach \$ Income Approach (if developed) \$ Income Approach (if	Analysis of prior sale or	transfer history of the sub	ject property and comparable s	ales		
Indicated Value by Sales Comparison Approach \$  Cost Approach (if developed) \$  Income Approach (if developed) \$  This appraisal is made*as is*, subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following repairs or alterations have been completed on the extraordinary assumption that the condition or deficiency does not require alteration or repair:						
Indicated Value by Sales Comparison Approach \$ Income Approach (if developed) \$ Income Approach (if						
Indicated Value by Sales Comparison Approach \$ Income Approach (if developed) \$ Income Approach (if						
Indicated Value by Sales Comparison Approach \$ Income Approach (if developed) \$ Income Approach (if						
income Approach (if developed) \$  Income		parison Approach				
indicated Value by: Sales Comparison Approach \$ Cost Approach (if developed) \$ Income Approach (if developed) \$  This appraisal is made \( \text{"as is", } \) subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, \( ] subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or \( \text{] subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Summary of Sales Comp					
Income Approach (if developed) \$    Cost Approach (if developed) \$   Income Approach (	Summary of Sales Comp					
indicated Value by: Sales Comparison Approach \$ Cost Approach (if developed) \$ Income Approach (if developed) \$  This appraisal is made   "as is",   subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed,   subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or   subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Summary of Sales Comp					
Income Approach (if developed) \$  Cost Approach (if developed) \$  Income Approach (if developed) \$  This appraisal is made *as is*, subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Summary of Sales Comp					
indicated Value by: Sales Comparison Approach \$ Cost Approach (if developed) \$ Income Approach (if developed) \$  This appraisal is made   "as is",   subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed,   subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or   subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Summary of Sales Comp					
indicated Value by: Sales Comparison Approach \$ Cost Approach (if developed) \$ Income Approach (if developed) \$  This appraisal is made   "as is",   subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed,   subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or   subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Summary of Sales Comp					
andicated Value by: Sales Comparison Approach \$ Cost Approach (if developed) \$ Income Approach (if developed) \$  This appraisal is made   "as is",   subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed,   subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or   subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Summary of Sales Comp					
This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:		Comparison Approach				
This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Indicated Value by Sales		-	roach (if developed) \$	Income Approach (if	developed) \$
This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Indicated Value by Sales		-	roach (if developed) \$	Income Approach (if	developed) \$
completed, \( \subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations have been completed, or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs or alterations have been completed. Or \( \subset subject to the following repairs have been completed. Or \( \subset subject to the following repairs have been completed. Or \( \subset subject to the following r	Indicated Value by Sales		-	roach (if developed) \$	Income Approach (if	developed) \$
following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:	Indicated Value by Sales andicated Value by: Sales contained value by:		-	roach (if developed) \$	Income Approach (if	developed) \$
	Indicated Value by Sales andicated Value by: Sales andicated Value by: Sales to the sales and sa	les Comparison Approa	cost App	ations on the basis of a hypothetical of	condition that the improv	ements have been
Based on a complete viewal increasion of the interior and exterior and exterior	Indicated Value by Sales Indicated Value by: Sales This appraisal is made completed, subject to	les Comparison Appro	cch \$ Cost App  completion per plans and specific illerations on the basis of a hype	ations on the basis of a hypothetical o	condition that the improvi	ements have been
	Indicated Value by Sales Indicated Value by: Sales This appraisal is made completed, subject to	les Comparison Appro	cch \$ Cost App  completion per plans and specific illerations on the basis of a hype	ations on the basis of a hypothetical o	condition that the improvi	ements have been
	Indicated Value by Sales Indicated Value by:	les Comparison Appro-  "as is",   subject to o the following repairs or a ion based on the extraor sual inspection of the in	cost Appropriate Section 2015  Cost Appropriate Section 2015	ations on the basis of a hypothetical c thetical condition that the repairs or a filtion or deficiency does not require alt the subject property, defined scope	condition that the improviderations have been coreration or repair:	ements have been npleted, or subject
as of , which is the date of inspection and the effective date of this appraisal.	Indicated Value by Sales Indicated Value by: Sa Indicated Value by: Sales Indicate	les Comparison Appro-  "as is",   subject to o the following repairs or a ion based on the extraor sual inspection of the is er's certification, my (o	completion per plans and specific illerations on the basis of a hype dinary assumption that the conc neerlor and exterior areas of the ur) opinion of the market valu	ations on the basis of a hypothetical of thetical condition that the repairs or a fillion or deficiency does not require all the subject property, defined scope e, as defined, of the real property to	condition that the improving the actions have been core ration or repair:  of work, statement of a nat is the subject of this	ements have been npleted, or subject
	Indicated Value by Sales Indicated Value by:	les Comparison Appro-  "as is",  subject to o the following repairs or a ion based on the extraor sual inspection of the is er's certification, my (o s of	completion per plans and specific illerations on the basis of a hyper dinary assumption that the conc neerior and exterior areas of the ur) opinion of the market valuation, which is the date of ins	ations on the basis of a hypothetical cuthetical condition that the repairs or a tition or deficiency does not require alt the subject property, defined scope e, as defined, of the real property thection and the effective date of this	condition that the improv tlerations have been cor eration or repair: of work, statement of a lat is the subject of thi s appraisal.	ements have been impleted, or subject sumptions and lim s report is

RESIDENTIAL APPRAISAL SAMPLE QUESTIONS

## Introductory Note

The list of questions below is a compilation, for convenience in one location, of those listed in the foregoing chapter. But they are offered with a caution. Like the common formatting of an appraisal report, the questions asked of the appraisers who prepare those reports often cover common ground from one BOR hearing to the next. But the truth-finding process at the BOR is disserved if those points of commonality lull a questioner into thinking that the examination of an appraiser at the BOR should be conducted in a rote or formulaic manner. Each appraisal is unique. There is no formula for questioning an appraiser. There are no mandated questions. There is no one, singular way to conduct the witness examination of an appraiser. Each inquiry, each series of questions to the appraiser, is (or should be) designed to address the unique circumstances and issues raised by the appraisal under review. When it comes to questioning an appraiser, one size does not fit all. These questions should not be mechanically employed. Would-be, or inexperienced questioners, should keep that in mind as they review the list below.

Finally, it is important to note that these questions are *starting points only and are not applicable to every case*. The questioner at the BOR will need to structure her inquiry and craft questions, including appropriate follow-up questions, to suit the circumstances of the appraisal and the appraiser's verbal responses under oath.

The following, then, either suggest areas of questioning or pose questions that sometimes arise in questioning an appraiser.

## Background/Preliminary Information About the Appraisal

- 1. The identity of the client
- 2. Who is paying the appraiser for her work
- 3. The appraiser's scope of work
- 4. The purpose for which the appraisal was undertaken
- 5. When was the assignment given
- 6. The effective date of the appraisal
- 1. The person (if a company gave the assignment) who discussed the assignment with the appraiser

#### The Subject's Neighborhood

- 2. What criteria did you use to determine the subject property's "neighborhood"?
- 3. What are the geographic boundaries of that neighborhood?
- 4. What factors did you use in concluding that the neighborhood's buildings were "related"?
- 5. What data sources did you utilize in determining the number and price range of the pool of comparable sales?
- 6. Were all of the comparable sales located in the subject's neighborhood? If not, why not?

#### Criteria Used to Select Comps

- 7. What characteristics did this comparable have in common with the subject?
- 8. How many other sales, of the entire pool of comparables, had those or similar characteristics in common with the subject?
- 9. Given that potential number, why did you select this particular comparable?

- 10. In your search for appropriate comparables, were there any characteristics of those potential comparables that carried more weight with you than others?
- 11. When was this comparable last sold in an arm's length sale?
- 12. Did you verify the facts of that sale?

#### Age of Subject and Comps

- 13. Would you agree that the average condition of an older home is generally different than the average condition of a newer home?
- 14. In this case, the subject is 41 years old, Comp 1 is 29 years old, Comp 2 is 54 years old, and Comp 3 is 10 years old, correct?
- 15. Given that the average condition of a home may vary with its age, can you explain why you made no adjustments to these comps to account for the age differences between each of them and the subject.

## Meaning of "Average" Condition

- 16. You describe all of these residences as being in "average" condition, correct?
- 17. You are required to perform your appraisals in accordance with USPAP, correct?
- 18. Did you utilize a definition of the word "average" when determining that these properties were all "average"?
- 19. Is there a definition within USPAP as to the meaning of the word "average"?
- 20. Is there any kind of mathematical or scientific calculation that you use in determining whether a property's condition is "average"?
- 21. Are there certain features or physical characteristics of a home that must exist in order for you to characterize it as "average"?
- 22. Would it be correct, then, to say that your determination that these homes were in "average" condition involves subjectivity on your part?

#### Condition of Exterior

- 23. You indicated that the exterior of the subject is "brick/vinyl" and that "brick/vinyl" is worth more in the marketplace than a vinyl-only exterior, correct?
- 24. What is your factual basis for that opinion?In making a determination that a vinyl/brick exterior is worth more than a vinyl-only exterior did you consult any books, treatises, or other resources?

#### Amount of Adjustments

- 25. In your appraisal you indicated that difference in value for a brick/vinyl exterior as opposed to an all vinyl exterior was \$2,500, correct?
- 26. In coming up with that value did you consult Marshall & Swift or any other resources?
- 27. Where did that number (\$2,500) come from?
- 28. Would you agree that the smaller the amount of the adjustment, the more similar it is to the subject?
- 29. And if the adjustments get too large, it may indicate that it is not a good comparable sale?

## Number of Adjustments

- 30. In general, do you agree that it is better to have a smaller number of adjustments?
  31. In general, do you tend to place greater reliance on a comp with fewer adjustments?

#### **COMMERCIAL APPRAISAL SAMPLE QUESTIONS**

## **Preliminary Matters**

- 1. Who hired you to do the appraisal?
- 2. What was the scope of your assignment?
- 3. Was the appraisal prepared for tax valuation purposes?
- 4. What is the effective date of your opinion of value?
- 5. On what date/dates did you visit the site?
- 6. Did you view the interior of the property as well as the exterior?
- 7. On what date/dates did you write the report?
- 8. In viewing the interior of the subject, were you escorted by anyone at that location?
- 9. Was your access to the entire interior restricted or limited in any manner?
- 10. Did anyone assist you in gathering data for the appraisal?
- 11. Did anyone assist you in writing the appraisal?
- 12. Did anyone review the appraisal before you finalized it?
  - a. If so, who?
  - b. Did you make any edits or changes to either your opinion of value or any other portion of your appraisal based upon comments or concerns expressed to you by others?
    - i. If so, what were those changes?

## **Highest and Best Use**

## Highest and Best Use – Questioning the Appraiser Regarding Whether the Subject is Legally Permissible and Physically Possible

#### Regarding Whether the Subject is Legally Permissible

- 13. In what jurisdiction is the subject located?
- 14. Does that jurisdiction have zoning laws?
- 15. What are the applicable zoning regulations regarding the subject?
- 16. Was it necessary to obtain a variance or conditional use authorization from any applicable government body before the subject could be constructed?
- 17. Are there any setback requirements or other restrictions on the area of the subject parcel on which a building can be constructed?
- 18. Is the subject required to comply with any building or other safety code requirements?
- 19. Is the subject under lease?
- 20. Are there any restrictions to certain uses under the deed that currently underlies the property?
- 21. Is the subject required to comply with any easements or restrictions other than utility easements?
- 22. Are there any other permits or certificates required from the applicable jurisdictions(s) before the subject may be legally occupied?

#### Regarding Whether the Subject is Physically Possible

Questions regarding whether the subject building is physically possible may include some or all of the following:

- 23. What is the soil type and can it support the structure?
- 24. What is the topography (flat, hilly, swampy, floodplain, etc.)?
- 25. What is the size/shape of the parcel and can it support the proposed use?
- 26. Where on the parcel is the building located?
- 27. Is there room for expansion?
- 28. Do any changes need to be made to the site/building to bring it to its highest and best use?

### Regarding Whether the Subject is Financially Feasible

- 29. In determining if the subject is financially feasible, what uses did you look at?
- 30. Did you prepare any proforma net operating income statements for each of these uses?
- 31. Was the subject financially feasible in all of those uses?
- 32. In determining financial feasibility, what data did you review?
- 33. Did you do any calculations based on that data?
  - a. Are those calculations in your appraisal?
- 34. In your analysis, did you prepare any written financial estimates?
- 35. In determining financial feasibility, would it be useful to know the price of surrounding lots or parcels?
  - a. Did you do a review of the prices of the surrounding lots/parcels?
- 36. Were there any factors or facts that you explored in determining financial feasibility that are not discussed in your discussion of the three valuation approaches in your appraisal?

#### Regarding Whether the Subject is Maximally Productive

- 37. You indicated that the highest and best use for the subject is as a [SPECIFIED USE], correct?
- 38. And determining that that use is maximally productive is a critical component of your highest-and-best-use determination, correct?
- 39. Being maximally productive, in turn, produces the highest residual value of the land, correct?
- 40. Can you specify the data that you reviewed to make the determination that the [SPECIFIED USE] is the one that makes it maximally productive?
- 41. Can you explain your understanding of the term "highest residual value"?
- 42. Can you explain your methodology in determining that the use you selected produces the highest residual value?

- 43. According to *The ARE* the highest residual value must be "consistent with the market's acceptance of risk", correct?<sup>1</sup>
  - a. How did you determine the market's acceptance of risk in this case?
  - b. Did you rely on certain data or reference materials or was this just something based upon your experience?
  - c. What were those data/materials and why did you select those as your reference resource?
- 44. According to *The ARE*, the highest residual value must be consistent with "the rate of return warranted by the market for that use", correct?
- 45. For the use you selected, did you determine the rate of return warranted by the market?
  - a. What was that rate of return?
  - b. How did you determine that rate of return?
- 46. In making your determination of what use would prove maximally productive at the subject property, did you determine whether the subject undergo any rehabilitation, modernization, or other improvements?
  - a. What were those changes?
  - b. Were you able to determine how much those changes would cost?
    - i. What was that amount?
- 47. In making your determination of what use would prove maximally productive at the subject property, did you determine that the subject should undergo any maintenance that had been deferred?
  - a. What maintenance was that?
  - b. Were you able to determine how much that deferred maintenance would cost?
    - i. What was that amount?

APPENDIX - 10

<sup>&</sup>lt;sup>1</sup> The ARE, 12<sup>th</sup> Edition at 314

<sup>&</sup>lt;sup>2</sup> The ARE, 12<sup>th</sup> Edition at 314

### **Comparative Sales Approach**

## Research – Questions Regarding the Extent and Thoroughness of The Appraiser's Research Into Potential Comp Sales

- 48. How did you locate the sales comps?
- 49. Did they come from a database contained in your office?
- 50. How often is the database updated?
- 51. Is it updated by you or anyone else?
- 52. Other than the database, did you do any independent research to discover sales comps?
- 53. Have you used any of these sales comps in other appraisals?
- 54. Which ones?
- 55. How many times do you estimate you've used those particular sales comps?
- 56. Did you use any other sources in finding the comps?
- 57. Who wrote the appraisal?
- 58. Who reviewed it before it was finalized?
- 59. Did the attorney see it before it was finalized?
  - a. Did the attorney provide you with written or oral comments?
  - b. After receiving those comments, did you make any changes to the draft of the appraisal?
  - c. If changes made, did you keep a draft of the earlier appraisal?

## <u>Verification – Questions Regarding the Extent and Thoroughness of the Appraiser's Verification of Each Sales Comp</u> Transaction

#### 60. As to each comp sale:

- a. How did you verify the sale
- b. Did you review the records of the county auditor and recorder
- c. Did you speak with anyone directly involved in the sale to determine if it was an arm's length transaction
- d. Did you read the sales contract in each case?
- e. Did you check the courthouse records in each case?

#### 61. As to market analysis information:

- a. Regarding your market analysis, where did you find your demographic data?
- b. Did you utilize any U.S. Census Data?
  - i. Are you familiar with U.S. Census online tools known as Data Profiles?
  - ii. Are you aware that the Census data profiles can get you information about demographics down to the census tract level?
  - iii. Are you familiar with the fact that using census data you can compare the demographics of certain geographic areas to determine if they are compatible?
  - iv. Are you aware that you can use census data to compare the household incomes of certain geographic areas?
  - v. Any reason why you did not use census data directly?

## <u>Units of Comparison – Questions Regarding Whether Appropriate Units of Comparison Were Used Between the Subject and the Comps</u>

NOTE: Frequently there is little to question here, as most appraisers will use price per square foot or some other generally acceptable measurement in coming to an appropriate conclusion of value

### Adjustments to Comps

## <u>Differences Between Subject and Each Comp – Questions Regarding the Adjustments Made to Correct for These</u> <u>Differences</u>

- 62. There is no rule in USPAP as to what constitutes a "comparable sale", correct?
- 63. The determination of what is a comp is a matter of your judgment, correct?
- 64. The adjustments that you make to the comps are largely subjective, correct?
- 65. Have you ever done an appraisal for the subject property before?
  - a. When?
  - b. What was valuation at that time?
  - c. On any prior appraisal for this property or any earlier draft of the appraisal in the current case, did you reach a valuation that was in any manner different than the value conclusion that is in your final appraisal?

#### **Questions Regarding Recency**

- 66. When were each of the comps last sold?
- 67. For the time that elapsed from the sale to the effective date of the appraisal, did you make a determination as to whether market or economic conditions had changed in the market in which the comp is located?

### **Questions Regarding Restrictions on Use**

- 68. Did you read the zoning ordinance applicable to both the comp and the subject?
  - a. Any differences?
  - b. If differences, how did you adjust for those differences?
- 69. Did you review the deed to determine is there were any use restrictions contained within the deeds for the subject and the comps?
- 70. Did you determine if there were any environmental issues with either the subject or the comps?

## Questions Regarding Location<sup>3</sup>

- 71. Do you agree that for commercial properties location is a key determinant of value?
- 72. Would it be fair to say that for commercial properties, with all other things being equal, the property with the better vehicular visibility and access is worth more than the property with worse vehicular visibility and access?
- 73. Are there any differences in type of road or vehicle access between the subject and the comps?
- 74. In comparing the location of the comps to the subject did you attempt to obtain information regarding vehicle counts on the road leading to the subject?
- 75. In comparing the location of the comps to the subject did you have access to information regarding vehicle counts on the roads leading to the comps?
- 76. Can disparities in vehicle counts on roads giving access to a property effect the value of that property?
- 77. Did you make any adjustments between the subject and the comps for location?

## **Questions Regarding Financing**

- 78. Did the appraiser investigate whether the buyer (current owner) got financing from the then-seller?
- 79. Did appraiser investigate whether the financing was more favorable than the market rate at the time?
- 80. Are there any differences between the financing terms for the subject and the financing terms for any of the subjects?
- 81. Describe the financing terms of the comps vs. those of the subject
- 82. In your opinion, did the financing terms of any of the comps effect their value?
  - a. Explain

#### Questions Regarding the Interests Conveyed

- 83. What were the interests conveyed in each of the comps?
- 84. Were any of them encumbered by a lease?
- 85. Are there any differences between the interests conveyed in the comps and those of the subject?
  - a. Explain

### **Questions Regarding Expenditures After Purchase**

- 86. Did buyer (current owner) make any expenditures after purchase (deferred maintenance, demolition or removal of improvements, petition for zoning changes; costs to remediate environmental contamination
- 87. Did you determine if any expenditures were incurred by any of the comps, post-sale, for items like deferred maintenance, remediation of environmental issues, demolition or improvements?

<sup>&</sup>lt;sup>3</sup> According to *The ARE*, "Location considers time-distance relationships, or linkages, between a property or neighborhood and all possible origins and destinations of residents coming to or going from the property or neighborhood." See *The ARE*, 12<sup>th</sup> Edition at 46

## **Income Capitalization Approach**

## Net Operating Income

### Net Operating Income: Questions for the Appraiser About How the Comps were Selected

- 88. What process did you use in selecting the comps?
- 89. Had you ever used any of these comps before?
- 90. Were these comps from files maintained in your office or from some other source?
- 91. In the preparation of this appraisal, did you personally visit and inspect both the interior and exterior of each of the comps?
  - a. Which ones did you visit?
- 92. Have you ever done an appraisal for any of the comps that you used here?
  - a. When was that appraisal done?
  - b. Has it been updated since then?
  - c. How many times have you used these comps in other appraisals?
- 93. [If some comps have more than one tenant] Did some of the comps have more than one tenant?
  - a. Did those tenants pay different rent per square foot?
- 94. Explain the process of how you developed PGI for that property what steps did you go through
- 95. Where did you get the rent rates for the comps?
- 96. Where did you get the expense amount for the comps?
  - a. With whom did you speak to get this information?
  - b. Did you verify any of the information yourself?
- 97. Explain the manner in which you forecast an increase or decrease in PGI for the twelve month period after the tax lien date
- 98. What materials did you rely upon in making that percentage increase/decrease determination?
- 99. How current is that information?
- 100. Did you study trends regarding increase/decrease of PGI
- 101. How far back?
- Did you do a similar review for the comps

#### Net Operating Income: Questions for the Appraiser About Vacancy and Credit Loss (VCL)

- 103. In determining a market vacancy rate, what documents or information did you consult
- 104. [Regarding comps] How were those comps selected?
- 105. How far from subject?
- 106. Are there any dissimilarities between any of the comps and the subject?
- 107. Are they in similar market from subject?
  - a. How was similarity of market determined?
  - b. What information sources did you consult to determine similarity of market?
- 108. In determining a vacancy rate did you consult any sources other than comparable properties?

- 109. Are those resources specific to the geographic area where the subject is located
- 110. How current is the information in those resources?
- 111. In listing vacancy rates, do those resources distinguish between different types of commercial property
  - a. In relying on those resources, did you limit your reliance to information that related only to the subject's type of building?
- 112. What was the single largest factor in determining the vacancy rat?
- 113. In determining collection loss, did you consult any sources other than the comparable properties? [NOTE TO QUESTIONERS: *The ARE* states that "An appraiser should survey the local market to support the vacancy estimate."]<sup>4</sup>
- 114. In determining collection loss for the subject, did you compare the potential gross income with the amount actually collected?
  - a. This would have given you an accurate percentage of collection loss for the subject, correct?<sup>5</sup>

### Net Operating Income: Questions for the Appraiser About Other Income

- 115. Can you identify all of the sources of Other Income at the subject?
- 116. What records did you review in finding that Other Income?
- How far back in time did you go to review the records for Other Income?
- 118. Were all sources of Other Income subject to a VCL reduction
  - a. Which ones
  - b. Explain why you did/did not reduce each source of income by VCL
- 119. Explain under what circumstances a source of Other Income would be subject to VCL reduction and under what circumstances it would not be subject to VCL reduction
- 120. In your analysis of Other Income, did you utilize any comps?
  - a. Explain why/why not
- 121. At the subject, did you notice any increases or decrease of over 10% year over year
- 122. Can you identify the factors that would have an impact on the amount of Other Income?
- 123. You projected a \_\_\_\_% increase/decrease in Other Income
  - a. Explain how you made that determination
  - b. In making that determination, what resources did you consult?
  - c. How current are those resources?

#### Net Operating Income: Questions for the Appraiser About Operating Expenses

- Do you use a checklist or other writing to help you include all of the items that you feel should be included in operating expenses?
  - a. If so, do you have that list with you?
  - b. If not, can you tell us all of the items that you included in operating expenses

\_\_

<sup>&</sup>lt;sup>4</sup> The ARE, 12<sup>th</sup> Edition at 512.

<sup>&</sup>lt;sup>5</sup> The ARE, 12<sup>th</sup> Edition at 512. ("Other methods of measuring vacancy and collection loss include comparing potential gross income at market rates against the subject property's actual collected income.")

- 125. You determined operating expenses for each of the expense comps, correct?
  - a. What documents did you review to determine the expenses for each of the comps?
  - b. What was the source of those documents or information?
  - c. Had you used any of this information for any of the comps before?
  - d. How current was the information on expenses from the comps?
- Tell us the process that you used in selecting the expense comps
- Did you find it necessary to make any adjustments to the expense comps?
  - a. If so, please explain what adjustments and why they were made

#### Net Operating Income: Questions for the Appraiser About the Replacement Allowance

Questions that may be asked about the appraiser's determination of a replacement allowance could include the following:

- 128. From the tax lien date in question, what is the useful life of the building on the subject
  - a. How did you determine that?
  - b. What sources did you use?
- 129. Can you identify all of the components of the subject property that you took into consideration in developing your replacement allowance? [NOTE: If certain components that you might expect to be included in the replacement allowance were excluded, ask the appraiser to explain why.]
- 130. In reaching your replacement allowance figure, did you personally examine each of those components to determine how much useful life was left in each of them? [NOTE: If not, then have the appraiser explain how she determined the useful life of each component.]
- 131. Your replacement allowance is a figure that is projected into the future, correct?
- Did you do the calculations for the replacement allowance or did someone else do them for you?
- 133. In reaching a replacement allowance did you consult with contractors in the subject's market area regarding replacement costs for those components?
  - a. [NOTE: In *The Student Handbook to The Appraisal of Real Estate*, 13<sup>th</sup> Edition, at 311, it states "Reserves for replacement are commonly estimated by obtaining contractors' estimates for the work needed. Some appraisers divide the current cost of the item by the total economic life. Other appraisers adjust the cost to future amounts (usually higher) and then discount that amount back to current dollars using an appropriate discount rate...The future expenditure should be projected out only until the expense is incurred."]
- 134. In determining the replacement allowance, did you review the records of the subject regarding whether any of the components had previously been replaced?
  - a. What records did you look at?
- 135. In determining the replacement allowance, did you review the records of any comparables regarding their maintenance history?
  - a. Explain

- 136. In determining the replacement allowance, what source(s) did you use to determine how much it would cost to replace each of those components?
- 137. If you <u>overestimate</u> the amount of operating expenses in other words, higher than they should be that would reduce the NOI, correct?
  - a. And if the NOI is reduced, then that would reduce the value of the subject property, correct?

In summary, then, the following steps should be taken in determining operating expenses:

- Research historical fixed and variable operating expenses for the subject
- Determine amount of annual replacement allowance (i.e. confer with contractors, etc.)
- Calculate the operating expenses by combining the determinations for fixed and variable expenses plus replacement allowance
- Increase or decrease the amount reached in Step 4, above, by the appropriate percentage (i.e. inflation) for the future period under consideration

#### The Capitalization Rate

#### The Capitalization Rate: Questions for the Appraiser About the Determination of the Cap Rate

Some questions that may be asked about the manner in which the appraiser determined the cap rate could include the following:

- 138. In your selection of cap rate comps, did you personally examine documents that showed the sale price, income, expenses, and financing terms for each of the comps
  - a. If not, who did?
  - b. If not, explain why you did not personally review
  - c. In your selection of cap rate comps, did you undertake an examination of the market for sales at the time that each comp was sold?
  - d. What resources did you consult in making that determination?
  - e. How are you able to determine that the market conditions for each of the cap rate comps at the time they were sold is similar to that for the subject?
- 139. Explain basis on which comps were selected
  - a. Comps should have the same overall level of risk or be adjusted to make them have the same overall level of risk as the subject;
    - i. Risk is effected by creditworthiness of tenants, correct
    - ii. Did Appraiser investigate the creditworthiness of the tenant of the subject property; what are the credit ratings of the tenant at the comps and the tenant at the subject
- 140. [If the subject has one or more tenants] In making your selection of cap rate comps, did you determine whether the creditworthiness of the tenants at each cap rate comp was similar to the creditworthiness of the tenants at the subject
  - a. What sources did you consult
  - b. Do you have that information in your workfile

- c. Can you give us an example of how you went through that process and determined whether a cap rate comp was similar to the subject
- 141. Explain the process through which you determined that the financing terms for each cap rate comp was similar to the financing terms of the subject
- 142. How did you verify the information for each of the cap rate comps?

### **Cost Approach**

## Possible Questions Regarding Selecting Reproduction or Replacement Cost

- 143. Is your cost approach opinion based on reproduction or replacement?
- 144. Explain your reasoning in selecting reproduction/replacement
- 145. In selecting reproduction/replacement did you do an analysis as to which of those would cost more/less
  - a. If not, why not
  - b. If so, which of those (reproduction/replacement) cost less

c.

## Possible Questions Regarding the Determination of Hard and Soft Costs

- 146. What items did you include in hard costs?
- 147. What items did you include in soft costs?
- Do you use a checklist or other document to insure that you cover all hard and soft costs?
  - a. Do you have that list with you?
  - b. Is it in your work file?
  - c. For this appraisal assignment did you add any items not contained on the list?
  - d. For this appraisal assignment did you delete or remove any items that are contained on the list?
- Did you do an item-by-item breakdown or listing of both the hard and soft costs?
- Do you have training or a background in the construction industry?
- 151. Are you familiar with the costs of construction materials and labor?
  - a. If not, what source or sources did you consult to obtain that information?
  - b. Is the information that you obtained from that source localized to the neighborhood of the subject
  - c. How recent is that cost information?
- Do you have personal knowledge of how that information was gathered?
- Do you have personal knowledge of how that information was verified?
- 154. Do you have personal knowledge of the sources that were utilized by that source to obtain that information?
- 155. Do you have knowledge about the competitive conditions between construction companies in the neighborhood of the subject?
  - a. Where was that information obtained?
  - b. Would you agree that the competitive conditions for construction work would have an impact on the cost of a building?
- Do you know what the architectural fees were for the subject?
- Do you know what the legal fees were for the subject?
- Do you know the costs of the performance bond?
- Do you know what the cost of financing is for the subject?

### Possible Questions Regarding the Determination of Entrepreneurial Incentive

- 160. You determined that there would be an entrepreneurial incentive of X%
- 161. How did you determine that percentage?
  - a. Did you consult outside sources in reaching that percentage?
  - b. If so, are you personally familiar with how those sources gathered the information?
  - c. If so, are you personally familiar with how those sources verified that information?
  - d. Do you know if that source material was localized to the market area of the subject?
    - i. Explain how you know
  - e. Do you know how frequently that source material is updated?
  - f. Do you know how recent the source material was that you relied upon?
- 162. In reaching your determination of entrepreneurial incentive, were you personally familiar with the competitive conditions for construction work in the subject's market area?
- 163. In reaching your determination of entrepreneurial incentive, were you personally familiar with the profit expectations of the local construction companies for work of this type?
- 164. In reaching your determination of entrepreneurial incentive, did you consult with any builders or construction companies in the subject's market area?
  - a. List and identify
  - b. Why did you select those builders over others?
- 165. Would you agree that the amount of expected profit is tied to the amount of risk involved in the project?
- 166. How would you characterize the level of risk for this subject property?
- 167. Did the level of risk involved in the subject property play a factor in your determining the percentage of entrepreneurial incentive?<sup>6</sup>
  - a. If so, explain how you factored that in and what impact that had on your determination of the entrepreneurial incentive percentage

#### Possible Questions Regarding the Determination of Depreciation

- 168. Is the depreciation amount effected by the length of the "economic life" of the subject?
- Did you determine the "useful life" of the subject?
  - a. Explain
  - b. How did you make that determination?
- 170. Describe the manner in which you determined depreciation
- 171. Do you agree that breaking down depreciation into physical deterioration, functional obsolescence, and external obsolescence is the most comprehensive and detailed way to measure depreciation?<sup>9</sup>

<sup>&</sup>lt;sup>6</sup> According to *The ARE*, "The range of profit will vary for different types of structures and with the nature or scale for a given project. For example, the entrepreneurial incentive for a proposed development may be higher where creative concepts, greater risk, or unique opportunities are found to have market acceptance. **Less risky, more standard competitive projects may merit a lower measure of profit.**" See *The ARE*, 12<sup>th</sup> Edition at 361

<sup>&</sup>lt;sup>7</sup> The ARE, 12<sup>th</sup> Edition at 386 defines "economic life" as "The period over which improvements to real property contribute to property value; the term relates to the market extraction and age-life methods of estimating depreciation." "Useful life" is defined as "The period of time over which a structure may reasonably be expected to perform the function for which it was designed."

<sup>&</sup>lt;sup>8</sup> The ARE, 12<sup>th</sup> Edition at 387 defines "Useful life" as "The period of time over which a structure may reasonably be expected to perform the function for which it was designed."

<sup>&</sup>lt;sup>9</sup> The ARE, 12th Edition at 395 ("The breakdown method is the most comprehensive and detailed way to measure depreciation.")

- 172. Did you break down depreciation into physical and functional depreciation and external obsolescence?
  - a. If so, describe your process in reaching that breakdown
  - b. If not, why not?
- 173. In determining depreciation, did you consult any outside sources?
  - a. What sources?
  - b. Do you have personal knowledge of the manner in which those sources gathered or confirmed their data?
- 174. In reaching your valuation, did you determine the contributory value of site improvements
- 175. What were the site improvements that you reviewed?
  - a. Were there any site improvements that you did not include?
  - b. Can you tell us the contributory value that you put on each of those site improvements?
- 176. Can you explain how you reached those particular values?
- 177. In reaching those values did you consult any outside sources?
  - a. Identify those sources
- 178. Were those sources localized to the market area of the subject?
- 179. In reaching an opinion of the contributory value of the site improvements did you consult with any construction, landscape, gardening, or other companies or individuals
  - a. Which ones?
  - b. With whom did you speak?
  - c. Discuss the nature of your conversations
  - d. Did they give you values for certain site features?
  - e. In reaching the contributory value for those site improvements did you simply add together the cost of construction and materials for those improvements?
    - i. If so, is it correct that the value contributed by a site improvement to the overall value of the subject may be more or less than the dollars cost of that site improvement?
    - ii. In other words, is it correct that improvements to a site do not necessarily add a dollar of value for a dollar of cost?

## Possible Questions Regarding the Determination of the Value of the Site

- 180. In determining the value of the land itself you were required to find its highest and best use?
- 181. What is the highest and best use of the land?
- 182. And is that highest and best use as vacant land?<sup>10</sup>
- 183. Explain the process that you utilized to determine site value
  - a. Did you use comps?
  - b. What criteria did you use in selecting the comps?
  - c. How many comps did you ultimately use?
  - d. How many comps did you initially consider?
  - e. Were all comps in the subject's market area?

<sup>&</sup>lt;sup>10</sup> See *The Student Handbook to The Appraisal of Real Estate*, 13<sup>th</sup> Edition, at 249 ("Site value is always estimated as if the land were vacant and available to be put to its highest and best use.")

- 184. Did you make any adjustments to the comps?
  - a. Why make adjustments?
  - b. Degree of adjustment?
  - c. Explain

## **Reconciling the Different Approaches to Value**

## Possible Questions Regarding the Determination of the Value of the Site

- 185. In your reconciliation, which approach was given the greatest weight?
  - a. Explain why you gave it the greatest weight
  - b. [Where appraiser has an ultimate conclusion between the values reached in two or more approaches]
  - c. In reaching your value conclusion, did you ascribe certain percentage weights to the values you determined for those different approaches?
  - d. Your dollar value for the income approach was X; your dollar value for the sales comparison approach was Y; explain mathematically how you ultimately determined a dollar value different than X and Y?

#### SAMPLE TRANSCRIPTS OF COMMERCIAL APPRAISER TESTIMONY

The pages that follow contain several transcripts of appraiser testimony given at the Board of Tax Appeals. These transcripts are provided as examples of the manner in which commercial appraisers are questioned both on direct and cross-examination. These transcripts have been converted to word format and, in the electronic version of this document, can be searched using a word or phrase.

#### **Contents of Sample Transcripts**

**TRANSCRIPT 1** - A retail center with several large retail units, a smaller strip of stores, and an outparcel.

**TRANSCRIPT 2** - Two parcels covering 12.4 acres and improved with a 96,000 square foot industrial office, a residential duplex, and a metal pole barn.

**TRANSCRIPT 3** - A McDonald's restaurant.

**TRANSCRIPT 4** - A freestanding, single-user, retail building leased on a 1.209 acre lot, leased to Walgreen's.

**TRANSCRIPT 5** - A freestanding building containing in excess of 50,000 square feet used as a fitness facility. This is the BTA transcript in the *Terraza* 8 case, decided by the Supreme Court in *Terraza* 8, *L.L.C. v. Franklin County Board of Revision*, 150 Ohio St.3d 527, 2017-Ohio-4415.

**TRANSCRIPT 6** - A Lowe's store.

**TRANSCRIPT 7** - A corporate campus consisting of multiple parcels.

**TRANSCRIPT 8** - An apartment complex.

**TRANSCRIPT 9** – A senior housing complex.

## TRANSCRIPT 1

The subject property discussed in this transcript is a retail center with several large retail units, a smaller strip of stores, and an outparcel.

			Page 3
BEFORE THE STATE OF OHIO BOARD OF TAX APPEALS	1	INDEX	
Kettering City Schools:	2		I.E.
Board of Education, :	3	WITNESS PAG Thomas D. Sprout	iE
:	4	Direct Examination by Ms. Allison	6
Appellant, :	5	Cross-Examination by Mr. Sleggs	20
: vs. : Case No. 2015-2394	6	Kenneth E. Wilson	
:		Direct Examination by Mr. Sleggs	28
Montgomery County Board of:	7	Cross-Examination by Ms. Allison	55
Revision, :	8	Redirect Examination by Mr. Sleggs	62
: Appellee. :		Fred Scales	
	9	Direct Examination by Mr. Sleggs	63
PROCEEDINGS		Cross-Examination by Ms. Allison	68
before Ms. Christine Mendoza, Hearing Examiner, at	10		
the State of Ohio Board of Tax Appeals, 30 East Broad Street, 24th Floor, Columbus, Ohio, on Monday,	11		
September 19, 2016, called at 9:08 a.m.	12	EXHIBITS	
1	13	APPELLANT'S EXHIBITS	IDFD ADMTD
	14	A - Appraisal Report of T. Sprout	6 28
	15	APPELLEE'S EXHIBITS	IDFD ADMTD
	16 17	1 - Appraisal Report of K. Wilson	70 70
	18		
	19		
ARMSTRONG & OKEY, INC.	20		
222 East Town Street, Second Floor	21		
Columbus, Ohio 43215-5201	22		
(614) 224-9481 - (800) 223-9481	23		
Fax - (614) 224-5724	25		
	20		
Page 2			Page 4
1 APPEARANCES:	1	Monday Morning S	
			ección
2 Rich & Gillis Law Group			
By Ms. Kimberly G. Allison	2	September 19, 2016	
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D	2 3	September 19, 2016	5
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D  Dublin, Ohio 43017	2 3 4	September 19, 2016  THE ATTORNEY EXAMIN	NER: This is a hearing
By Ms. Kimberly G. Allison 3 6400 Riverside Drive, Suite D Dublin, Ohio 43017	2 3 4 5	September 19, 2016 THE ATTORNEY EXAMINATION before the Board of Tax Appeals, St	NER: This is a hearing tate of Ohio,
By Ms. Kimberly G. Allison  3 6400 Riverside Drive, Suite D Dublin, Ohio 43017  4 On behalf of the Appellant.	2 3 4 5 6	September 19, 2016  THE ATTORNEY EXAMINATION before the Board of Tax Appeals, Some relative to an appeal styled Kettering	NER: This is a hearing tate of Ohio, g City Schools
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.	2 3 4 5 6 7	September 19, 2016  THE ATTORNEY EXAMINATE before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, versions.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery
By Ms. Kimberly G. Allison  3 6400 Riverside Drive, Suite D Dublin, Ohio 43017  4 On behalf of the Appellant.	2 3 4 5 6 7 8	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeals	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor	2 3 4 5 6 7 8	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some style to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal assigned Board of Tax Appeal	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113	2 3 4 5 6 7 8 9	September 19, 2016  THE ATTORNEY EXAMINATION before the Board of Tax Appeals, Strelative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.	2 3 4 5 6 7 8 9 10	September 19, 2016  THE ATTORNEY EXAMINATION before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal is the Appeal in the Appeal is the Appeal is the Appeal in the Appeal is the	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, So relative to an appeal styled Ketterin, Board of Education, Appellants, very County Board of Revision, et al., Ap been assigned Board of Tax Appeal No. 2015-2394.  Through the appeal, the App challenges the decision of the Mont	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12	September 19, 2016  THE ATTORNEY EXAMINATION before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the second	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12 13	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the Subject property Parcel No. N64-04.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12	September 19, 2016  THE ATTORNEY EXAMINATION before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the second	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12 13	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the Subject property Parcel No. N64-04.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12 13 14	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the subject property Parcel No. N64-04 year 2014.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case cellant gomery County value of the 327-0001, for tax med in the
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the subject property Parcel No. N64-04 year 2014.  This hearing is being converted.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the con the 24th
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	September 19, 2016  THE ATTORNEY EXAMINATION before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the subject property Parcel No. N64-04 year 2014.  This hearing is being convert offices of the Board of Tax Appeals	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the con the 24th 80 East Broad
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	September 19, 2016  THE ATTORNEY EXAMINATION before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the subject property Parcel No. N64-04 year 2014.  This hearing is being convertions of the Board of Tax Appeals Floor, Rhodes State Office Tower, Street, Columbus, Ohio, on September 19.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the con the 24th 30 East Broad ber 19, 2016, at
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.  The state of the Appellee of the Appellee of the Appellee.  The state of the Appellee of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., As been assigned Board of Tax Appeal No. 2015-2394.  Through the appeal, the Appeal challenges the decision of the Monty Board of Revision determining the subject property Parcel No. N64-04 year 2014.  This hearing is being convertion of the Board of Tax Appeals Floor, Rhodes State Office Tower, 3 Street, Columbus, Ohio, on Septemble approximately 9:08 a.m. before Christopeans.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the con the 24th 80 East Broad ber 19, 2016, at istine M. Mendoza,
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal Challenges the decision of the Monty Board of Revision determining the Subject property Parcel No. N64-04 year 2014.  This hearing is being convertion of the Board of Tax Appeals Floor, Rhodes State Office Tower, 3 Street, Columbus, Ohio, on Septemble approximately 9:08 a.m. before Chrattorney Examiner for the Board of	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the a on the 24th 30 East Broad ber 19, 2016, at istine M. Mendoza, Tax Appeals.
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.  The state of the Appellee	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal No. 2015-2394.  Through the appeal, the Appeal Subject property Parcel No. N64-04 year 2014.  This hearing is being convertion of the Board of Tax Appeals Floor, Rhodes State Office Tower, 3 Street, Columbus, Ohio, on Septemble approximately 9:08 a.m. before Chrattorney Examiner for the Board of At this time will the Appella	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case sellant gomery County value of the 327-0001, for tax and in the conthe 24th 30 East Broad ber 19, 2016, at istine M. Mendoza, Tax Appeals. int's
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.   10  11  12  13  14  15  16  17  18  19  20  21  22  23	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeals No. 2015-2394.  Through the appeal, the Appeal No. 2015-2394.  Through the appeal, the Appeal Subject property Parcel No. N64-04 year 2014.  This hearing is being convertion of the Board of Tax Appeals Floor, Rhodes State Office Tower, Street, Columbus, Ohio, on Septemble approximately 9:08 a.m. before Chrattorney Examiner for the Board of At this time will the Appellate representative please enter her appears.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the conthe 24th 30 East Broad ber 19, 2016, at istine M. Mendoza, Tax Appeals. Int's arance by name,
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.  On behalf of the Appellee.  The state of the Appellee	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeal No. 2015-2394.  Through the appeal, the Appeal No. 2015-2394.  Through the appeal, the Appeal No. 2015-2394.  Through the appeal of Tax Appeal No. N64-04 year 2014.  This hearing is being convertion of the Board of Tax Appeals Floor, Rhodes State Office Tower, Street, Columbus, Ohio, on Septem approximately 9:08 a.m. before Chrattorney Examiner for the Board of At this time will the Appella representative please enter her apper mailing address, and telephone numerical styles.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the con the 24th 30 East Broad ber 19, 2016, at istine M. Mendoza, Tax Appeals. Int's arance by name, aber.
By Ms. Kimberly G. Allison  6400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Sleggs, Danzinger & Gill, LPA By Mr. Todd W. Sleggs 820 West Superior Avenue, Seventh Floor Cleveland, Ohio 44113 On behalf of the Appellee.   On behalf of the Appellee.   10  11  12  13  14  15  16  17  18  19  20  21  22  23	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	September 19, 2016  THE ATTORNEY EXAMIN before the Board of Tax Appeals, Some relative to an appeal styled Kettering Board of Education, Appellants, very County Board of Revision, et al., Appeals No. 2015-2394.  Through the appeal, the Appeal No. 2015-2394.  Through the appeal, the Appeal Subject property Parcel No. N64-04 year 2014.  This hearing is being convertion of the Board of Tax Appeals Floor, Rhodes State Office Tower, Street, Columbus, Ohio, on Septemble approximately 9:08 a.m. before Chrattorney Examiner for the Board of At this time will the Appellate representative please enter her appears.	NER: This is a hearing tate of Ohio, g City Schools sus the Montgomery ppellees, having s Case bellant gomery County value of the 327-0001, for tax and in the con the 24th 30 East Broad ber 19, 2016, at istine M. Mendoza, Tax Appeals. Int's arance by name, aber.

Page 5 Page 7 1 1 Allison with Rich & Gillis Law Group, 6400 Riverside A. Yes. The report is dated May 12, 2016, 2 2 Drive, Suite D, Dublin, Ohio 43017, telephone (614) and that is such a document. 3 228-5822, and we are here on behalf of the Kettering 3 Q. Thank you. And are your qualifications 4 City School District. 4 set forth in this report? 5 THE ATTORNEY EXAMINER: Thank you. 5 A. They are. They are in the addendum 6 At this time will the Appellee's property 6 section of the report. 7 owner representative enter his appearance by name, 7 MS. ALLISON: Can I ask counsel if he is 8 8 mailing address, and telephone number. willing to stipulate to the qualifications as set 9 9 MR. SLEGGS: Thank you. May it please forth in the report? 10 the Board, my name is Todd Sleggs. I am here on 10 MR. SLEGGS: I will. behalf of Wilmington Center, Ltd., and our office 11 11 MS. ALLISON: Thank you. 12 address is 820 West Superior Avenue, Seventh Floor 12 Q. (By Ms. Allison) Is your appraisal report 13 Cleveland, Ohio, 44113. And our telephone is (216) 13 or your testimony in any way contingent on the 14 771-8990. 14 outcome of the case? 15 15 THE ATTORNEY EXAMINER: Thank you. A. It is not. 16 16 Ms. Allison, as you represent the Q. Having said that, would you please go Appellant in this matter, would you like to begin 17 17 ahead and walk us through your report? 18 with an opening statement? 18 A. Sure. I don't know what was testified to 19 MS. ALLISON: We'll wait, but we will 19 at the BOR. I will briefly talk about the 20 request a briefing schedule at the conclusion. 20 description of the improvements and then spend most 21 THE ATTORNEY EXAMINER: Thank you. You 21 of my time on the evaluation section of the report. 22 22 may proceed. We were asked to appraise the property 23 23 MS. ALLISON: At this time I'd like to known as the Wilmington Plaza Retail Center, located 24 call Tom Sprout. Before he takes the stand, we would 24 at 2724-2890 Wilmington Pike in the city of Kettering make a motion to separate the witnesses. 25 25 as of the tax lien date January 1, 2014. Page 6 Page 8 1 1 The subject property is a retail center MR. SLEGGS: I should note, while we are 2 2 that has basically three components to it. It has on subject, Fred Scalese, who testified at the Board 3 four large box retail units. It has a smaller strip, of Revision, he's vice president of the company that 3 4 4 and then out front it is occupied by Skyline Chili, owns Wilmington Center, Ltd., and he's going to come 5 so we have three distinct rental components that will in at some point. I will designate him as the 5 6 representative of the Wilmington Center, Ltd. so he 6 be analyzed here, the big boxes, the smaller strip 7 can sit in the hearing. 7 retail, and then the outlot with the Skyline Chili. 8 8 I'm familiar with the neighborhood. 9 THOMAS D. SPROUT 9 There's a McDonald's basically located right across 10 10 the street that I have also appraised for a BTA being first duly sworn, as prescribed by law, was hearing. I think they are going on tomorrow. This 11 examined and testified as follows: 11 DIRECT EXAMINATION Wilmington Pike has just gone through a major, I 12 12 believe, street widening, and during that point in 13 By Ms. Allison: 13 14 Q. Good morning, Mr. Sprout. 14 time, the McDonald's across the street basically 15 A. Good morning. 15 razed its building and put up a new McDonald's Q. Can you please state your name for the building to fit the more upper generation property. 16 16 So the location is good. McDonald's 17 17 record? would not have demoed its building and put a new 18 A. Thomas Sprout, I'm a commercial real 18 19 building up if they didn't feel it was a good enough 19 estate appraiser. location for retail. 20 Q. And were you engaged to prepare a 20 21 appraisal report for the property we are discussing 21 Photographs of the property are located on pages 2, 3, 4, 5, 6, and 7. It identifies the 22 this morning on Wilmington Pike? 22 23 A. I was. 23 larger boxes to the rear of the property, and then 24 the strip is in the middle, and the Skyline is along 24 O. And have your conclusions been summarized 25 in what has been marked as Appellant's Exhibit A? road frontage. 25

Page 9 Page 11

When I was out there, I believe there was a vacant larger box that was available for \$3.25 a square foot and approximately 3,000 square feet in the retail strip that was available for \$6 a square foot. I believe both on a triple-net basis.

We were out there May 11, 2016. We measured -- I measured the property and it was within about 200 square feet of what the rent roll was, so I just went ahead and utilized the property owner's rent roll just for consistency purposes. It wasn't a material impact on the property.

Wilmington Pike is a major arterial through the neighborhood. You can see that on page 13 with my map, as well as if you turn to page 15, there's a plat map of the property indicating its total square footage.

The property was built in 1967 and 1984. I've indicated three different buildings. Building 1 would be the larger retail, which totals 97,345 square feet. When I was out at the property it was occupied by Big Lots; a thrift store, I believe St. Francis was the name of it; and then a Designer Fashion Warehouse. The farthest to I believe it would be the south, I believe, was vacant. It was I believe formerly occupied by -- I'm not real

supported there on page 20. That's about 3.9 million square foot of space was surveyed.

Highest and best use analysis, as vacant, in my opinion, would be held for future development. As improved, the improvements still contribute above the value of the site, in my opinion.

Two approaches of value were utilized, the sales and income approaches to value. The sales approach was only completed in this appraisal just as a guide to give an indication that is supportive to the income approach.

This is an income-producing property. An investor would purchase this property based on its income stream; therefore, the sales approach was given very little weight in my overall conclusion of value. I relied upon the income approach.

I won't spend much time on the sales approach, but I did provide six sales. Sale 1 was in Twinsburg, Ohio, \$63 a foot. That's superior to the subject. Sale No. 2 was Morse Plaza here in Columbus. Had a former Gold Circle, then became Kohl's, and then now I think the Franklin County Board of Elections is in there. That also included a Kroger's property, which they will be vacating within the next couple years to move across the street to a

Page 10

certain whether it was a church, or something along those lines.

Building 2 I've characterized as a Skyline Chili, which is approximately 2,800 square feet; and then the third was a 17,900 square foot building that was partitioned into smaller storefronts. Several of the occupants I believe have been there for quite some time.

Based on my discussions with management, the roof on the 17,900 square foot retail building was original, which I think was 1984, and then the roof on the larger building was sealed sometime in 2011, based on my discussions with management. The parking lot was in okay physical condition.

So now that we've talked about the condition of the building, I'll get into the valuation portions of the property. On pages 19 and 20 I did a two-mile vacancy survey of the property for the retail utilizing the CoStar Survey. As of the tax lien date, which was 1/1/14, vacancy was approximately 10 percent, as of the tax lien date. I added an additional 2 percent for credit loss in determining my overall vacancy and credit loss rate that I would be utilizing for the statewide profit/loss statement or 12 percent overall. That is

Page 12

new building. This was known when the property was purchased.

It sold for \$32 a foot. This was built in 1967 and 1992 so it's a similar-type property having different types of users. As you can see, to the far left there's an outlot there with a building on it. So that was a very good sale here at \$32 a foot.

Sale No. 3 is in Canton, Ohio, sold for \$53 a foot. This is far superior to the subject.

Sale No. 4 is actually in Harrison Township on Needmore Road in the greater Dayton market area. This property sold for \$20 a foot. I was unable to verify any of this information with the buyer or seller of the property.

Sale No. 5, Washington Township in Montgomery County, this is down near the Centerville area. That property was 93 percent leased. It sold for \$22.42 per square foot. Once again, I was unable to verify any of the information from this center with the buyer or the seller, but I believe there was some motivation to sell this property. That's why it sold for so low.

Sale No. 6 is located in Miamisburg, which is also in the Dayton market area. This

Page 13 Page 15

property sold for \$29.71 per square foot. It was 88 percent leased. It sold at a reported 10 percent capitalization rate. This property was built in 1959.

We did speak to the listing broker on this, so here's a property that's a similar age to the property, similar size. It was 88 percent leased and sold at a 10 percent cap rate, so it just kind of zeroes us in on what this property is worth.

I concluded to a value for the subject at the absolute low end of the range between 20 and 21 a foot, indicating a range between \$2,350,000 and \$2,475,000.

So now we get to the income approach to value. This is where the weight of the value of the conclusion is involved. On page 32 I've included rent rolls for the subject property that was provided to me. Skyline, from 2014 to 2015, their rent significantly decreased from \$36 a square foot to \$19.63 per square foot as of 1/1 -- I believe between 1/1/14 and 1/1/15.

So since that was a renegotiated lease at \$19.63, that's a perfect example of what market rent would be in this case. Once again, we get into that leased fee/fee simple discussion. This is a

thrift store was between a buck ninety and \$3.04. The offer was \$3.25 per square foot. I concluded to a rent of \$2 per square foot on a triple-net basis for the inline space.

My rent comps are on pages 33, 34, and 35. I won't go into those specifically on a line-to-line basis. It just supports my overall indication of rent.

So if you look on page 36, my market rent of \$2 per square foot for the Big Lots, the thrift store, and the Designer Warehouse space, as well as the vacant space -- Designer Warehouse, I believe, came in subsequent to 1/1/15. I don't have -- I was not provided really any additional information on that. I'm trying to think. I don't think I was.

I concluded to a rent for all that space of \$2 a square foot. I concluded the inline space at \$6, and then the Skyline space at \$19.63 on a triple-net basis.

I was provided historical financial data, which is also on page 36, between 2011 and 2014. It appears that from 2012 to 2013 the property lost tenants and was in a vacancy situation. I'm guessing some of that would have to do with the road construction that was going on out front.

Page 14

leased-fee interest here but at market, so it's akin to fee simple. So that provides the best evidence for that property as to what its rent is.

I have additional rent support for this property, but I concluded the \$19.63 for the Skyline portion of the profit and loss statement that we'll talk about here in a second.

The second set, which would be the third building, would be the inline retail space. If you look at the rent roll as of 1/1/14, you have an Advance America, which is a lender of a higher interest rate, would be the best way of putting it. Their rent -- as of 1/1/15, their rent was \$12 a foot triple net.

Dayton Embroidery & Darts, they've been there for a reasonable period of time. Their rent was \$4.50 a square foot. There's a bar that was out there. Their rent was \$8.22 per square foot, and then three others range between \$2 and \$8 per square foot. I concluded to a rent for the inline space of \$6 a foot, which is basically kind of in the middle of what the other inline space was.

And then, finally, we're talking about the Big Lots store, the thrift store, and the Designer Warehouse space. The Big Lots and the Page 16

But you can see the revenue from '11 and '12 is consistent with my net effective gross income on a stabilized basis as of the tax lien date at 484,544. So '11 and '12 this property was stabilized, and you can see the effective gross income is consistent with my numbers.

If you look at the net operating income for '11 and '12, 256 and 295 thousand dollars, that's above where I am at 243,000. I have also included reserves for replacement at about 25 cents a foot for \$30,000. So that would make up the difference between my NOI in '11 and '12.

'13 and '14 the property had a higher vacancy than what the market was indicating, so that's why the NOI is lower for those two years.

So based on the information that I have I've pretty much tailored my expenses based on historical numbers and further supported by market indications from other properties.

So I took that \$243,438, and I determined what an appropriate capitalization rate would be for this. Since I'm at the lower end of the range for my market rents in the market, for not only the big-box space but also the inline space, as well as the outlot space, I concluded to a capitalization rate

Page 19 Page 17 1

that would be right around the middle to upper end of the range that would be consistent with a property of this age at 10 percent.

1

2

3

4

5

6

7

8

9

10

11

12

13

14 15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Capitalization rate is all about risk. If I indicated a higher rent for this property, then my cap rate would be higher because there would be higher risk at that point, but since I concluded to rents at the lower end of the range, the lower to middle of the range, I felt that a 10 percent capitalization rate was consistent with the sales that I have provided on page 38, as well as at the upper end of the range of national indicators, which would be the PricewaterhouseCoopers, as well as page 39, the Realty Rates Investor Survey.

There's nothing better than local sales, and what I mean by local sales would be the sales within, in this case, the state of Ohio, I conclude to a rate of 10 percent. Providing that capitalization rate to the net operating income

Page 40, I've done an adder methodology where I've added back the existing taxes to the net operating income and then adjust my capitalization rate for the effective tax rate for District N64. That provided a capitalization rate of 13.44 percent.

indicated a value of \$2,435,000.

O. Thank you. And then when you determined your market vacancy, I think you relied primarily upon CoStar?

A. I did.

2

3

4

5

6

7

8

9 10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

1

2

3

4

5

6

7

8 9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. Okay. What type of properties would be included in the CoStar Survey?

A. Well, in this particular case the CoStar would be all retail properties, retail/commercial. There would be no office, no industrial, no multifamily. This is specific to retail and commercial properties.

Q. So in your opinion would it ever be appropriate to limit your determination of market vacancy by looking solely at older shopping centers in Dayton?

A. No, not in my opinion. I think every market has its own segment. We're in the Kettering market. I don't think it would be fair to figure out what vacancy would be in Kettering versus, say, in north Dayton or if you go down to the southeast to the Dayton Mall area, which is Centerville. I think this is its own unique market, and I think when you're talking about retail areas, I think it's important that you segment it out.

Columbus, just to give you an example, I

Page 18

Applying that to net operating income of 327,726

In conclusion, as I indicated before, the income approach is given all the weight here. The sales approach is just a secondary indication. It's an income-producing asset, so, therefore, as of the tax lien date January 1, 2014, my value conclusion was \$2,440,000.

indicated a value of \$2,440,000.

Q. Mr. Sprout, I think you just stated the vacancy for subject property was higher for '13 and '14. Did you take that into consideration in determining your overall vacancy for the subject property?

A. No. It appeared the property lost tenants so it was in the process of having to retenant the property. That's an ongoing -- that happens within retail centers, so when we're dealing with that for ad valorem tax purposes, we're valuing the property as stabilized at market rent, market vacancy, and what we determine as the market capitalization rate.

So in this case it's clear in '11 and '12 that the property had been stabilized based on the information that I have in my profit/loss statement, which is consistent with those two years.

Page 20

wouldn't use Easton to figure out what the market vacancy would be in the Dublin market. It's its own market area.

MS. ALLISON: That's all I have.

THE ATTORNEY EXAMINER: Mr. Sleggs, do you have any cross-examination?

MR. SLEGGS: Yes. Thank you.

#### **CROSS-EXAMINATION**

By Mr. Sleggs:

Q. I'm going to start out with a really easy question. Who is Teddy Sprout?

A. That's my son.

Q. Is it? Okay. Then congratulations. I find this is a business that the next generation seems to come in, so I hadn't seen that name before so I thought I'd ask. I didn't know if you had a nickname I didn't know about.

A. No. Thanks for the softball. I appreciate that.

Q. So I just want to -- I'm looking on page No. 1, the photograph on the top, and Wilmington Pike is the street that's on the extreme left-hand side of the page?

A. Yes, that's correct.

			Page 23
1	Q. Okay. I just want the Board to	1	A. Any type of retail.
2	understand. So Skyline Chili is the outlot in the	2	Q is going to get captured in there?
3	front?	3	A. Yes.
4	A. Correct.	4	Q. Okay. And it's not so I guess my
5	Q. Is it the one on the north side?	5	point is so it's not just strip shopping centers.
6	A. Yes. It's the top corner.	6	It's the whole universe of retail.
7	Q. Okay. The top outlot, and then there's	7	A. Correct.
8	another outlot that isn't part of the property?	8	Q. Okay. And then in terms of credit loss,
9	A. That is not part of the property.	9	you used a 2 percent credit loss factor. Is there
10	Q. That's on the corner of Jaybee Court?	10	any market data in the report for that particular
11	A. Yes.	11	portion of the calculation?
12	Q. Then the 17,900 square foot small box, I	12	A. No.
13	think you called it, that is right behind the Skyline	13	Q. Okay. And you used for the inline space
14	Chili?	14	or the small-box space \$6 a square foot in your
15	A. That would be the strip retail, correct.	15	income approach?
16	Q. Okay. Then we go to the back, and that big	16	A. Yes.
17	black box is the four-partition storeroom, the big-	17	Q. And is that also the asking rent for the
18	box space?	18	space?
19	A. Correct.	19	A. Yes. I believe so.
20	Q. Okay. I just wanted to confirm that.	20	Q. Okay. Let's see, then the \$2 a square
21	And, let's see, the CoStar report for the	21	foot for the larger retail or the big-box space,
22	subject property that's in the addendum, was that	22	that's what they're asking for that as well?
23	printed out around the time you did this report?	23	A. No. I believe it's three and a quarter.
24	A. Yes.	24	Q. Three and a quarter?
25	Q. It doesn't have a date on it. I just	25	A. Yes.
	Page 22		Page 24
1	wanted	1	Q. Is that off of CoStar?
2	A. No. That's correct. This would have	2	A. I believe it was, yeah.
3	been printed off at the time of.	3	Q. I see that, okay. Now I'm onto page 37.
4	Q. Around the time, okay. Let's see, now,	4	You talk about common area maintenance charges and
5	in terms of the CoStar data I know Ms. Allison	5	property repairs and that sort of thing, and you
6	asked you some questions on that. I just have a	6	primarily relied on the actual income and expenses in
7	couple more questions.	7	your projection of expenses for the subject property?
8	A. Sure.	8	A. Yeah. I had four years' worth of
9	Q. So this is all the retail within a	9	expenses, and I felt that that's the most
10	two-mile radius of the subject property?	10	appropriate.
11	A. That is correct.	11	Q. Okay. And there isn't just so I'm not
12	Q. Okay. And it would include all different	12	misreading the report, I don't think you have any
13	ages of properties?	13	expense comparables in the report. I didn't see any.
14	A. Yes.	14	A. I do not. It was just based on which
15	Q. And it would include all types of retail?	15	is typical of retail because most of the rents are
16	Let me just give you an example. So it would include	16	triple net in nature, so usually the biggest expenses
17	like a CVS store?	17	a lot of times are taxes. In this case that's just
18	A. Yes.	18	part of it since it's an older center.
19	Q. It would include like an Arby's fast-food	19	Q. Okay. I know you on page 38 talk about
20	restaurant?	20	the PwC Real Estate Survey, and you have that in the
21	A. Yes.	21	addendum of the report. And I'm looking at it in the
22	Q. It would include like multi-tenant strip	22	addendum. It's a national strip shopping center
23	shopping centers like the subject property?	23	market study?
24 25	A. Yes.	24	A. Yes.
/ 7	Q. Okay. Any type of retail	25	Q. So that would include not just Ohio but
20	7 7 71		

	Page 25		Page 27
1	it would be the whole country?	1	that type of thing?
2	A. Yes.	2	A. No. I went into a rating system, what I
3	Q. Okay. And I think you testified that	3	felt was better versus the subject property center.
4	local sales, in your opinion, would encompass the	4	Q. Okay. I want to speak just specifically
5	state of Ohio?	5	to Twinsburg Sales 1, 2, and 3, which are
6	A. Yes.	6	Twinsburg, Columbus, and Canton. I mean, those are
7	Q. Okay. I am assuming you gave that, the	7	different parts of the state, would you agree with
8	national data from PricewaterhouseCoopers less	8	that, than Dayton?
9	weight?	9	A. Yes.
10	A. Yes.	10	Q. They may have different demographics than
11	Q. Okay. I know you gave the market the	11	the Kettering market?
12	sales comparison approach very little weight, but I	12	A. Sure.
13	just want to ask a couple of questions, just for the	13	MR. SLEGGS: Okay. I may be getting too
14	record. The first sale in Twinsburg, Ohio, that	14	old to do this, but I'm done.
15	would be northeast Ohio?	15	THE ATTORNEY EXAMINER: Do you have any
16	A. Correct.	16	redirect?
17	Q. Summit County, okay. Then I think you	17	MS. ALLISON: No, thank you.
18	already testified that sale No. 2 was in the Columbus	18	THE ATTORNEY EXAMINER: Thank you very
19	market?	19	much for your testimony, Mr. Sprout.
20	A. Yes.	20	THE WITNESS: Thank you.
21	Q. Under verification you have the Haines	21	(Recess taken.)
22	Report. What is the Haines Report?	22	THE ATTORNEY EXAMINER: We will go back
23	A. The Haines Report is a local company that	23	on the record, please.
24	provides comp information for Franklin County. A lot	24	Mr. Sleggs, I believe Ms. Allison
25	of times it has more detail in it than CoStar. It	25	concluded her case in chief.
	Page 26		Page 28
1	also it supplements CoStar.	1	At this time do you want to move your
2	Q. Who publishes that?	2	appraisal into evidence?
3	A. A lady by the name of Kim Wentzel.	3	MS. ALLISON: Yes, please.
4	Jackie Haines was doing this for a long time. She	4	THE ATTORNEY EXAMINER: Do you have any
5	succumbed to cancer about gosh, it's been about	5	objection?
6	ten years now.	6	MR. SLEGGS: No, I don't.
7	Q. In that particular case you didn't speak	7	THE ATTORNEY EXAMINER: We will move
8	to either the buyer or seller in verifying that sale?	8	Exhibit A into the record.
9	A. No. It's interesting, I had an e-mail	9	(EXHIBIT ADMITTED INTO EVIDENCE.)
10	out to the gentleman that was involved. He said he	10	THE ATTORNEY EXAMINER: Mr. Sleggs.
	would get back to me, but he hasn't yet, that's why	11	MR. SLEGGS: At this time I'd like to
11	would get odek to me, but he hash t yet, that's why		
11 12	that information is here.	12	call Mr. Ken Wilson to the stand.
		12 13	call Mr. Ken Wilson to the stand.
12	that information is here.		call Mr. Ken Wilson to the stand KENNETH E. WILSON
12 13	that information is here. Q. Okay. And, let's see, Sale No. 3, that's	13	
12 13 14	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio?	13 14	KENNETH E. WILSON
12 13 14 15	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct.	13 14 15	KENNETH E. WILSON being first duly sworn, as prescribed by law, was
12 13 14 15 16	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct. Q. And, let's see, Sale Nos. 4 and 5, I	13 14 15 16	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows:
12 13 14 15 16	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct. Q. And, let's see, Sale Nos. 4 and 5, I think you mentioned that you weren't able to verify	13 14 15 16 17	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION
12 13 14 15 16 17	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct. Q. And, let's see, Sale Nos. 4 and 5, I think you mentioned that you weren't able to verify those. But those are in Montgomery County?	13 14 15 16 17 18	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION By Mr. Sleggs:
12 13 14 15 16 17 18 19	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct. Q. And, let's see, Sale Nos. 4 and 5, I think you mentioned that you weren't able to verify those. But those are in Montgomery County? A. They are.	13 14 15 16 17 18	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows:
12 13 14 15 16 17 18 19 20	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct. Q. And, let's see, Sale Nos. 4 and 5, I think you mentioned that you weren't able to verify those. But those are in Montgomery County? A. They are. Q. Let's see, then if we go to the	13 14 15 16 17 18 19 20	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows:
12 13 14 15 16 17 18 19 20 21	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct. Q. And, let's see, Sale Nos. 4 and 5, I think you mentioned that you weren't able to verify those. But those are in Montgomery County? A. They are. Q. Let's see, then if we go to the page 29 in your report, you did qualitative	13 14 15 16 17 18 19 20 21	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows:
12 13 14 15 16 17 18 19 20 21	that information is here. Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio? A. Correct. Q. And, let's see, Sale Nos. 4 and 5, I think you mentioned that you weren't able to verify those. But those are in Montgomery County? A. They are. Q. Let's see, then if we go to the page 29 in your report, you did qualitative adjustments on page 29?	13 14 15 16 17 18 19 20 21	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows:
12 13 14 15 16 17 18 19 20 21 22 23	that information is here.  Q. Okay. And, let's see, Sale No. 3, that's Stark County. That, again, would be northeast Ohio?  A. Correct.  Q. And, let's see, Sale Nos. 4 and 5, I think you mentioned that you weren't able to verify those. But those are in Montgomery County?  A. They are.  Q. Let's see, then if we go to the page 29 in your report, you did qualitative adjustments on page 29?  A. Yes.	13 14 15 16 17 18 19 20 21 22 23	KENNETH E. WILSON being first duly sworn, as prescribed by law, was examined and testified as follows:

Page 29 Page 31 1 1 request a stipulation from Ms. Allison on behalf of front of the property, you cannot see the stores 2 the Board of Education as to your qualifications as 2 towards the rear. they appear in the appraisal. Q. Okay. You have some additional 3 3 MS. ALLISON: I will stipulate. photographs of the other buildings of the property. 4 4 5 MR. SLEGGS: Thank you. 5 Is there anything that you would like to point out to 6 Q. (By Mr. Sleggs) Mr. Wilson, there's been 6 the Board that is shown in those photographs? 7 some testimony already in the case about the 7 A. Well, on pages 23 and 24 is the smaller property, and there's also descriptive information in 8 8 building with the inline stores, so you can see it is the transcript on appeal that was filed by the Board a fairly typical strip retail store building. It is 9 9 of Revision with the Board of Tax Appeals. But you 10 of concrete block so there's nothing unusual about 10 have some photographs that begin on page 21 in the 11 11 report. Could you briefly touch on the photographs 12 12 The larger building at the rear has these 13 and what your inspection of the property revealed? 13 four large box spaces. It's an older building. It 14 A. On page 22 of the report is a front view 14 was built in 1967. It's a brick on concrete block and a rear view of the Skyline Chili fast-food construction, which is a little unusual. We don't do 15 15 restaurant. As I recall, this structure was built in 16 that today. The Big Lots store had a full loading 16 2004 and the lease was a 2,800 square feet of dock section with overhead doors, and other than 17 17 leasable area. It was subject to an existing lease. that, it's fairly typical for large big box retail 18 18 This property is a little unique in that it had three 19 19 stores. 20 separate buildings. It had the Skyline Chili 20 Q. You have a description of the Kettering building. It had a smaller retail building, and at 21 area that as on pages 18 or 19. Is there anything 21 the far rear of the property it had a large box 22 specific that you would highlight for the Board in 22 23 terms of where the subject property is located? 23 retail building. Q. You actually have an aerial photograph A. Kettering is considered one of the most 24 24 25 from the auditor's website on page 20 that shows the 25 desirable suburbs in the Dayton area, next to Oakland Page 30 Page 32 1 layout of the property? 1 and Centerville, but it's older and it's basically 2 A. Yes, sir. 2 landlocked. The school district is considered one of O. Just so the Board is aware, this is 3 3 the better ones by reputation. Skyline Chili? 4 This particular area of Kettering, 4 A. Yes. 5 5 however, was an older area. It was annexed in from O. And then this is the smaller inline 6 6 the township many years ago, and it was originally 7 7 retail space? known as Beavertown, as it was bisected by the Little A. Yes, sir. 8 8 Beaver Creek. The elementary school is still called 9 9 Q. And then this is the big-box portion of Beavertown, which is next door to the subject 10 10 the property? property. 11 A. Yes. sir. 11 This area is a little older. It has more Q. And then this is Wilmington Pike along 12 12 modest-priced residential neighborhoods around it. 13 here? 13 The same thing with the apartment projects, they're 14 14 older with lower- to moderate-priced rents. 15 Q. And that is kind of a main thoroughfare? 15 The immediate location, however, was 16 A. Yes, it is. 16 upgraded when they widened Wilmington Pike, which was 17 Q. And I know there was some testimony at 17 about eight years ago, maybe, and so some newer the Board of Revision about the visibility of the 18 development took place about that time with the 18 small inline and big box being blocked by the 19 19 McDonald's restaurant and a Frisch's restaurant. outlots. Did you find that at the property? 20 Unfortunately, the existing retail 20 A. Yes. Both the two outlots -- there's the 21 declined, and there's a China Buffet next door and a 21 22 Skyline Chili is an outlot that's on the subject 22 beer drive-through that's empty. The cinema or property, and adjacent to it was an outsale of a 23 23 theater that was there is now converted to a church, 24 Sonic restaurant, and then there's a central drive 24 so it's kind of got mixed dynamics going on with some

25

entrance. But when you're standing basically at the

25

new retail but with some older stuff, and so it's

Page 35 Page 33

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

2.5

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

very secondary, at least in terms of the Kettering/Dayton market, but it is still quite stable.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23 24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15 16

17

18

19

20

21

22

23

24

25

Q. Okay. You've got some descriptive information with respect to the three buildings that appear on pages 29 and 30 in your appraisal. Is there anything specific with respect to the building improvements that the Board should be aware of in connection with your appraisal?

A. As I indicated, the Skyline Chili is a newer building. It was built in 2004. Actually, it had been a former fast-food restaurant that was razed and redeveloped.

The strip building is about 18,000 square feet, and it has relatively small stores in it. It's fairly typical of most inline retail store buildings.

The big building in the back is about 97,000 square feet. It has four tenants. As of the date of value, however, only two were occupied, Big Lots and the St. Francis store. I think later in 2015 the adjacent store to St. Francis was leased to, like, a discount dress type store.

The end unit was known as The Attic, which was a nightclub. This does not have any typical retail storefront or entry doors. The inside

this is a ten-acre site. It is narrow and deep. It is zoned business in Kettering. As I indicated just a little bit ago, Wilmington Pike is a major road through the neighborhood, four lanes now with a center turn lane. It has some new development with the McDonald's and the Frisch's restaurant. But as I indicated, it had old retail which is secondary so it is a hit-and-miss type of location.

The adjacent property is some apartments to the rear, the secondary retail. Then on the other side of it is the Beavertown Elementary School, so it is not what one would call a real prime commercial location.

But based upon the development along Wilmington Pike, if this site were vacant, it probably, because of its size and configuration, would be a mixed-use project if it was developed, retail, apartments, much like we see here in Columbus.

The highest and best use as improved, even though this isn't an ideal retail property, would still be as improved. We wouldn't raze the improvements at this time in that we have some reasonable occupancy in the smaller stores; some substantial vacancy, however, as of tax date in the

Page 34

bigger stores.

Q. Your income approach is the first approach to value that you process in your appraisal, and it begins at page 23. Could you explain to the Board how you went about valuing the property under the income approach to value?

A. As I indicated, this property has three different components. It has the Skyline Chili, which is a fast-food restaurant. It has the 18,000 square foot building, which is the small inline stores. Then there's the big box building at the far rear of the site, so to estimate the market rent we looked at each component.

In this particular case, the Skyline Chili was on a renegotiated lease, a relatively new lease, at about \$20 per square foot. In our office files, the fast-food restaurants we have rents that range from as low as \$12 a square foot to over \$30. High end is, obviously, for new building or for first-class locations. The lower range is for older buildings or secondary locations. It's subject to somewhat of a secondary location, so \$20 a square foot, in my opinion, was market rent, so I used that to estimate market rent.

The inline stores had actual rents that

is painted black. It's got two long bars. It has two large old restrooms. It's got a tile floor that has been torn up. I mean, it is pretty rough inside. It is going to take quite a bit of money to fix that store to lease to the marketplace, and the City of Kettering doesn't have any desire to have that released to a nightclub.

I talked with Mr. Scalese, and he indicated he's had some interest for some like flea-market type of use for that space, and the City of Kettering has also denied that use for him, so it's still sitting vacant. So that's an older building, and it's had a lot of vacancy history in

Q. And that is the section of the building farthest away from even the side street there?

A. Yes, sir.

O. So it's really in the back corner of the shopping center. I guess, again, going to page 20, it would be this section of the building?

Q. Okay. You discussed highest and best use on pages 32 and 33. What were your findings and conclusions with respect to highest and best use?

A. Well, the highest and best use as vacant,

Page 36

Page 37 Page 39

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

ranged from as low as \$2 a square foot to \$12 per square foot. The most recent ones were in \$2 to \$6 per square foot range. This property was listed with Tracey Herron of Equity, Inc. Realty, and I discussed the rents with her regarding the vacant spaces, and she indicated they were asking \$6 per square foot as of the date of value, but that was a starting place, she said. She anticipated the actual rents could be something lower than that.

1

2

3

4

5

6

7

8

9

10

11 12

13

14

15

16

17

18

19

20

21

22 23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22

23

24

25

She also provided a listing of other properties that they have listed for rent and/or manage in their company, and typical rents for small stores like this in the Dayton market was in the \$5 to \$8 per square foot range.

Based upon the actual rents and taking into consideration her information, I estimated the market rent at \$5.50 per square foot for the small stores.

The larger building, as I indicated, had only two stores occupied as of the tax lien date, and they were the Big Lots stores, which was rented for \$3.04 per square foot and the St. Francis Thrift Store at \$1.90 per square foot. During this assignment I talked to the owner, Mr. Fred Scalese. He said that he had been asking \$4 per square foot

I should note that not all of the stores in the center pay a common area maintenance charge, so this was at market rate, not the actual income that they would receive.

Adding the common area maintenance to the market rent estimate, the total potential gross income before vacancies and credit loss was \$670,188. From the total potential gross income, I deducted an allowance for vacancy and credit loss. The subject has had a history of high vacancy over most of its

The vacancy as of January 1, 2014, was 42 percent. They were able to rent a storeroom and the inline stores during 2015, so the vacancy declined to 37 percent, and by the end of 2015, where they had leased the one large big-box store, the vacancy declined to 22 percent.

I discussed this also with Tracey Herron, who was trying to lease this space. She said it's been very, very difficult to find tenants, especially for these stores you can't see from the street.

And so during our research I found other shopping centers in the Dayton market of similar age that also had fairly high vacancies. The Washington Park Plaza in Centerville had a 25 to 30 percent

Page 38

for the other two storerooms that were vacant, but he was pretty sure he would have to adjust that or negotiate it down.

In 2015 he leased 20,400 square feet for \$2.25 per square foot. He indicated to me this was on a short-term basis, and he wasn't really sure this tenant would stay for the full term of the lease.

But during our market research, and again, discussing the market rents with Tracey Herron of Equity, Inc., she indicated that many other shopping centers like this had larger stores that typically ranged in the 3 to 4 dollar per square foot range for this type of property. So my estimate of market rent for the large store space was \$3.50 per square foot based upon this information.

So on page 35 the total potential gross income at 100 percent occupancy at the market rents I just discussed would be \$493,421. These were rents that are quoted on a net basis, wherein the tenant would pay additional costs commonly known as the common area maintenance charge.

Mr. Scalese indicated that he was quoting at the time \$1.54 per square foot for common area maintenance, So I just rounded that to \$1.50 cents per square foot for the whole property for \$176,767. Page 40

vacancy. The Northtown Center up on the north side of Dayton had a 20 percent vacancy. The Fairborn Plaza in Fairborn had a 22 percent vacancy, which was increasing, and the Imperial Square Shopping Center in West Carrollton was over 40 percent vacant. It became clearer that the older shopping centers had higher vacancy than the newer shopping centers.

So taking into consideration the subject's history, taking into consideration that it had a declining vacancy after the tax lien date, I stabilized the vacancy and credit loss at 30 percent or \$201.056.

Q. The sales that you looked at or the properties that you looked at that are discussed on the bottom of page 35, those are sales that you either used in your sales comparison approach or for market expense information later on in the report?

A. Or found during our research, yes.

O. All right.

MR. SLEGGS: Fred Scalese just walked into the room. As I mentioned before we went on the record, Mr. Scalese is vice president with Carnegie Companies, which is the parent of Wilmington Center, Ltd., and I designated him as the representative of the Appellee in the case, and we are working through

Page 41 Page 43

Mr. Wilson's appraisal. We are on page 26.

Q. (By Mr. Sleggs) So after you made your projection of vacancy and credit loss under the income approach, what was the next step?

A. From the effective gross income of \$469,132, I deducted the fixed and operating expenses for the property. For this report I used the actual real estate taxes for 2014, which will be adjusted later as a part of the tax adder process, so that's an actual number.

The other expenses I have budgeted based upon market. This is based primarily upon filed data that I have. The property insurance was stabilized at 15 cents per square foot or \$17,700. The management fee was estimated at 5 percent of effective gross income. I've estimated leasing fees on an average basis of \$3,000 per year. Utilities were estimated based, in part, upon the subject's history at \$15,000 per year. Grounds maintenance, which include blacktop repair, site lighting, landscaping, was budgeted at 30 cents per square foot for 35,400. General building maintenance and repair was budgeted at 75 cents per square foot or 88,400.

Again, these are averages in that in some years the maintenance expenses may be very high, like

within the market range and were reasonable.

Q. And you have -- the calculations you've been testifying to, they're summarized on page 38?

Q. Once you determined expenses, and this begins on page 37, you talk about determining a capitalization rate for the property under the income approach. How did you go about determining your capitalization rate?

A. On page 39 is a listing of the market capitalization rates that I considered. The first one was the Miamisburg Plaza in Miamisburg, Ohio, which is a suburb of Dayton. This was a sale in 2009 at a 10 percent cap rate. The Washington Park Plaza was in Centerville, Ohio, a suburb of Dayton. It sold December 2013 with a 12.28 percent cap rate. The Dayton Towne Plaza sold in 2011. This was an unusual sale in that the realtor's cap rate was 15.42 percent. The information through CoStar, however, indicated an 11.4 percent cap rate.

From my file the Great Western Shopping

From my file the Great Western Shopping
Center here in Columbus sold in 2013 with an 11.3
percent cap rate. The Raintree Center on the
northeast side of Columbus sold in 2015 at a

10.4 percent cap rate. A small center that was owned

Page 44

Page 42

in one year to replace the roof at \$200,000, and some years would be a little lower. So for the purpose of stabilizing expenses, these are considered averages.

Miscellaneous expenses might include legal services, accounting services, provisional fees. That was estimated at 1.5 percent of effective gross income, and the final category was reserve for replacements. This might be parking lot cover. In this case it might be the replacement of the storefront over the nightclub that doesn't have a typical storefront. So I budgeted the replacement for reserves at 25 cents per square foot or \$29,500 per year.

The total stabilized expenses were \$305,199. This was approximately \$2.59 per square foot of building area. I have listed four properties taken from our files. The market expenses --

Q. That's on page 37?

A. On page 37. These expenses were from my file data because I either appraised the property or I had direct information from the owner, and the market expenses for older properties, larger in size like this, range from a low of \$2.42 per square foot to a high of \$2.68 per square foot. So I felt my stabilized expenses at \$2.59 per square foot was

by the same owner as the Raintree sold in 2013 at a 10 percent cap rate.

The Shops at Town & Country on the east side of the Columbus sold in 2011 at an 11.29 percent cap rate, and the Home Center Shopping Center in Centerville on State Route 725 sold in 2015 at an 11 percent cap rate.

Q. Is Centerville a suburb of Dayton?

A. Yes, one of the nicer suburbs of Dayton.

So these capitalization rates bracket the tax lien date, which was January 1, 2014, and based upon this data I concluded to an 11 percent capitalization rate for the subject property.

Q. Now, you mentioned that you used the adder method on the bottom of page 38, and I show an adjustment where you added back real estate taxes to your net income projection.

A. Yes, sir.

Q. And once you made that adjustment then, what did you have to do to your capitalization rate in order to arrive at your conclusion under the income approach?

A. To account for the impact of real estate taxes, the market overall rate of 11 percent is adjusted by effective tax rate. The effective tax

Page 45 Page 47

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

rate is the actual taxes divided by the auditor's market value.

1

2

3

4

5

6

7

8

9

10

11

12 13

14

15 16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

In this case it was 3.44 percent, so the adjusted overall rate is 14.44 percent divided into the adjusted net income of \$249,632 for an adjusted value -- or estimated value by the income approach of \$1,729,000, rounded.

- Q. The next section of your report contains some of the information you have already made reference to, but just very briefly, beginning on page 40, is this a summary of the income and expense history for the property?
  - A. Yes, sir, for 2012, 2013, and 2014.
- Q. Okay. And then I believe that the next document is from the transcript on appeal. There is a rent roll for the property as of January 1, 2015.
  - A. Yes, sir, on page 41 is the rent roll.
- Q. And then you've got additional income and expense history on pages 42 and 43.
  - A. That's correct.
- Q. Let's go to your sales comparison approach that begins on page 44. How did you go about valuing the property under the sales comparison
  - A. Well, the sales comparison approach is a

46, 47, and 48, you have more detailed information on each of the sales. How did you go about using that data to value the subject property under the sales comparison approach?

A. Well, on page 45 is a chart of the four comparable sales that were considered. It indicates the name of the shopping center and location, the sale date, the sale price, the sale price per square foot, and some brief comments regarding each of the sales.

With properties of this type, the standard unit of comparison is the sale price per square foot of building area, and this would be -- in this case we used the gross leasable area for the subject property as this was the most consistent.

On pages 50 through 60 are the location map and the detailed data sheets for each of these comparable sales. These comparable sales were all found in the Dayton area and were verified with a party that had knowledge of the transaction.

- Q. And the map op page 50 shows the location of each of the sales, vis-a-vis the subject property?
  - A. That's correct.
- Q. And they are all either in Montgomery County or in Greene County, which I think would be

Page 46

1 the Fairborn location, which is next door to 2 Montgomery County? 3 A. That's correct. Fairborn is considered

to be a suburb, just like Westerville would be here. It's about the same distance from town.

Q. So based upon that data, how did you go about valuing the subject property under the sales comparison approach?

A. Well, Sale No. 1 is Northtown Shopping Center. This is found on North Main Street in Dayton. This is an older residential area of Dayton, but Main Street is the major north-south street in that neighborhood. The surrounding neighborhood is similar in terms of price range as the subject neighborhood, so my opinion is it was comparable to the subject. It sold in January 2012 for \$17.56 per square foot. This is a strip shopping center of 106,730 square feet. It was built in 1949, but essentially renovated in 2010. The property had 80 percent occupancy at the time of the sale and was felt to be in average to good condition.

So overall I felt the sale was superior to the subject in terms of being a smaller sized shopping center and also in superior condition and superior occupancy, so it would require a net

method of value whereby we research the value for sales of shopping centers that might be similar and comparable to the subject. Our research criteria were for sales that might be in the Dayton market,

Montgomery County. Our research was also for sales that might be similar in terms of age, similar in terms of style, maybe having the larger big-box-type storerooms and similar in terms of occupancy, since the subject had suffered occupancy for a number of years. Those were our research criteria.

There's two different methods of analyzing comparable sales known as the quantitative method and the qualitative method. The quantitative method applies very specific adjustments to each element of comparison there. This is a real good appraisal tool, and there's a lot of good data where you isolate the adjustment factors.

The qualitative method analyzes the sales in terms of their positive and negative features of the subject compared to the comparable sales. With this type of data, which is somewhat erratic, I believe that the qualitative method was the better analysis tool in this particular assignment.

Q. You have four sales that are summarized on page 45, but if we go to the pages that follow, Page 48

Page 49 Page 51

downward adjustment.

2.0

Sale No. 2 sold in September of 2013 for \$11.95 per square foot. This is the Fairborn Plaza Shopping Center in Fairborn, Ohio. Fairborn is about eight to ten miles northeast of downtown Dayton. It's right along Wright-Patterson Air Force Base, and it's part of the greater Dayton market area.

This sale happens to be in the older part of Fairborn, close to the city hall complex. The surrounding residential neighborhoods are older and moderate priced, much like the subject, so in this respect it's similar to the subject in location and requiring no adjustment.

This shopping center is a community shopping center of 100,452 square feet built in 1958 and was in average condition at the time it sold. It was approximately 78 percent occupied at the time of sale, but they had some tenants indicating they weren't going to renew their lease so it might have a declining occupancy. This property subsequently resold in 2016 at \$100,000 less than the purchaser paid for it. This was about an 8 percent discount.

This is the lowest sale of the sample, and it was purchased, according to the buyer, based

average condition at the time of the sale. Because it's a smaller shopping center and a little bit newer than the subject, an upper adjustment would be considered for that. The owner indicated that the property had substantial vacancies, but he said it was offset to some degree because there were two land leases on the property, one under the Long John Silver's and the other one on the PNC Bank. There was a secondary outlot that could be leased but hadn't been over all these years, but it was a positive feature, according to the buyer.

So considering all of these items, a net downward adjustment is indicated, merely for size and age because the land leases tend to offset the higher vacancy factors in this shopping center.

Sale No. 4 sold in February 2011 for \$20.64 per square foot. This is known as the Dayton Towne Plaza. This is located on Needmore Road, which is on the far northeast side of Dayton. It's about a half a mile west of the Needmore Road/I-75 interchange, but it is close to North Dixie Drive on the north side of Dayton. Dixie Drive was the old Route 25 that ran all the way from Cincinnati to Toledo at one time, so this was one of the older kind of commercial areas, so in that respect I think it is

Page 50

primarily upon a price per square foot. It wasn't based upon an income analysis, and he was hopeful that he would turn it around, and he did do some things to turn it around, but clearly it was economically in worse shape than the subject, in my opinion, so it would require an upward adjustment.

Sale No. 3 sold in October of 2014 for \$15.84 per square foot. This is known as the Imperial Square Shopping Center. This is found in West Carrollton. The location is actually across the street from Miamisburg, so it's a West Carrollton, Miamisburg location, about a mile west of the Southwest Dayton Regional Mall.

This is an unusual location in that the shopping center faces onto Watertower Lane, but backs up to State Route 725 and has a full intersection with South Alex Bell Road. It's only about a half a mile from the interchange of Interstate 75 and State Route 25. In many respects this is a very good general area, but the specific location not facing out onto a major street was apparently difficult because they had a higher-than-normal vacancy factor in the shopping center.

This is a small strip shopping center of 63,729 square feet built in 1976 or 1977. It was in

somewhat similar to the subject requiring no location adjustment.

This is a four-tenant commercial property of 89,157 square feet built in 1963 and was in average condition at the time of sale. This is a smaller shopping center compared to the subject, so an adjustment downward would be necessary.

The sale property was 100 percent occupied at the time of sale. This was based upon renegotiating the leases. But the seller of the property was Hotel Liquidators. They also indicated they have a stay on the property but the buyer, who was an out-of-state buyer, required they guarantee the rent for three years to make this sale work.

So considering the fact that this has an occupancy at 100 percent and also a guaranteed rent, a downward adjustment for the sale was necessary.

So considering the four sales, they range from \$11.95 to \$20.64 on an unadjusted basis, three of the sales required net downward adjustments, and the lowest sale, in my opinion, required a net upward adjustment for economic conditions, so I estimated the subject's value based on this data in the mid range at \$15 per square foot times 117,865 square feet for \$1,768,000.

Page 52

Page 53 Page 55

Q. You've already touched on this, but in addition to the discussion of the adjustments, you have photographs of each of the sale comparables that appear beginning on pages 52 and going through and including page 60?

A. Yes, sir.

Q. Okay. Once you completed both of those approaches to value, you have a section on page 61, which is your final reconciliation of value. How did you go about weighting the two approaches and arriving at your final conclusion of value for the property?

A. Well, there's three approaches to value, and the cost approach hasn't been processed due to the age of this property and the degree of depreciation. That would be relative to cost new.

The income approach is a good appraisal tool for income-producing properties, and in this assignment I have used market grant. I have used market vacancy. I have used market expenses and a market capitalization rate. I've used the income approach to reflect the impact of real estate taxes by a tax adder. In this respect the income approach is a good appraisal tool.

The sales comparison approach considered

question. Mr. Wilson, based upon your report and your testimony, what is your opinion as to the fair market value of the real estate as of January 1, 2014?

A. \$1,750,000.

MR. SLEGGS: All right. Thank you.

THE ATTORNEY EXAMINER: Do you have any cross-examination?

MS. ALLISON: I do. Thank you.

.

## **CROSS-EXAMINATION**

12 By Ms. Allison:

Q. Mr. Wilson, let's start on page 34, please, of your income approach. I don't see any rent comps in your report. Did you determine the rent primarily upon the actuals and the asking rent on the subject property?

A. Yes and no.

Q. Okay.

A. The first one is yes. That's the most obvious place to start, is the actual rents that are being achieved at the subject property. That's usually the best evidence. I did discuss the market rents with Tracey Herron, who is the listing realtor for this property. They also have many other

Page 54

four sales. These sales were analyzed for their positive and negative features, and they formed a relatively close range of value.

I selected a value within the range, which did not give weight to any one particular set, as none were considered that comparable in that respect, and so the sales comparison approach provides close support to the income approach.

With this type of property, we had two properties that were basically purchased on the basis of a sale price per square foot. We had two properties that were purchased in part on net capitalization rate, and so equal weight then, in my opinion, would be accorded to the market approach and the income approach to value.

I selected a value conclusion within the range of \$1,729,000 to \$1,768,000 at \$1,750,000 as of January 1, 2014.

MR. SLEGGS: Thank you. I would note for the record that I couldn't find the addenda section of Mr. Wilson's report on the BTA website, but the court reporter does a full copy, and the addenda just contains the zoning code, property record card, the deed, and a building sketch.

Q. (By Mr. Sleggs) Let me ask a final

Page 56

shopping centers listed throughout the Dayton market.

I also had information from the comparable sales, so to estimate market rent outside of the actual rents, then that's the data that I utilized.

Q. And none of those -- there's not a list of rent comps?

A. No.

Q. Okay. Thank you. Let's turn to your vacancy. So you relied primarily upon four older shopping centers in the Dayton area to determine your market vacancies; is that correct?

A. I started with the history of the subject property. That was some of the best evidence because it was substantially vacant as of date of the value, and then the owner was able to get some more tenants for the next year or two. That was the place to start. I interviewed the realtor that had the property listed, and she also discussed the issue of vacancy and was unable to lease the properties towards the rear of the site. And then I also considered these other properties that sold or were available for sale in the subject market area and their vacancy.

Q. Aren't you tasked with evaluating the

	Page 57		Page 59
1	property as stabilized?	1	average, it's kind of stabilizing. It's like
2	A. I did. Market rent was at 100 percent	2	stabilizing income. You stabilize the expenses in
3	occupancy, yes, ma'am.	3	the same fashion.
4	Q. Okay. So you did not look at CoStar or	4	Q. Okay. And then in determining your cap
5	Colliers or any of the other surveys?	5	rate, I see you did use CoStar.
6	A. They're just averages. They're just very	6	A. I only referenced it once.
7	general. They include new buildings and old	7	Q. Okay. And you looked primarily again at
8	buildings and single-tenant buildings and	8	older shopping centers in the Dayton area, correct?
9	Q. How many square feet would you say you	9	Well, no, just older shopping centers?
10	considered in making your vacancy determination,	10	A. Yes.
11	roughly?	11	Q. Okay. Did you also look at any of the
12	A. 500,000, 600,000 square feet.	12	national surveys or the band-of-investment method or
13	Q. Thank you. And then in determining your	13	any other method in determining your cap rate?
14	expenses, some of these, I'm just curious, your	14	A. No.
15	market rents are at triple net, correct?	15	Q. No?
16	A. Yes, ma'am.	16	A. The interesting thing about those other
17	Q. Things like units that you've included,	17	methods is you have to have a market capitalization
18	that would just be for the vacant space?	18	rate to even process a band of investments, so it's a
19	A. No. What I did in this case, I estimated	19	wash.
20	the markets rate at 100 percent occupancy. I	20	Q. Okay. In determining your market cap
21	projected a common maintenance area charge at	21	rate, the sales that you have on page 39,
22	100 percent occupancy and then the vacancy and credit	22	particularly No. 3, you say that the it was listed
23	loss adjustment was off the total at 100 percent	23	at 15.42 for the seller pro forma or 11.4 to CoStar.
24	occupancy, so there wasn't any so when projecting	24	Which number did you use?
25	the actual expenses, then I didn't have to deal with	25	A. Put both in, but I didn't put weight on
	Page 58		Page 60
1	how much was which tenant was actually paying	1	either one of them.
2	common area maintenance or which ones weren't or how	2	Q. Okay.
3	much was vacant and that type of thing.	3	A. My point was and that was the problem
4	Q. Under a triple net lease, though, isn't	4	with this market, is that some of these older
5	the tenant typically responsible for utilities? I'm	5	shopping centers had some very high capitalization
6	curious how you came up with your utility amount.	6	rates, and that's kind of what took it out of the
7	A. Oh, the utility amount?	7	standard CoStar averages and that type of thing
8	Q. Right.	8	because they focus on all types of properties, not
	A I think that was from the actuals	_	
9	A. I think that was from the actuals.	9	just these similar to the subject.
10	Q. And in triple net, typically, right, the	10	Q. Just a few more questions on your sales
10 11	Q. And in triple net, typically, right, the tenant pays?	10 11	Q. Just a few more questions on your sales comparison approach, please.
10 11 12	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance	10 11 12	Q. Just a few more questions on your sales comparison approach, please. A. Sure.
10 11 12 13	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.	10 11 12 13	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited
10 11 12 13 14	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.	10 11 12 13 14	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had
10 11 12 13 14 15	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge,	10 11 12 13 14 15	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject.
10 11 12 13 14 15	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating	10 11 12 13 14 15	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes.
10 11 12 13 14 15 16	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.	10 11 12 13 14 15 16 17	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market
10 11 12 13 14 15 16 17	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.  Q. Got you. And then you stated they were	10 11 12 13 14 15 16 17	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market adjustment to the sales that occurred in '11 and '12?
10 11 12 13 14 15 16 17 18	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.  Q. Got you. And then you stated they were based on averages, I believe, when you looked at your	10 11 12 13 14 15 16 17 18	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market adjustment to the sales that occurred in '11 and '12? A. No.
10 11 12 13 14 15 16 17 18 19 20	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.  Q. Got you. And then you stated they were based on averages, I believe, when you looked at your market expense data. Averages of which year, do you	10 11 12 13 14 15 16 17 18 19 20	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market adjustment to the sales that occurred in '11 and '12? A. No. Q. So in your opinion the market didn't
10 11 12 13 14 15 16 17 18 19 20 21	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.  Q. Got you. And then you stated they were based on averages, I believe, when you looked at your market expense data. Averages of which year, do you remember?	10 11 12 13 14 15 16 17 18 19 20 21	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market adjustment to the sales that occurred in '11 and '12? A. No. Q. So in your opinion the market didn't change from 1/1/11 to 1/1/14?
10 11 12 13 14 15 16 17 18 19 20 21	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.  Q. Got you. And then you stated they were based on averages, I believe, when you looked at your market expense data. Averages of which year, do you remember?  A. If you look at the subject's history, it	10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market adjustment to the sales that occurred in '11 and '12? A. No. Q. So in your opinion the market didn't change from 1/1/11 to 1/1/14? A. No.
10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.  Q. Got you. And then you stated they were based on averages, I believe, when you looked at your market expense data. Averages of which year, do you remember?  A. If you look at the subject's history, it goes up and down. That's pretty common with retail	10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market adjustment to the sales that occurred in '11 and '12? A. No. Q. So in your opinion the market didn't change from 1/1/11 to 1/1/14? A. No. Q. Why did you not use the sale of the
10 11 12 13 14 15 16 17 18 19 20 21	Q. And in triple net, typically, right, the tenant pays?  A. Or through a common area maintenance charge.  Q. Got you.  A. But in common area maintenance charge, then you would have to take away as an operating expense.  Q. Got you. And then you stated they were based on averages, I believe, when you looked at your market expense data. Averages of which year, do you remember?  A. If you look at the subject's history, it	10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Just a few more questions on your sales comparison approach, please. A. Sure. Q. Again, I think you stated you limited your search for comps to older facilities that had vacancy issues like the subject. A. Yes. Q. Okay. And you did not make a market adjustment to the sales that occurred in '11 and '12? A. No. Q. So in your opinion the market didn't change from 1/1/11 to 1/1/14? A. No.

Page 61 Page 63 1 1 as a comparable sale. DIRECT EXAMINATION 2 2 A. I don't want to explain this. In By Mr. Sleggs: 3 3 verifying the sale, I verified the sale with the Q. Mr. Scalese, could you state your full 4 appraiser that appraised the property, and it had 4 name for the record? 5 some unusual financial circumstances. 5 A. Fred Scalese, vice president, Carnegie 6 It had two junior department stores that 6 Company. 7 were part of that shopping center that were vacant. 7 Q. And the property that we're dealing with 8 8 Then it had some other stores that they were able to is owned by -- owned in the name of Wilmington get above market rents, probably by doing tenant 9 Center, Ltd. What is the Carnegie Company's 9 improvements and things. So the arithmetic was 10 relationship to Wilmington Center, Ltd.? 10 apparently complicated, and that's why I didn't use 11 A. It's the parent entity of the limited 11 it or give any weight to it because I didn't know how 12 liability company that owned Wilmington Plaza. 12 13 to address some information that I had that was 13 Q. Okay. You testified at the Board of confidential. 14 Revision in this case? 14 15 15 A. Okay. A. I did. 16 Q. Do any of your sales comps have smaller 16 Q. Okay. And I just want to ask you some restaurants, like the Skyline Chili? very specific questions about the property. And the 17 17 first thing I want to ask you about is the property A. No. 18 18 19 was acquired by Carnegie Company back in 1997, and 19 MR. SLEGGS: I believe that's all I have. 20 Thank you. 20 how long have you been associated with this THE ATTORNEY EXAMINER: Do you have 21 particular asset? 21 redirect for your witness? 22 A. All 19 years. 22 MR. SLEGGS: Just one question. 23 Q. Okay. And what has the vacancy of the 23 property been over the years that you've owned it? I 24 24 know that fluctuated. Has it always been at or above REDIRECT EXAMINATION 25 25 Page 62 Page 64 1 By Mr. Sleggs: 1 a certain amount over the years that you've owned it? 2 2 Q. Mr. Wilson, Ms. Allison asked you about A. Since 1997, and I'll start there because 3 utility expenses under the income approach and, like 3 unfortunately that's -- I'll try and keep it brief, 4 the subject property, has a parking lot, and I'm 4 but that's where we'll have to start. When we 5 assuming the parking lot is illuminated at night. 5 acquired this center, there were the credit tenant 6 Would that electrical charge, that utility charge, 6 signatures on the back of the leases. 7 would be something that would be passed through to 7 There was Heilig-Meyers Furniture, which 8 the tenants in the common area maintenance charge? 8 was a 250-plus store national chain. CVS had a 9 A. Usually. 9 master lease on part of the building and then 10 MR. SLEGGS: That's all I have. 10 subleased it to St. Francis Thrift, so we had CVS THE ATTORNEY EXAMINER: Anything further? credit at that time. We had Big Lots on a ten-year 11 11 12 MS. ALLISON: No. 12 lease doing 3-1/2 million in sales. That was the 13 back building. We also had a nightclub on the 13 THE ATTORNEY EXAMINER: Thank you for 14 your testimony today. 14 backside called the Colosseum that had been there 15 prior to our ownership and was performing. MR. SLEGGS: I'd like to call 15 16 Mr. Scalese. May I have three minutes to talk to 16 Q. And that's the big building? A. Yes, that's the big building in the back. 17 him? 17 18 THE ATTORNEY EXAMINER: Certainly. 18 O. So it was a country mile from the road? 19 19 A. Yes, that's the big back building. Right (Recess taken.) after we bought it the Colosseum filed bankruptcy, 20 THE ATTORNEY EXAMINER: Back on the 20 21 record. 21 closed their doors. That was 20,225 square feet. 22 22 Since that time I have evicted every 23 FRED SCALESE 23 single tenant that has gone through that space for 24 nonpayment of rent. That's the Attic, actually prior being first duly sworn, as prescribed by law, was 24 25 examined and testified as follows: 25 to the Attic there was a surplus warehouse, then the

Page 67 Page 65 Attic, which was just evicted relatively recently, a 1 1 Q. Okay. There's been some testimony in the 2 few years ago. It is still vacant. 2 case that in 2014 and 2015 the vacancy was running Q. We had some testimony earlier today; that 3 between 42 and 37 percent. Is there a reason why the 3 is, the portion that's in the very back corner from vacancy was so high during those years? 4 4 A. Well, Wilmington Pike, as you probably 5 the property. 5 6 A. That's correct. 6 all know, was widened and that killed us. I mean, we 7 Q. So it's the farthest store from any of 7 virtually had a very limited ingress/egress into the center at the light. Turning either right or left, 8 the roads that abut the center? 8 it was rough for the tenants during that time. 9 A. Yes, that's correct. It's also the one 9 Q. There has also been some testimony in referenced in the appraisal that had no storefront, 10 10 essentially, and it's just two man-doors you walk in. this case about the visibility of the property from 11 11 It isn't really a retail store. 12 the road impacting the tenants. Has that been your 12 13 Q. So let's talk about the little building 13 experience in terms of tenants at the property or now. At the time you bought it, it was fully 14 attempting to attract tenants to the property? 14 occupied, 100 percent occupied. A national -- I 15 A. Sure. Without -- the anchors are what 15 16 forget which one, if it was Schwebel's or Hostess. 16 drive a center like this, especially one as far from It might have been Hostess. But on the end cap there the road that it is, especially for the B-space 17 17 it had an eye doctor in 2,500 square foot. It had a tenants. This is all about cotenancy. Again, 18 18 dry cleaners. It was well occupied, 15, 16 bucks without the national cotenancy, you can't improve the 19 19 20 triple net. 20 B-space tenants, which is why we have four dollar, That's what we bought in 1997. It has 21 three dollar, some even gross leases in the B spaces 21 not been that since then. Shortly after we bought 22 and why you can only get 2, 2.25 on the back building 22 it, the dry cleaner went out and filed bankruptcy. 23 today in those spaces. 23 When the lease came due for the thrift shop, they Q. When you say B space, is that the smaller 24 24 25 went out. That's another 3,000 feet. There was a 25 retail that I think has been described as 17.900 Page 66 Page 68 1 dance studio in there. They went out, and really 1 square feet? 2 since then, since everything I've just described to 2 A. It is. And it sits perpendicular to the street with zero visibility to the road. Essentially 3 you, the property has never recovered. 3 And Big Lots has now gone from 3-1/2 4 Skyline sits in front of them. 4 million to 2.3 million annual sales. Your only 5 Q. In addition to Skyline, there was another 5 anchor, national-credit-type anchor left, on a 6 outlot? 6 7 year-to-year lease, doing a million two less than 7 A. The Sonic out parcel, yes. when we bought it. Q. Okay. And then you talked about evicting 8 8 9 Q. That's Big Lots? 9 tenants. When you evict a tenant, have you A. That's Big Lots. You know, they're in 10 historically had troubles? Did you have to sue them 10 for back rent, that type of thing? the market. They're shopping. Everybody knows 11 11 they're shopping for a new spot. It's just a matter 12 A. Correct. And there's not much left 12 of when they find it. 13 13 there. That's a cold trail. MR. SLEGGS: Okay. All right. That's 14 Q. Okay. And what has the vacancy -- so 14 15 when these tenants started leaving, and we get into 15 all I have. Thank you. 16 the period after the leases have turned and you had 16 17 tenants leave the property, what's the vacancy been 17 **CROSS-EXAMINATION** since the tenants that were in place when you bought 18 By Ms. Allison: 18 the property have left? 19 19 Q. Mr. Scalese, as Mr. Sleggs indicated, we A. For the most part, one of those big boxes heard some testimony regarding vacancy problems in 20 20 in the back is always empty, so that's 20 to 23 '13 and '14. Do you know what the vacancy was prior 21 21 22 thousand, depending which box is empty at that 22 to that, maybe in 1/1/12-ish? moment. And usually at least 3,000 is empty in the 23 23 A. At least one of those big boxes was

24

25

empty.

Q. Okay.

B-space buildings, so 23 to 25 thousand is

consistently vacant there.

24

25

	Page 69		Page 71
1	A. Without looking at a rent roll, I	1	MS. ALLISON: Thank you.
2	wouldn't be able to tell you off the top of my head.	2	MR. SLEGGS: Okay.
3	Q. Okay. Do you know what the vacancy is	3	THE ATTORNEY EXAMINER: Thank you very
4	right now?	4	much.
5	A. The same 20,000 plus is vacant and 3,000	5	There being nothing further, the hearing
6	B space is vacant, so 24,000 probably.	6	is concluded. Thank you.
7	Q. So that percent? Does that work out to	7	MR. SLEGGS: Thank you.
8	30	8	(The hearing adjourned at 10:59 a.m.)
9	A. It's 24,000 over 117.	9	
10	Q. That's fair enough. I'll figure it out	10	
11	later. Thank you.	11	
12	A. A lot. So much so that we can't put debt	12	
13	on it.	13	
14	MS. ALLISON: That's all I have. Thank	14	
15	you.	15	
16	THE ATTORNEY EXAMINER: Do you have	16	
17	anything for this witness?	17	
18	MR. SLEGGS: No, I don't. Thank you.	18	
19	THE ATTORNEY EXAMINER: Thank you very	19	
20	much for testifying.	20	
21	THE WITNESS: Thank you. I appreciate	21	
22	it.	22	
23	MR. SLEGGS: Thank you for your time.	23	
24	THE ATTORNEY EXAMINER: At this time	24	
25	would you like to move Appellee's Exhibit 1 in the	25	
25	would you like to move Appellee's Exhibit 1 in the  Page 70	25	Page 72
	Page 70		
25 1 2	*	25 1 2	Page 72  CERTIFICATE I do hereby certify that the foregoing is a
1	Page 70 record.  MR. SLEGGS: Yes.	1	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken
1 2	Page 70 record.	1 2 3 4	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016,
1 2 3	Page 70 record. MR. SLEGGS: Yes. THE ATTORNEY EXAMINER: Any objection? MS. ALLISON: No.	1 2 3 4 5	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic
1 2 3 4	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?	1 2 3 4 5	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016,
1 2 3 4 5	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.	1 2 3 4 5	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.
1 2 3 4 5	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is	1 2 3 4 5 6 7	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson,
1 2 3 4 5 6	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.	1 2 3 4 5	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary
1 2 3 4 5 6 7 8	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have	1 2 3 4 5 6 7	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of
1 2 3 4 5 6 7 8	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by	1 2 3 4 5 6 7 8	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.
1 2 3 4 5 6 7 8 9	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.	1 2 3 4 5 6 7	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of
1 2 3 4 5 6 7 8 9 10	record.  MR. SLEGGS: Yes. THE ATTORNEY EXAMINER: Any objection? MS. ALLISON: No. THE ATTORNEY EXAMINER: I move Appellee's Exhibit 1 into the record. We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report. (EXHIBIT ADMITTED INTO EVIDENCE.)	1 2 3 4 5 6 7 8	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019.
1 2 3 4 5 6 7 8 9 10 11	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that	1 2 3 4 5 6 7 8 9 10	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that Ms. Allison said she would prefer to have briefs as	1 2 3 4 5 6 7 8 9 10 11 12 13 14	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that  Ms. Allison said she would prefer to have briefs as opposed to closing arguments.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by  Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that  Ms. Allison said she would prefer to have briefs as opposed to closing arguments.  MS. ALLISON: I would.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that  Ms. Allison said she would prefer to have briefs as opposed to closing arguments.  MS. ALLISON: I would.  MR. SLEGGS: That's fine. I can do that.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that Ms. Allison said she would prefer to have briefs as opposed to closing arguments.  MS. ALLISON: I would.  MR. SLEGGS: That's fine. I can do that. THE ATTORNEY EXAMINER: Would three	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	record.  MR. SLEGGS: Yes. THE ATTORNEY EXAMINER: Any objection? MS. ALLISON: No. THE ATTORNEY EXAMINER: I move Appellee's Exhibit 1 into the record. We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report. (EXHIBIT ADMITTED INTO EVIDENCE.) THE ATTORNEY EXAMINER: I believe that Ms. Allison said she would prefer to have briefs as opposed to closing arguments. MS. ALLISON: I would. MR. SLEGGS: That's fine. I can do that. THE ATTORNEY EXAMINER: Would three weeks October 10 is a holiday, so the 11th. Would	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	record.  MR. SLEGGS: Yes. THE ATTORNEY EXAMINER: Any objection? MS. ALLISON: No. THE ATTORNEY EXAMINER: I move Appellee's Exhibit 1 into the record. We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report. (EXHIBIT ADMITTED INTO EVIDENCE.) THE ATTORNEY EXAMINER: I believe that Ms. Allison said she would prefer to have briefs as opposed to closing arguments. MS. ALLISON: I would. MR. SLEGGS: That's fine. I can do that. THE ATTORNEY EXAMINER: Would three weeks October 10 is a holiday, so the 11th. Would that be long enough, do you think?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that  Ms. Allison said she would prefer to have briefs as opposed to closing arguments.  MS. ALLISON: I would.  MR. SLEGGS: That's fine. I can do that.  THE ATTORNEY EXAMINER: Would three  weeks October 10 is a holiday, so the 11th. Would that be long enough, do you think?  MR. SLEGGS: That's fine.  MS. ALLISON: Okay.  THE ATTORNEY EXAMINER: So initial briefs	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that  Ms. Allison said she would prefer to have briefs as opposed to closing arguments.  MS. ALLISON: I would.  MR. SLEGGS: That's fine. I can do that.  THE ATTORNEY EXAMINER: Would three  weeks October 10 is a holiday, so the 11th. Would that be long enough, do you think?  MR. SLEGGS: That's fine.  MS. ALLISON: Okay.  THE ATTORNEY EXAMINER: So initial briefs will be due on October 11, a Tuesday, because of the	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	record.  MR. SLEGGS: Yes.  THE ATTORNEY EXAMINER: Any objection?  MS. ALLISON: No.  THE ATTORNEY EXAMINER: I move Appellee's  Exhibit 1 into the record.  We have Appellant's Exhibit 1, which is the appraisal report of Mr. Sprout, and we have  Appellee's Exhibit 1, which is an appraisal report by Mr. Wilson's report.  (EXHIBIT ADMITTED INTO EVIDENCE.)  THE ATTORNEY EXAMINER: I believe that  Ms. Allison said she would prefer to have briefs as opposed to closing arguments.  MS. ALLISON: I would.  MR. SLEGGS: That's fine. I can do that.  THE ATTORNEY EXAMINER: Would three  weeks October 10 is a holiday, so the 11th. Would that be long enough, do you think?  MR. SLEGGS: That's fine.  MS. ALLISON: Okay.  THE ATTORNEY EXAMINER: So initial briefs	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	CERTIFICATE  I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Monday, September 19, 2016, and carefully compared with my original stenographic notes.  Rosemary Foster Anderson, Professional Reporter and Notary Public in and for the State of Ohio.  My commission expires April 5, 2019. (rfa-81972)

## **TRANSCRIPT 2**

The subject property discussed in this transcript contains two parcels covering 12.4 acres and is improved with a 96,000 square foot industrial office, a residential duplex, and a metal pole barn.

Page 1	Page 3
BEFORE THE BOARD OF TAX APPEALS STATE OF OHIO	1 INDEX 2 WITNESSES: PAGE
Huber Heights City Schools Board of Education, Appellant,  vs. : Case Nos. 2015-2359 : 2015-2360  Montgomery County Board of : Revision, et al., :  Appellees. :  PROCEEDINGS before Temeka M. Higgins, Hearing Examiner, at the Board of Tax Appeals, Rhodes State Office Tower, 30 East Broad Street, Room B, Columbus, Ohio, called at 9:00 a.m. on Tuesday, September 13th, 2016.   ARMSTRONG & OKEY, INC. 222 East Town Street, Second Floor Columbus, Ohio 43215-5201 (614) 224-9481 - (800) 223-9481 Fax - (614) 224-5724	Thomas Sprout, MAI  3 Direct Examination by Ms. Allison 7 Voir Dire by Mr. Klein 9  4 Direct Examination by Ms. Allison 11 Cross-examination by Ms. Allison 21  5 Redirect Examination by Ms. Allison 22  6 Robert A. Harris Direct Examination by Mr. Klein 25  7 Cross-Examination by Ms. Allison 29 Examination by the Hearing Examiner 30  8 Redirect examination by Mr. Klein 32 Recross-examination by Ms. Allison 33  9  10 EXHIBITS IDENTIFIED ADMITTED Appellee Property Owner Exhibit 1 4 37  11 Advertisement  12 13 14 15 16 17 18 19 20 21 22 23 24 25
Page 2	Page 4
1 APPEARANCES: 2 Kim Allison, Esq. Rich & Gillis Law Group 3 6400 Riverside Drive, Suite D Dublin, Ohio 43017  4 On behalf of the Appellant  5 Stephen E. Klein, Esq. 6 240 James Bohanan Drive Vandalia, Ohio 45377  7 On behalf of the Appellee Property 8 Owner. 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Monday Morning Session, September 13th, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) HEARING EXAMINER: This is a hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Huber Heights City Schools Board of Education, Appellant, versus the Montgomery County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case Nos. 2015-2359 and 2015-2360. This hearing is being convened in the offices of the Board of Tax Appeals before Attorney-Examiner Temeka M. Higgins, at approximately 9:13 a.m. on September 13th, 2016. Would the Appellant's representative please enter her appearance by name, mailing address, and telephone number? MS. ALLISON: Kim Allison with Rich & Gillis Law Group, 6400 Riverside Drive, Suite D, Dublin, Ohio 43017, telephone (614) 228-5822, and we are here this morning on behalf of the Huber Heights City School District. HEARING EXAMINER: Thank you very much, Ms. Allison. And will the property owner's counsel

	Page 5		Page 7
	_		
1	please enter his appearance by name, mailing address,	1	And I'll just ask that during your testimony, if
2	and telephone number?	2	you'd try to speak up a little bit, Mr. Klein had
3	MR. KLEIN: Would you say that again,	3	indicated that maybe he had a little bit of
4	please? My hearing is a little bit not so good.	4	difficulty hearing.
5	HEARING EXAMINER: Well, I'll try to be	5	MR. SPROUT: No problem.
6	mindful today. Would you mind stating your	6	MR. KLEIN: What is his name, your
7	appearance by name, mailing address, and telephone	7	Honor?
8	number?	8	HEARING EXAMINER: His name is Tom
9	MR. KLEIN: Stephen E. Klein, mailing	9	Sprout. I was just asking him to speak up a little
10	address, 240 James Bohanan Drive, Vandalia, Ohio	10	bit just to make sure you can hear, okay?
11	45377, phone number (937) 339-3939.	11	MR. KLEIN: I lost my hearing honorably
12	HEARING EXAMINER: Thank you very much,	12	in the military, so I do apologize for the
13	Mr. Klein.	13	inconvenience.
14	Ms. Allison, would you like to make a	14	HEARING EXAMINER: It's not an
15	brief opening?	15	inconvenience, I just want to make sure you're able
16	MS. ALLISON: We will waive opening, but	16	to get all the information. So if we drop down a
17	we will request a briefing schedule at the end of the	17	little too low, just let us know and I'm sure we'll
18	hearing.	18	bring it back up.
19	HEARING EXAMINER: Thank you very much.	19	MR. KLEIN: It's mostly slowing the
20	Mr. Klein, would you like to make a	20	speech, your Honor.
21	brief opening statement?	21	
22	MR. KLEIN: Yes. According to the	22	Thomas Sprout, MAI,
23	Columbus City Schools District Board of Education	23	being first duly sworn, as prescribed by law, was
24	versus Franklin County Board of Revision, 90 Ohio	24	examined and testified as follows:
25	State 3d 564, to prevail on appeal before this Board	25	DIRECT EXAMINATION
	, I		
	Page 6		Page 8
1	the Appellant must present competent and probative	1	By Ms. Allison:
2	evidence supporting the value that the Appellant	2	Q. Mr. Sprout, will you please state your
3	asserts.	3	name for the record?
4	We don't believe there's going to be any	4	A. My name is Thomas D. Sprout, and I'm a
5	competent, probative evidence supporting the value	5	commercial real estate appraiser.
6	which whatever value the Appellant asserts at this	6	Q. And were you engaged by the Board of
7	hearing.	7	Education to review an appraisal report that was
8	HEARING EXAMINER: Thank you very much,	8	submitted on behalf of the property owner for the
9	Mr. Klein. Ms. Allison, you indicated that you had a	9	subject property?
10	request	10	A. I was.
11	MS. ALLISON: We would move to separate	11	Q. Okay. And do you have a copy of that
12	the witnesses before we call Mr. Sprout.	12	report before you?
13	HEARING EXAMINER: Mr. Harris.	13	A. I do. If the report that I have in
14	Mr. Harris, would you mind stepping out until it's	14	front of me is dated September 25th, 2015, then I'm
15	your turn to testify, please?	15	looking at the report that's in question.
16	MR. HARRIS: Okay.	16	Q. Okay. Before I go through Mr. Sprout's
17	HEARING EXAMINER: Thank you.	17	qualifications, you've testified many times as an
18	MS. ALLISON: And at this time we would	18	expert before this Board, correct?
19	call Mr. Tom Sprout.	19	A. I have.
20	HEARING EXAMINER: Do you swear or	20	MS. ALLISON: Can I ask counsel if you
21	affirm that the testimony you're about to provide to	21	would be willing to stipulate to his qualifications,
22	the Board today is the truth, and nothing but the	22	or would you prefer I go through them?
23	truth?	23	MR. KLEIN: I'll be interrogating him on
23	MR. SPROUT: I do.	23 24	that matter.
25	HEARING EXAMINER: Thank you very much.	24 25	By Ms. Allison:
2 0	TILIMING LIMINITALIK. Thank you very much.	۷ ک	Dy Mis. Allison.
	l l		

Page 9 Page 11 1 1 O. Well, briefly, why don't you go through standpoint, I would say probably 10 or 15 percent as 2 2 your credentials for us, Mr. Sprout? 3 3 A. Well, I am a certified public Q. Ten or 15 percent of your annual accountant, and I have been since 1991. I'm a member 4 4 workload is performed in Montgomery County? 5 of the Appraisal Institute. I received that 5 A. I would say that would be a fair 6 designation, I believe, either in 2005 or 2007. 6 assumption over the past year or two without looking 7 I'm a general certified real estate 7 at my overall billings. 8 8 MR. KLEIN: Nothing further, your Honor. appraiser by the State of Ohio as of 2001. I've been a commercial real estate appraiser since 1995. 9 9 We'll stipulate. I have been involved in real estate 10 10 HEARING EXAMINER: Thank you. 11 11 since I started with the Big 8 firm Touche, Ross, in MS. ALLISON: Thank you. 12 1987. I'm happy to go through my work experience 12 13 prior to leading up to my commercial real estate 13 DIRECT EXAMINATION (Continued) 14 appraiser experience, which began in 1995. That will 14 By Ms. Allison: 15 15 be up to the Magistrate. Q. So, Mr. Sprout, you indicated you were 16 HEARING EXAMINER: All right. 16 engaged to review the appraisal performed by 17 17 Mr. Klein? Mr. Harris for tax year 2014, correct? VOIR DIRE 18 18 A. That's correct. By MR. KLEIN: 19 19 O. If you could just kind of walk us 20 Q. Mr. Sprout, what percentage of your work 20 through some of your conclusions, maybe starting with is done on behalf of Board of Educations? 21 the zoning of the property. 21 A. You mean my overall workload? I would 22 A. How about if I just start from my notes 22 23 say it's probably about 15 or 20 percent. 23 to the finish? O. For Board of Educations? 24 24 O. That's fine. A. Yes. sir. 25 A. We were -- I was asked to review the 25 Page 10 Page 12 1 1 appraisal, and during the review process as an Q. And how about the rest? 2 2 A. The rest would be right-of-way work for appraiser, I am to determine USPAP compliance. USPAP the Ohio Department of Transportation. It would also 3 is united standards that we have -- the uniform 3 4 4 be mortgage work for a various number of banks. I do standards that we have to abide by as real estate 5 5 both real estate appraisal, as well as doing review appraisers. work for several smaller banks throughout the State 6 6 In this particular case the real estate 7 of Ohio and Pennsylvania. 7 that was being -- that was appraised here by 8 I also do work for private clients when 8 Mr. Harris -- and through my review process, I'll 9 9 it comes to valuing partnership interests, also for start with kind of the global thing. 10 10 various other valuation purposes. So my work for --From what I understand from this 11 11 I also do work for property owners at Board of Tax building, it was a -- it's an industrial building 12 Appeals, as well as Board of Revisions. 12 that is in the process of trying to be leased. 13 13 Q. What percentage of your work is on The only approach that was utilized in 14 behalf of property owners? 14 the report was the sales comparison approach. If the 15 15 A. Now we're drilling down to my book of property is in the process of being leased, an income 16 business. From a standpoint that would be for tax 16 approach would be very relevant in valuing this type 17 17 appeal, that would be 20 to 25 percent. And then of property. 18 my -- as far as for property owners would probably be 18 For ad valorem tax purposes it is our 19 19 somewhere around 10 to 15 percent of my overall book task as an appraiser to value the property using 20 of business of tax work. 20 market rents, market vacancy, and what we would 21 Q. How often do you appraise properties in 21 determine -- be determined as a market cap rate for 22 22 the Montgomery County area? this property. 23 A. Actually over the past couple years I've 23 All of that information is available in

24

25

been doing more and more work in Montgomery County.

I would say from an overall standpoint, from a value

24

25

the market. I ran a vacancy search on what this

property -- or within three miles of the subject

Page 13 Page 15

property. Market vacancy was approximately 10 percent as of the tax lien date.

The property is currently listed for lease at a rate of \$2.25 on a triple net basis.

There would be adequate information to provide what operating expenses would be, what reserves would be.

So all of the market information was available to determine a net operating income and a value based on the income approach to value.

The reasoning in the report talks about the property was vacant. Well, just because a property is vacant doesn't mean you can't do an income approach.

And for ad valorem tax purposes we need to determine what the market rent is and what market vacancy would be for that in determining what this property would be worth, utilizing that approach to value.

So that, in my opinion, is a major flaw in this report; not having an income approach for a property that is attempting to be leased up.

Other things of concern that I saw in the report was the exposure period and the marketing time. Marketing time and exposure period -- exposure period is going back in time how long we believe a This is an older industrial property. And what I mean older, over 20 years of age.

The cost of the roof and the condition of the roof is a very important factor because that is a major expenditure that could be coming this property's way. Roof costs could be anywhere between 4, 5, to \$10 a foot based on the roof area.

That would have a major impact on the potential value for the property. Without having that information in the report is another flaw in determining its potential value.

So those are some indications within the report as to, you know, what is really going on, what's the overall condition of this property.

And then the final thing in my opinion -- we get into the sales approach. The sales that were utilized for this property -- and I'm turning to the grid on Pages 54 and 55 in the report.

The wall height for this property is only 14 feet. So it's a distinct -- you know, because of its age, being built in 1956, I understand that we're going to have a lower ceiling height with this property.

The sales that were utilized in this, five of the six sales all had wall heights that were

Page 14

property would have to be listed in order to achieve the value within a report.

Mr. Harris, in his report, indicated an exposure time of five to seven years. A typical exposure time would be within a one-year period, maybe 18 months.

Something that would be longer than 18 months would be a very specialized type of property where there would be a limited amount of buyers in the market.

An example that would be -- and this would just be a -- let's say a 30-acre site that has a \$10 million home on it in Ohio. There's not going to be a big buyer pool for that type of thing, so it's going to take a little bit longer to sell that property at whatever is perceived is market value.

From what I read within this appraisal, there isn't necessarily a special type of use within this property. It's an industrial property. So that leads me to be concerned of if you've got a five or seven-year exposure period, I would think your value would probably be a little bit higher because you're waiting for this specific price.

There's no mention as to what the general condition of the roof is in this report.

anywhere between 20 to 30 feet in clearance.

The adjustment that was made for each one of those was between 20 and 30 percent downward. If you're going to have an adjustment that's that significantly high, when you're comparing sales, my first question is, are these sales truly comparable to the subject property.

The overall total adjustments that were made on four of the six sales range anywhere between 25 and 53 percent.

Once again, are these sales truly comparable to the subject property? Now, I didn't appraise this property, I'm just acting as a reviewer. This is something that I would -- that I do for several of my banking clients that I have that aren't large enough to necessarily have an appraisal review situation.

So my concern would be are these sales really comparable to the subject property. So those are the flags that I see within this report. Those are the questions that I would ask the appraiser, if I was able to ask questions of the appraiser, as to why these comparables were utilized, why weren't other comparables utilized within this report when you have this significantly high of adjustments in

Page 16

Page 17 Page 19

your grids.

So in summarizing -- and the last thing is once we got to the indicated value of the subject, the appraiser just said well, I'm going to take the average of the six sales, and here is what it's worth. An average is not an analysis.

Whenever you're determining averages, you need to have a larger sample size in order to -- the larger the sample size, the more credible the results are.

And when you only have six in a sample size, and then you're taking the average of that, that doesn't lead to a high confidence level.

So the overall analysis, there was no discussion as to well, this sale was better than this sale, as far as what is better than the other.

And in the adjustment grid, adjustments were made, but there was no discussion as to why those adjustments were made, he just said my opinion, 20 percent is what this would be deducted for, or 30 percent was what was deducted for.

So that also just saying here is what the average is leads to a credibility issue within the report.

So if you turn to Page 57, the statement

as of that date, the other 70 percent, well, are they going to lease that or, you know, which leads me to believe if this was a hundred percent occupied by an owner user, okay, I guess I could see why an income approach might not be utilized if there was strong reasons as to why.

But if there's vacancy in this property, what is the reasoning why they are not going to lease this property. Which leads to the next question, there should have been an income approach performed in this report to make it a credible document.

Q. And just two more follow-up areas. There are how many structures on the property?

A. I believe there's a primary building and then there's a one-story double house and a metal pole barn.

Q. So in your professional opinion, in performing an income approach, including the lease income from the house would have been relevant as well, correct?

A. Oh, absolutely.

Q. And then one more question. The sales comps that were used, one was from 2011 and two were from 2012. Should market adjustments have been made to those, in your opinion?

Page 18

there as to the reason why the income approach was not utilized, it indicates the income approach was not completed as the building was 70 percent vacant.

Well, for ad valorem tax purposes, that is not an adequate reason why you don't do it, especially when adequate data was available to perform a value conclusion utilizing the income approach to support whatever approaches are within the analysis.

Q. Just as a followup to your last statement. Would that be particularly true in cases -- we have heard testimony before the Board of Revision that the subject property was not listed for lease as of the tax lien date.

Would that be relevant in making your last statement even more true?

A. Well, we would have to determine what the status of the property was as of the tax lien date.

Q. Right.

A. There's no information in this report that talks about that other than it was 30 percent occupied based on that statement.

Q. Owner occupied?

A. And to me, if it was 30 percent occupied

A. Yes. Market adjustments should have --

Page 20

the economy has strengthened. There should have been a mention as to what that would be.

Now, even if it's a one or two percent adjustment upward, that would be appropriate. And along that same line of questioning, if you turn -- if you look at Sale No. 4, Sale No. 4 had a date of sale of August of 2011.

In the comments, which is on Page 49, there's an indication that says this property also transferred October of 2014 for \$3,175,000, which is nearly twice the amount of its original purchase.

Now, it indicates that this may not be arm's length. Well, if you're going to use a sale, you need to find out why you didn't -- why didn't you use the sale that's even closer to the tax lien date.

It would be odd for a sale to be nearly twice the amount of the previous sale, and not be arm's length, because that's going to increase taxes and some other things.

There should have been more investigation done, or the sale should not have even been used, in my opinion.

MS. ALLISON: Thank you. That's all I have of Mr. Sprout.

Page 21 Page 23 HEARING EXAMINER: Okay. Thank you. USPAP. I'm also looking for credibility based on the 1 1 2 Mr. Klein. 2 information that's in the appraisal. 3 There should be sufficient information 3 4 CROSS-EXAMINATION 4 other than a restricted use report, which in this 5 By Mr. Klein: 5 case would not be appropriate. There should be a 6 Q. Mr. Sprout, was the Board of Revision 6 sufficient provision in the report to support the 7 wrong in accepting this report as credible? 7 opinions of value. A. I can't make that decision. I'm just a 8 In my opinion, this document does not 8 reviewer in this case, so I can't determine whether 9 9 support the opinions of value that is in this report. they were right or wrong. MS. ALLISON: That's all. Thank you. 10 10 Q. In your opinion? HEARING EXAMINER: Thank you, 11 11 A. In my opinion? If I was on this Board 12 12 Mr. Sprout. 13 as a real estate appraiser, I would not have accepted 13 (Witness excused.) HEARING EXAMINER: Mr. Klein? 14 this report based on the information I have 14 15 available. 15 MR. KLEIN: My turn? HEARING EXAMINER: Yes, your turn. 16 I would have asked several questions as 16 to why an income approach was not utilized in this MR. KLEIN: Your Honor, I'd like to 17 17 report. In my opinion that would be the primary dismiss this appeal. There hasn't been any probative 18 18 indication of value, because in -- this appears to be evidence of any different valuation. 19 19 20 now transitioning into an income producing asset. 20 I don't believe that the Appellant has 21 Q. Did you read the transcript of the Board 21 presented sustainable argument based upon Supreme of Revision hearing? Court decisions that I cited in my opening argument. 22 22 23 A. I did not. 23 MS. ALLISON: If I may respond. 24 Q. So you don't know what questions were 24 Subsequent to that case the court decided the Sears 25 25 case wherein they specifically stated that the Board asked? Page 22 Page 24 1 A. That is correct. 1 of Education could meet their burden of proof by 2 Q. It's possible that someone with your 2 establishing through expert testimony that the evidence relied upon by the Board of Revision was not 3 expertise was on the Board and asked every question 3 competent and probative. We have done exactly that that you would have asked of the appraiser? 4 4 A. Sure, it's possible. in this case. Thank you. 5 5 Q. Have you ever been to the building? 6 6 HEARING EXAMINER: All right. I'm going 7 A. No, I have not. 7 to overrule your objection, and you can start your Q. Have you inspected it at all? case in chief. I should say, deny your motion. 8 8 9 9 (Pause.) A. No. Q. Are you aware of the attempt made to 10 HEARING EXAMINER: Mr. Harris, before we 10 lease the property? begin, would you mind raising your right hand so I 11 11 A. I am not. 12 can swear you in? 12 Q. Do you have an opinion as to the fair 13 Do you swear or affirm that the 13 market value of this building? 14 14 testimony you're about to provide to the Board today 15 A. I do not. 15 is the truth, and nothing but the truth? 16 MR. KLEIN: Nothing further. 16 MR. HARRIS: Yes, I do. HEARING EXAMINER: Okay. Any redirect? 17 HEARING EXAMINER: Well, thank you very 17 much. And before we proceed, Mr. Klein, since we 18 18 REDIRECT EXAMINATION have the BOR hearing in the record, you don't have to 19 19 do a wholesale rendition on the BOR hearing, but of By Ms. Allison: 20 20 Q. Mr. Sprout, are you required to inspect course, if there's something you want to bring to the 21 21 22 a property prior to performing a review of an 22 Board's attention or something you want to expand on, appraisal? 23 23 you can do so. 24 A. No, when I do a review appraisal it's a 24 MR. KLEIN: Thank you, your Honor. 25 desk appraisal and I'm looking for compliance with 25

Montgomery County, and then, you know, contiguous counties as well.  Q. You have seen the building? A. Yes, I have. Q. Inspected it? A. I did. Q. And did you talk with one of the shareholders of the property owner, Globe Products? A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years. Q. Do you know what the current listing
counties as well.  Q. You have seen the building?  A. Yes, I have. Q. Inspected it? A. I did. Q. And did you talk with one of the shareholders of the property owner, Globe Products? A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
A. Yes, I have. Q. Inspected it? A. I did. Q. And did you talk with one of the shareholders of the property owner, Globe Products? A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
Q. Inspected it? A. I did. Q. And did you talk with one of the shareholders of the property owner, Globe Products? A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
A. I did. Q. And did you talk with one of the shareholders of the property owner, Globe Products? A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
Q. And did you talk with one of the shareholders of the property owner, Globe Products?  A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
shareholders of the property owner, Globe Products?  A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
shareholders of the property owner, Globe Products?  A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
A. I have, yes. Q. Scott Kroencke? A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
A. Yes, that was my main contact. Q. Are you aware of what the whether the property is currently listed for sale? A. I am aware that I think it's Cushman & Wakefield has had the property listed for sale for five to six different years.
Q. Are you aware of what the whether the property is currently listed for sale?  A. I am aware that I think it's  Cushman & Wakefield has had the property listed for sale for five to six different years.
property is currently listed for sale?  A. I am aware that I think it's  Cushman & Wakefield has had the property listed for sale for five to six different years.
A. I am aware that I think it's  Cushman & Wakefield has had the property listed for sale for five to six different years.
A. I am aware that I think it's  Cushman & Wakefield has had the property listed for sale for five to six different years.
sale for five to six different years.
sale for five to six different years.
price is?
A. I believe the current listing price is
\$750,000.
Q. And how does that compare with your
opinion of value?
A. Well, my opinion of value was around
940,000, so it would be several hundred thousand
dollars less than my appraisal.
Page 28
Q. And what is the date of your valuation,
effective date?
A. I think the effective date was
January 1st, 2014.
Q. '14 or '15?
A. I think it was I think it was
maybe it was '15.
Q. You were present and testified at the
Board of Revision hearing?
A. Yes, I did.
Q. All right. Has the condition of the
property changed significantly since the date of the
valuation?
A. I just had a just had a conference
call with Scott Kroencke and he said that
MS. ALLISON: Objection. Hearsay.
HEARING EXAMINER: Any response,
Mr. Klein?
By Mr. Klein:
Q. What information did you receive
concerning the property?
A. The only change I was aware of was that
Mr. Kroencke had leased 13,000 square feet that was
done after my report was made.
Q. You still stand by your opinion of value
_

Page 29 Page 31 1 that was given to the Board of Revision hearing? 1 A. When was that sale? 2 A. I do. 2 O. Okay. So you used an August -- excuse me, August 2011 sale -- maybe I need to get to your 3 3 MR. KLEIN: I have nothing further, your adjustment grid. Maybe that will give me the 4 Honor. 5 5 information that I need that I can give to you. 6 **CROSS-EXAMINATION** 6 A. It was Comp 4, Comp Sale 4, and what was 7 By Ms. Allison: 7 the address? 8 Q. I believe -- let me go back. I O. Mr. Harris, what percentage of the apologize that I keep jumping around. I believe 885 appraisals that you perform are for ad valorem tax 9 9 Center Drive in Vandalia. It was an August 2011 sale 10 10 purposes? A. I would think maybe ten percent. 11 for \$1.65 million. 11 12 Q. Okay. And what percentage of those are 12 A. Okay. 13 performed for property owners? 13 O. And then --14 A. Generally most of them. 14 A. It was on Central Drive, right? Q. And a lot of this is already in the 15 15 O. Center Drive. 16 record so I don't want to be repetitive, but what was 16 A. Center Drive. Okay. Thank you. your ultimate conclusion for not utilizing an income O. And then there was an October 2014 sale 17 17 for \$3,175,000. So my question is, why did you use 18 approach in this case? 18 A. Well, the building was like 80 percent the 2011 sale and not the 2014 sale? 19 19 20 vacant, and I just saw no need in going through 20 A. I'm not -- I can't -- I can't explain 21 trying to forecast the proper amount of rent and 21 that. 22 coming up with a proper amount of capitalization Q. Okay. Well, your note says it may not 22 23 rate, and then trying to forecast. 23 be arm's length, so could you expand on that just a When a building is 80 percent vacant, 24 24 little bit for me, please? it's most difficult, there's a lot of -- there's a A. Well, I must have gotten some 25 25 Page 30 Page 32 1 1 information from either the buyer or the seller that lot of forecasting that has to be done, and the 2 2 forecasting would be only as good as my opinion of maybe there was -- it wasn't totally arm's length, 3 what the actual rent should have been. 3 maybe that's the reason I didn't use it. 4 4 MS. ALLISON: Okay. That's all I have. Going back -- going back for a year or 5 Thank you. 5 two on these various appraisals, I can get confused 6 and I can overlook. 6 7 **EXAMINATION** 7 Q. Okay. Thank you for answering my 8 By the Hearing Examiner: 8 question and having patience with me. Thank you. Q. And before I turn it back over for 9 HEARING EXAMINER: All right. 9 redirect -- and this may very well be in the record, 10 10 Mr. Klein, I'll turn it back over to you. and I apologize if I'm asking you to repeat 11 11 information that you've already given. REDIRECT EXAMINATION 12 12 On sale Comp 4 you noted that there was 13 13 By Mr. Klein: a recent sale in October 2014, and could you explain 14 14 Q. Bob, the high vacancy rate, were you why you didn't use that sale as opposed to the sale 15 able to determine what the reason was, why tenants 15 16 in August of 2011 for sale Comp 4? 16 wouldn't want to rent? A. Because it was a newer sale. 17 A. Yeah, it's primarily because most of the 17 18 building has a 12 foot wall height, and that seems to 18 O. Okay. But it was closer to the tax lien 19 19 be the major problem that people have. date. Most of the sales that I used had a much A. I'm sorry, I guess I've misunderstood. 20 20 Q. Okay. I apologize. I just had my one higher wall height than 12 feet. But there is only 21 21 22 cup of coffee, so I apologize if I'm not speaking 22 one area of that building that has a 16 -- a 16-foot 23 clearly. 23 ceiling height, and that seems to be the major A. Okay. 24 difference. 24 Q. So sale Comp 4, I'm on that page. So --25 It seems to be -- it seems to be the 25

reason that it's taken such a long period of time to consummate a sale, because the ceiling height is only 12 fect.  Mr. Kreencke is the minor shareholder for the property owner. He's simply going to give oral testing the testing the property owner the follow-up object on as well.  RECROSS-EXAMINER: Used to find the Board of Revision that the property wasn't listed for lease as of the tax lier date. It have not a disclosure of the record. He's AMINER: We can go hack on the record. He's AMINER: We can go hack on the record.  RECROSS-EXAMINER: Is that your recollection?  A. No, really I don't. But the property as the base of bifurcating today's testing that the property as the property as the property as the property as the same of the property as the prope				
consummate a sale, because the ceiling height is only 12 feet.  MR. KLEIN: Nothing further. Your Honor.  HEARING EXAMINER: Okay.  MS. ALLISON: May I ask one follow-up just based on that question?  RECROSS-EXAMINATION HEARING EXAMINER: Just one follow-up question.  RECROSS-EXAMINATION HEARING EXAMINER: We cam go back on the question of Revision that the property wasn't listed for lease of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection?  A. No, really I dom't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. That's all.  HEARING EXAMINER: Well, thank you very much, Mr. Harris: Nou can step down.  (Witness excused.)  HEARING EXAMINER: Well, thank you very much, Mr. Harris: Nou can step down.  (Witness excused.)  HEARING EXAMINER: Well, thank you very much, Mr. Harris: Nou can step down.  (Witness excused.)  Fage 34  1 as Appellee's Exhibit 1 a —  THE WITNESS: Tou want me to leave?  HEARING EXAMINER: You're more than free to have a seat in the back, Just don't hassle anybody, okay?  THE WITNESS: Tury not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my—  MS. ALLISON: We object to the calling of this witness is allowed to sustify—and we came and prepared our case based upon a rebuttle of the appruisal evidence.  MR. KLEIN: I was going to have my—  MS. ALLISON: May and the property of the record.  MR. KROENCKE: Close enough. I do a lot of that.  HEARING EXAMINER: Well, thank you very mich use of bifurcating today's hearing.  MR. ALLISON: My only problem is anybody, okay?  THE WITNESS: Flury not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my—  MS. ALLISON: My only problem is depending on what M		Page 33		Page 35
only 12 feet.  MR. KLEIN: Nothing further. Your HONOR. HEARING EXAMINER: Okay. MS. ALLISON: May I ask one follow-up just based on that question? HEARING EXAMINER: Just one follow-up question.  RECROSS-EXAMINATION RAPE AND ALLISON: We still have a 5715.19(G) objection as well. HEARING EXAMINER: Well, let's take a ten-minute break while I runninate over this, Let's go off the record. (Recess taken.)  RECROSS-EXAMINATION RECROSS-EXAMINER: We an go back on the record. RECROSS-EXAMINER: We can go back and the record. RECROSS-EXAMINER: We	1	reason that it's taken such a long period of time to	1	did submit a witness list and it was Mr. Harris.
MR. KLEIN: Nothing further. Your   5	2	consummate a sale, because the ceiling height is	2	Mr. Kroencke is the minor shareholder for the
Hearing Examiner: Okay.  MS. ALLISON: May I ask one follow-up just based on that question?  HEARING EXAMINER: Just one follow-up question.  HEARING EXAMINER: Just one follow-up question.  MS. ALLISON: May I ask one follow-up question.  Page 34  MS. ALLISON: We still have a \$715.19(G) objection as well.  HEARING EXAMINER: Well, let's take a ten-minute break while I ruminaie over this. Let's go off the record.  (Recess taken.)  HEARING EXAMINER: We can go back on the record. Prior to going off the record the Board of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection?  A. No, really I don't. But the property as has been a period of time when it was not advertised for lease.  MR. KROENCKI:: Close enough. I do a lot of that.  HEARING EXAMINER: Wasn't provided or disclosed according to the Board's rules.  MR. KROENCKI:: Close enough I do a lot of that.  HEARING EXAMINER: Mr. Klein, we marked  MR. KROENCKI:: Close enough, I do a lot of that.  HEARING EXAMINER: Mr. Spon can step down.  Witness excused.)  HEARING EXAMINER: Wasn that you rerow the same than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: You want me to leave?  HEARING EXAMINER: Wasn this defort lease anybody, okay?  MR. ALLISON: We object to the calling property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my—  MR. S. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a stall allowed to testify—and we came and prepared our cash disclosure.  With the property would you like to expand on it a little bit?  Quite honestly, if this witness is allowed to testify—and we came and prepared our disclosure.  MR. ALLISON: Thank while the property is disclosure.  MR. ALLISON: Thank we still have a witness in allowed to testify—and we came and prepared our disclosure.  MR. ALLISON: Thank we still have a witner we will not be alling any	3		3	property owner. He's simply going to give oral
6 HEARING EXAMINER: Okay. 7 MS, ALLISON: May I ask one follow-up 9 Just based on that question? 10 question. 11 PEARING EXAMINER: Just one follow-up 12 RECROSS-EXAMINATION 13 By Ms. Allison: 14 Q. Mr. Harris, you testified at the Board 15 of Revision that the property wasn't listed for lease 16 as of the tax lien date. Is that your recollection? 17 A. No, really I doin. But the property 18 has been a period of time when it was not advertised 19 for lease. 20 MS, ALLISON: Thank you. Thank's all. 21 HEARING EXAMINER: We can go back on the 22 record. Pior to going off the record. 23 much, Mr. Harris. You can step down. 24 (Witness excussed.) 25 HEARING EXAMINER: Well, thank you very 26 HEARING EXAMINER: We'll, thank you wery 27 much, Mr. Harris. You can step down. 28 HEARING EXAMINER: We'll, thank you wery 29 THE WITNESS: You want me to leave? 30 HEARING EXAMINER: We'll tooks like 31 is' a Cushman & Wakefield offering of the subject 32 property. Would you like to expand on it a little 33 of this witness. He wasn't identified as a witness. 34 HEARING EXAMINER: Okay. It looks like 35 15.19(G) objection, and an objection to improper 36 disclosure. 37 MR. KLEIN: I was going to have my— 38 depending on what he record the Board of 42 Eactord rive dealing and the record. 45 Disclosure. 46 Disclosure. 47 Disclosure. 48 the wasn't greent at the BoR hearing, so we have a 49 ST15.19(G) objection, and an objection to improper 40 disclosure. 41 Disclosure. 42 Disclosure. 43 Disclosure. 44 Disclosure. 45 Disclosure. 46 Disclosure. 47 Disclosure. 48 Disclosure. 49 Disclosure. 40 Disclosure. 40 Disclosure. 41 Disclosure. 41 Disclosure. 42 Disclosure. 43 Disclosure. 44 Disclosure. 45 Disclosure. 46 Disclosure. 47 Disclosure. 48 Disclosure. 49 Disclosure. 40 Disclosure. 40 Disclosure. 41 Disclosure. 41 Disclosure. 42 Disclosure. 43 Disclosure. 44 Disclosure. 45 Disclosure. 46 Disclosure. 47 Disclosure. 48 Disclosure. 49 Disclosure. 40 Disclosure. 40 Disclosure. 41 Disclosure. 41 Disclosure. 42 Disclosure. 43 Disclosure. 44 Disclosu	4	MR. KLEIN: Nothing further. Your	4	testimony.
MS. ALLISON: May I ask one follow-up   10   10   10   11   11   12   12   13   13   14   15   15   15   15   15   15   15	5	Honor.	5	MS. ALLISON: We still have a 5715.19(G)
### giust based on that question? ### HEARING EXAMINER: Just one follow-up question.  ### RECROSS-EXAMINATION ### RECROSS-EXAMINER: Use a not of the record the Board of Feducation rated a 5715.19(G) objection as well as a disclosure of the record the Board of Feducation rated a 5715.19(G) objection and an objection to improper disclosure. ### REARING EXAMINER: Use nor than free to have a seat in the back. Just don't hassle anybody, okay? ### REARING EXAMINER: Voary more than free to have a seat in the back. Just don't hassle anybody, okay? ### REARING EXAMINER: Voary more than free to have a seat in the back. Just don't hassle anybody, okay? ### REARING EXAMINER: Voary more than free to have a seat in the back. Just don't hassle anybody, okay? ### REARING EXAMINER: Voary more than free to have a seat in the back. Just don't hassle anybody, okay? ### REARING EXAMINER: Voary more than free to have a seat in the back. Just don't hassle anybody, okay? ### REARING EXAMINER: Voary more than free to have a	6	HEARING EXAMINER: Okay.	6	objection as well.
HEARING EXAMINER: Just one follow-up question.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Harris, you testified at the Board of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection? A. No, really I don't. But the property A house been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. That's all. HEARING EXAMINER: We land you raised the issue of for lease.  MS. ALLISON: Thank you. That's all. HEARING EXAMINER: Mr. Klein, we marked  Page 34  as Appellee's Exhibit I a  THE WITNESS: You want me to leave? HEARING EXAMINER: Wol're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my	7	MS. ALLISON: May I ask one follow-up	7	HEARING EXAMINER: Well, let's take a
question.  10 (Recess taken.)  HEARING EXAMINER: We can go back on the record. Prior to going off the record the Board of Education raised a 5715.19(G) objection as well as a disclosure objection, alleging that Mr. Kroencke and we came and prepared our case based upon a rebuttal of the appraisal evidence a swell.  10 (Recess taken.)  HEARING EXAMINER: We can go back on the record. Prior to going off the record the Board of Education raised a 5715.19(G) objection as well as a disclosure objection, alleging that Mr. Kroencke MR. KROENCKE: Close enough. I do a lot of that.  HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down.  Page 34  1 as Appellee's Exhibit 1 a THE WITNESS: You want me to leave?  1 THE WITNESS: You want me to leave?  2 THE WITNESS: You want me to leave?  3 HEARING EXAMINER: Well, thosk like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  3 MR. KLEIN; I was going to have my MS. ALLISON: We object to the calling of this witness. He wasn't present at the BOR hearing, so we have a should not ease based upon a rebuttal of the appraisal evidence.  10 Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  10 If hear Record. Prior to going off the record, the MR. KROENCKE: Close enough. I do a lot of that.  11 HEARING EXAMINER: Well, and so it could be previously provided or disclosed according to the Education raised a 5715.19(G) objection, and an objection to improper disclosure.  11 Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  12 No. ALLISON: We can go back on the record.  13 HEARING EXAMINER: Well, and the property wash of the cart before the borse, but the disclosure.  14 Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  15 No. ALLISON: W	8	just based on that question?	8	ten-minute break while I ruminate over this. Let's
question.  11 PERING EXAMINER: We can go back on the record. Prior to going off the record the Board of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection?  12 A. No, really I don't. But the property has been a listed of time when it was not advertised for lease.  13 A. No, really I don't. But the property has been a listed of time when it was not advertised for lease.  14 A. No, really I don't. But the property has been a listed of time when it was not advertised for lease.  15 A. No, really I don't. But the property for lease.  16 A. No, really I don't. But the property for lease have a listed	9	HEARING EXAMINER: Just one follow-up	9	go off the record.
12 RECROSS-EXAMINATION 13 By Ms. Allison:  Q. Mr. Harris, you testified at the Board of Revision that the property wasn't listed for lease as of the tax liend ake. Is that your recollection? 17 A. No, really I don't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease. 21 Ms. ALLISON: Thank you. That's all. 22 HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. 23 Ms. ALLISON: Thank you. That's all. 24 (Witness excused.) 25 HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. 26 (Witness excused.) 27 Page 34 28 As Appellee's Exhibit 1 a 29 THE WITNESS: You want me to leave? 30 HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay? 31 HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay? 41 MR. KLEIN: I was going to have my 42 MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. 43 He wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper disclosed as ordinary in the depending on what Mr. Kronecke in rebuttal. 44 Wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper case based upon a rebuttal of the appraisal evidence. 45 Guite honestly, if this witness is allowed to testify – and we came and prepared our case based upon a rebuttal of the appraisal evidence. 46 In the wasn't identified as a witness. 47 He wasn't jeresent at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper disclosed according to the parties to either, while they are here, come up with an agreeable date within fure weeks where well come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a 4 MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. 4	10	question.	10	
By Ms. Allison: Q. Mr. Harris, you testified at the Board of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection? A. No, really I don't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. Thar's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. (Witness excused.) HEARING EXAMINER: Mr. Klein, we marked  Page 34  as Appellee's Exhibit 1 a THE WITNESS: You want me to leave? HEARING EXAMINER: Vor'e more than free to have a seat in the back. Just don't hassle anybody, okay? THE WITNESS: I'll try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my— MS. ALLISON: Cross that bridge when we we deen testify - and we came and prepared our case based upon a rebuttal of the appraisal evidence.  MS. ALLISON: Cross that bridge when we we deen don't we may wish to engage to it.  HEARING EXAMINER: Let's go off the record, like like.  MR. KLEIN: Your Honor, we will not be calling on what Mr. Kroeneke MR. KLEIN: Your Honor, we will not be calling on what Mr. Kroeneke M	11		11	HEARING EXAMINER: We can go back on the
Q. Mr. Harris, you testified at the Board of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection?  A. No, really I don't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. Thaf's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down.  (Witness excused.)  Page 34  as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave? HEARING EXAMINER: Vow thanksle anybody, okay?  THE WITNESS: Till try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my MS. ALLISON: Was object to the calling of this witness. He wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper disclosure.  The wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper case based upon a rebuttal of the appraisal evidence.  If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. In ow, I would request a bifurcations ow ecan rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  MR. KLEIN: I was going to have my MS. ALLISON: We object to the calling and the care based upon a rebuttal of the appraisal evidence. If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. In ow, I would request a bifurcation to improper thank the me evidence as well.  HEARING EXAMINER: Clay. Mr. Klein, do you have a response?  MR. KLEIN: Your Honor, we will not be calling any more witnesses.	12	RECROSS-EXAMINATION	12	record. Prior to going off the record the Board of
Q. Mr. Harris, you testified at the Board of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection?  A. No, really I don't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. Thaf's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down.  (Witness excused.)  Page 34  as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave? HEARING EXAMINER: Vow thanksle anybody, okay?  THE WITNESS: Till try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my MS. ALLISON: Was object to the calling of this witness. He wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper disclosure.  The wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper case based upon a rebuttal of the appraisal evidence.  If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. In ow, I would request a bifurcations ow ecan rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  MR. KLEIN: I was going to have my MS. ALLISON: We object to the calling and the care based upon a rebuttal of the appraisal evidence. If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. In ow, I would request a bifurcation to improper thank the me evidence as well.  HEARING EXAMINER: Clay. Mr. Klein, do you have a response?  MR. KLEIN: Your Honor, we will not be calling any more witnesses.	13	By Ms. Allison:	13	Education raised a 5715.19(G) objection as well as a
of Revision that the property wasn't listed for lease as of the tax lien date. Is that your recollection? A. No, really I don't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. That's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris, You can step down. (Witness excused.) HEARING EXAMINER: Mr. Klein, we marked HEARING EXAMINER: Mr. Klein, we marked  as Appellee's Exhibit 1 a THE WITNESS: You want me to leave? HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay?  HEARING EXAMINER: Vou're more than free to have a seat in the back. Just don't hassle anybody, okay?  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KEOENCKE: Close enough. I do a lot of that.  HEARING EXAMINER: Thank you. Thank you for correcting me. His testimony had not been board's rules.  And, Ms. Allison, you raised the issue of hard.  MS. ALLISON: As well as the ability to produce additional evidence in rebutal.  HEARING EXAMINER: Okay. So I am going  Page 36  Pag	14	Q. Mr. Harris, you testified at the Board	14	
A. No, really I don't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  21 MS. ALLISON: Thank you. That's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. (Witness excused.)  22 HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. (Witness excused.)  23 HEARING EXAMINER: Mr. Klein, we marked  25 HEARING EXAMINER: Mr. Klein, we marked  26 THE WITNESS: You want me to leave?  27 THE WITNESS: You want me to leave?  28 HEARING EXAMINER: Vou're more than free to have a seat in the back. Just don't hassle anybody, okay?  39 THE WITNESS: I'll try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  30 MR. KLEIN: I was going to have my—  41 MR. KLEIN: I was going to have my—  42 MS. ALLISON: We object to the calling of this witness. He wasn't present at the BOR hearing, so we have a stan lew evidence as well.  31 Great your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within a  20 Great your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within a  21 MS. ALLISON: We object to the calling of this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  22 If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  23 If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  24 If he's allowed to submit new evidence  25 If he's allowed to submit new evidence  26 If he's allowed to submit new	15		15	
A. No, really I don't. But the property has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  21 MS. ALLISON: Thank you. That's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. (Witness excused.)  22 HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. (Witness excused.)  23 HEARING EXAMINER: Mr. Klein, we marked  25 HEARING EXAMINER: Mr. Klein, we marked  26 THE WITNESS: You want me to leave?  27 THE WITNESS: You want me to leave?  28 HEARING EXAMINER: Vou're more than free to have a seat in the back. Just don't hassle anybody, okay?  39 THE WITNESS: I'll try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  30 MR. KLEIN: I was going to have my—  41 MR. KLEIN: I was going to have my—  42 MS. ALLISON: We object to the calling of this witness. He wasn't present at the BOR hearing, so we have a stan lew evidence as well.  31 Great your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within a  20 Great your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within a  21 MS. ALLISON: We object to the calling of this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  22 If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  23 If he's allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  24 If he's allowed to submit new evidence  25 If he's allowed to submit new evidence  26 If he's allowed to submit new	16	as of the tax lien date. Is that your recollection?	16	of that.
has been listed for lease now and again, so it could have been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. That's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. (Witness excused.)  HEARING EXAMINER: Mr. Klein, we marked  Page 34  as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave? HEARING EXAMINER: Woul're more than free to have a seat in the back. Just don't hassle anybody, okay? HEARING EXAMINER: Okay. It looks like it's a Cushiman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of the subject sit's a Cushiman & Wakefield offering of the subject of property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of the subject of the calling of the wasn't present at the BOR hearing, so we have a solve to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he sallowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. In ow, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do 24 you have a response?  Board's rules.  And, Ms. Allison, you raised the issue of bifurcating today's hearing.  MR. ALLISON: And Ms. Allison, you raised the issue of bifurcating today's hearing.  MR. ALLISON: And Ms. Allison you raised the issue of bifurcating today's hearing.  MR. ALLISON: We may be put a speed to dead within three weeks where we'll come examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come to go back and check their schedule, that's completely fine, but I	17		17	HEARING EXAMINER: Thank you. Thank you
have been a period of time when it was not advertised for lease.  MS. ALLISON: Thank you. That's all. HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down. (Witness excused.) HEARING EXAMINER: Mr. Klein, we marked  Page 34  as Appellee's Exhibit 1 a THE WITNESS: You want me to leave? HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a stillowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence and well. HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  MS. ALLISON: We object to the record. Mr. Klein:  MR. KLEIN: I was going to have my MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. HEARING EXAMINER: Cleay. Mr. Klein, do you have a response?  MS. ALLISON: We object to the calling of this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. The wasn't present at the BOR hearing, so we have a spense well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  MR. KLEIN: Your Honor, we will not be calling any more witnesses. HEARING EXAMINER: All right. Well,	18	has been listed for lease now and again, so it could	18	for correcting me. His testimony had not been
MS. ALLISON: Thank you. That's all.  HEARING EXAMINER: Well, thank you very much, Mr. Harris. You can step down.  (Witness excused.)  HEARING EXAMINER: Mr. Klein, we marked  Page 34  as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave? HEARING EXAMINER: Vou're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not. HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MR. KLEIN: I was going to have my  MR. KLEIN: I was going to have my  MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  MR. ALLISON: Who objection, and an objection to improper disclosure.  MS. ALLISON: Cross that bridge when we disclosure.  If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  As Appellee's Exhibit 1 a  THE WITNESS: You want me to leave?  1 as Appellee's Exhibit 1 a  2 bage 34   Page 36  THEARING EXAMINER: Okay. It looks like parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a  MS. ALLISON: My only problem is depending on what Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a  MS. ALLISON: My only problem is depending	19		19	
HEARING EXAMINER: Well, thank you very much, Mr. Harris, You can step down.  Witness excused.)  Bage 34  The WITNESS: You want me to leave?  HEARING EXAMINER: Oway. It looks like anybody, okay?  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my - fins witness. He wasn't identified as a witness.  MR. ALLISON: We object to the calling of this witness. He wasn't identified as a witness.  MR. ALLISON: We object ton the calling of this witness. He wasn't identified as a witness.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he karing the first allowed to submit new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  MS. ALLISON: As well as the ability to produce additional evidence and the ability to dead the ability to produce additional evidence and produce additional evidence and produce additional evidence and produce additional evidence and produce and in rebuttal.  HEARING EXAMINER: Okay. So I am going and the ability to dead tional evidence, and the ability to produce additional evidence and produce and in rebuttal.  HEARING EXAMINER: Okay. So I am going and the ability to grant your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come samination or if the parties to either, while they are here, come up with an agreeable date within a  MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sp	20	for lease.	20	Board's rules.
HEARING EXAMINER: Well, thank you very much, Mr. Harris, You can step down.  Witness excused.)  Bage 34  The WITNESS: You want me to leave?  HEARING EXAMINER: Oway. It looks like anybody, okay?  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my - fins witness. He wasn't identified as a witness.  MR. ALLISON: We object to the calling of this witness. He wasn't identified as a witness.  MR. ALLISON: We object ton the calling of this witness. He wasn't identified as a witness.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he karing the first allowed to submit new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  MS. ALLISON: As well as the ability to produce additional evidence and the ability to dead the ability to produce additional evidence and produce additional evidence and produce additional evidence and produce additional evidence and produce and in rebuttal.  HEARING EXAMINER: Okay. So I am going and the ability to dead tional evidence, and the ability to produce additional evidence and produce and in rebuttal.  HEARING EXAMINER: Okay. So I am going and the ability to grant your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come samination or if the parties to either, while they are here, come up with an agreeable date within a  MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sp	21	MS. ALLISON: Thank you. That's all.	21	And, Ms. Allison, you raised the issue
much, Mr. Harris. You can step down. (Witness excused.)  Page 34  as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave?  HEARING EXAMINER: Vou're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject bit?  MR. KLEIN: I was going to have my  MR. ALLISON: As well as the ability to produce additional evidence in rebuttal.  HEARING EXAMINER: Okay. So I am going  The warn't great the book, Just don't hassle an appreable date within three weeks where we'll come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a  MR. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we  MS. ALLISON: Cross that bridge when we disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  MR. KLEIN: Your Honor, we will not be calling more witnesses.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?	22		22	
Page 34  as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave?  HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MR. KLEIN: I was going to have my  MR. KLEIN: I was going to have my  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness.  He wasn't present at the BOR hearing, so we have a disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  If he's allowed to submit new evidence a well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  Page 34   The worn request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back	23	much, Mr. Harris. You can step down.	23	
Page 34  as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave?  HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness.  He wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper disclosure.  Quite honestly, if this witness is allowed to subfire.  In the wasn't sidentified as a witness.  If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  It hear in the back. Just don't hassle examination will be performed today, and when we go of the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties to either,	24	(Witness excused.)	24	produce additional evidence in rebuttal.
as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave?  HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness.  He wasn't present at the BOR hearing, so we have a disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  1 to grant your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a  MS. ALLISON: My only problem is depending on what Mr. Kroencke asys, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we  MS. ALLISON: Cross that bridge when we get to it.  HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  (Discussion off the record.)  HEARING EXAMINER: We're on the record.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,	25	HEARING EXAMINER: Mr. Klein, we marked	25	HEARING EXAMINER: Okay. So I am going
as Appellee's Exhibit 1 a  THE WITNESS: You want me to leave?  HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness.  He wasn't present at the BOR hearing, so we have a disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  1 to grant your request. Mr. Kroencke, his direct examination will be performed today, and when we go off the record, when we're done today, I'll allow the parties to either, while they are here, come up with an agreeable date within three weeks where we'll come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a  MS. ALLISON: My only problem is depending on what Mr. Kroencke asys, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we  MS. ALLISON: Cross that bridge when we get to it.  HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  (Discussion off the record.)  HEARING EXAMINER: We're on the record.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,				
THE WITNESS: You want me to leave? HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay? THE WITNESS: I'll try not. The with the weeks where we'll come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we MS. ALLISON: Cross that bridge when we go off the record just to allow Mr. Klein to discuss.  Why don't we THE WITNES: Why don't we THE W		Page 34		Page 36
THE WITNESS: You want me to leave? HEARING EXAMINER: You're more than free to have a seat in the back. Just don't hassle anybody, okay? THE WITNESS: I'll try not. The with the weeks where we'll come back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we MS. ALLISON: Cross that bridge when we go off the record just to allow Mr. Klein to discuss.  Why don't we THE WITNES: Why don't we THE W	1	as Appellee's Exhibit 1 a	1	to grant your request. Mr. Kroencke, his direct
to have a seat in the back. Just don't hassle anybody, okay?  THE WITNESS: I'll try not.  HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence and proper	2		2	
anybody, okay?  THE WITNESS: I'll try not.  THE WITNESS: A Subscible a back for cross-examination, or if the parties need to go back and check their schedule, that's completely fine, but I need a date within a  MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we  MS. ALLISON: To so that bridge when we get to it.  THE WE MR. KLEIN: Ye're on the record.)  THE WITNES: I'w as going to have my  THE WITNES: All right well,  THE WITNES: All right. Well,	3	HEARING EXAMINER: You're more than free	3	off the record, when we're done today, I'll allow the
THE WITNESS: I'll try not.  HEARING EXAMINER: Okay. It looks like  it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little  MR. KLEIN: I was going to have my  MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: We're on the record. Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,	4	to have a seat in the back. Just don't hassle	4	parties to either, while they are here, come up with
HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time. He wasn't present at the BOR hearing, so we have a for this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a for this witness in the disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our for the sallowed to submit new evidence for the horse, but we may wish to engage for the cart before the	5	anybody, okay?	5	
HEARING EXAMINER: Okay. It looks like it's a Cushman & Wakefield offering of the subject property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time. He wasn't present at the BOR hearing, so we have a for this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a for this witness in the disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our for the sallowed to submit new evidence for the horse, but we may wish to engage for the cart before the	6	THE WITNESS: I'll try not.	6	back for cross-examination, or if the parties need to
property. Would you like to expand on it a little bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a figure disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: We're on the record.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  MS. ALLISON: My only problem is depending on what Mr. Kroencke says, I may be putting the cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we MS. ALLISON: Cross that bridge when we get to it.  HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  (Discussion off the record.) HEARING EXAMINER: We're on the record.  Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,	7	HEARING EXAMINER: Okay. It looks like	7	go back and check their schedule, that's completely
bit?  MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  He wasn't present at the BOR hearing, so we have a HEARING EXAMINER: Why don't we  MS. ALLISON: Cross that bridge when we get to it.  HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  (Discussion off the record.) HEARING EXAMINER: We're on the record.  Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,	8	it's a Cushman & Wakefield offering of the subject	8	fine, but I need a date within a
MR. KLEIN: I was going to have my  MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a figure 15 5715.19(G) objection, and an objection to improper disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  He cart before the horse, but we may wish to engage Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time. HEARING EXAMINER: Why don't we MS. ALLISON: Cross that bridge when we get to it.  HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss. (Discussion off the record.) HEARING EXAMINER: We're on the record. Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses. HEARING EXAMINER: All right. Well,	9	property. Would you like to expand on it a little	9	MS. ALLISON: My only problem is
MS. ALLISON: We object to the calling of this witness. He wasn't identified as a witness. He wasn't present at the BOR hearing, so we have a 15 5715.19(G) objection, and an objection to improper disclosure.  16 Quite honestly, if this witness is 17 Allowed to testify and we came and prepared our 18 case based upon a rebuttal of the appraisal evidence. 19 If he's allowed to submit new evidence 20 now, I would request a bifurcation so we can rebut 21 that new evidence as well. 22 that new evidence as well. 23 HEARING EXAMINER: Okay. Mr. Klein, do 24 you have a response?  Mr. Sprout to perform a full report. So maybe a month, I think, would be plenty of time.  HEARING EXAMINER: Why don't we MR. ALLISON: Cross that bridge when we get to it.  17 HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  18 (Discussion off the record.)  Mr. Klein.  20 Mr. Klein.  21 Mr. Klein.  22 MR. KLEIN: Your Honor, we will not be calling any more witnesses.  23 HEARING EXAMINER: All right. Well,	10	bit?	10	depending on what Mr. Kroencke says, I may be putting
of this witness. He wasn't identified as a witness.  He wasn't present at the BOR hearing, so we have a  5715.19(G) objection, and an objection to improper  disclosure.  Quite honestly, if this witness is  allowed to testify and we came and prepared our  case based upon a rebuttal of the appraisal evidence.  If he's allowed to submit new evidence  now, I would request a bifurcation so we can rebut  that new evidence as well.  HEARING EXAMINER: We're on the record.  Mr. Klein.  MR. KLEIN: Your Honor, we will not be  calling any more witnesses.  HEARING EXAMINER: All right. Well,	11	MR. KLEIN: I was going to have my	11	the cart before the horse, but we may wish to engage
He wasn't present at the BOR hearing, so we have a 5715.19(G) objection, and an objection to improper disclosure.  Quite honestly, if this witness is allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Why don't we MS. ALLISON: Cross that bridge when we get to it.  HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  (Discussion off the record.)  HEARING EXAMINER: We're on the record.  Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,	12		12	•
5715.19(G) objection, and an objection to improper disclosure.  16 disclosure.  17 Quite honestly, if this witness is  18 allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  19 If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  20 HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  19 (Discussion off the record.)  19 HEARING EXAMINER: We're on the record.  20 Mr. Klein.  21 MR. KLEIN: Your Honor, we will not be calling any more witnesses.  23 HEARING EXAMINER: All right. Well,	13	of this witness. He wasn't identified as a witness.	13	month, I think, would be plenty of time.
5715.19(G) objection, and an objection to improper disclosure.  16 disclosure.  17 Quite honestly, if this witness is  18 allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence.  19 If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  20 HEARING EXAMINER: Let's go off the record just to allow Mr. Klein to discuss.  19 (Discussion off the record.)  19 HEARING EXAMINER: We're on the record.  20 Mr. Klein.  21 MR. KLEIN: Your Honor, we will not be calling any more witnesses.  23 HEARING EXAMINER: All right. Well,	14	He wasn't present at the BOR hearing, so we have a	14	HEARING EXAMINER: Why don't we
Quite honestly, if this witness is  17 HEARING EXAMINER: Let's go off the 18 allowed to testify and we came and prepared our 19 case based upon a rebuttal of the appraisal evidence. 20 If he's allowed to submit new evidence 21 now, I would request a bifurcation so we can rebut 22 that new evidence as well. 23 HEARING EXAMINER: We're on the record. 24 you have a response? 26 MR. KLEIN: Your Honor, we will not be 27 calling any more witnesses. 28 HEARING EXAMINER: All right. Well,	15	5715.19(G) objection, and an objection to improper	15	MS. ALLISON: Cross that bridge when we
Quite honestly, if this witness is  17 HEARING EXAMINER: Let's go off the 18 allowed to testify and we came and prepared our 19 case based upon a rebuttal of the appraisal evidence. 20 If he's allowed to submit new evidence 21 now, I would request a bifurcation so we can rebut 22 that new evidence as well. 23 HEARING EXAMINER: We're on the record. 24 you have a response? 26 MR. KLEIN: Your Honor, we will not be 27 calling any more witnesses. 28 HEARING EXAMINER: All right. Well,	16		16	
allowed to testify and we came and prepared our case based upon a rebuttal of the appraisal evidence. If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well. HEARING EXAMINER: We're on the record. Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses. HEARING EXAMINER: All right. Well,	17		17	
case based upon a rebuttal of the appraisal evidence.  If he's allowed to submit new evidence now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: We're on the record.  Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,	18		18	
now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,	19	case based upon a rebuttal of the appraisal evidence.	19	· ·
now, I would request a bifurcation so we can rebut that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  Mr. Klein.  MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,				
that new evidence as well.  HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  22 MR. KLEIN: Your Honor, we will not be calling any more witnesses.  HEARING EXAMINER: All right. Well,				
HEARING EXAMINER: Okay. Mr. Klein, do you have a response?  23 calling any more witnesses.  24 HEARING EXAMINER: All right. Well,		•		
you have a response? 24 HEARING EXAMINER: All right. Well,				
		· · · · · · · · · · · · · · · · · · ·		
		-		·

			Troccedings
	Page 37		Page 39
1	not to grace me with your testimony. But I	1	CERTIFICATE
2	completely understand.	2	I do hereby certify that the foregoing
3	So I believe we left off with the	3	is a true and correct transcript of the proceedings
4	Appellee Property Owner Exhibit 1, and this is the	4	taken by me in this matter on Tuesday, September
5	current Cushman & Wakefield advertisement for the	5	13th, 2016, and carefully compared with my original
6	subject property?	6	stenographic notes.
7	MR. KLEIN: Yes, as verified by	7	
8	Mr. Harris.	8	
9	HEARING EXAMINER: All right. And	9	Valerie J. Grubaugh,
10	Ms. Allison had indicated she would like a briefing		Registered Merit Reporter
11	schedule. And normally we waive closing argument for	10	and Notary Public in and
12	a briefing schedule; however, in this one instance I		for the State of Ohio.
13	will allow a brief closing by the parties, after I	11	for the state of olivo.
	ask Ms. Allison, do you have an objection to	12	
14	Appellee's Exhibit 1?	13	My commission expires August 11, 2021
15	* *	14	
16	MS. ALLISON: We would just note that	15	
17	I'm not sure proper authentication or foundation was	16	
18	laid for it. And Mr. Harris did testify that the	17	
19	list price was 750,000, but as to the actual listing,	18	
20	I'm not sure it's been properly authenticated.	19	
21	HEARING EXAMINER: I will overrule your	20 21	
22	objection and the Board will accord this document its	22	
23	due weight, if any. So, Ms. Allison, if you	23	
24	(EXHIBITS ADMITTED INTO EVIDENCE.)	24	
25	MS. ALLISON: We'll waive.	25	
	Page 38		
1	HEARING EXAMINER: Mr. Klein, do you		
2	have a brief closing?		
3	MR. KLEIN: Not if Ms. Allison doesn't.		
4	HEARING EXAMINER: Okay. Well the		
5	briefing schedule will be as follows: Simultaneous,		
6	both parties filing their briefs on or about the same		
7	time. The initial brief is due on or before		
8	October 13th, and all reply briefs are due on or		
9	before October 27th.		
10	MS. ALLISON: Thank you.		
11	MR. KLEIN: Did you say 13th?		
12	HEARING EXAMINER: 13th and the 27th.		
	And unless the parties have anything further, this		
13			
14	concludes the hearing.  (Thereupon, the hearing was		
15	(Thereupon, the hearing was		
16	concluded at 10:06 a.m.)		
17			
18			
19			
20			
21			
22			
23			
24			

## **TRANSCRIPT 3**

The subject property discussed in this transcript is a McDonald's restaurant.

## Proceedings

Page 1	Page 3
BEFORE THE STATE OF OHIO BOARD OF TAX APPEALS	1 INDEX
Kettering City Schools : Board of Education, :  Appellant,:  vs. : Case No. 2015-2328 : Case No. 2015-2331  Montgomery County Board : of Revision, et al., :  Appellees.:  PROCEEDINGS  before Temeka M. Higgins, Attorney Examiner, at the State of Ohio Board of Tax Appeals, 30 East Broad Street, 24th Floor, Hearing Room B, Columbus, Ohio, called at 9:38 a.m. on Thursday, October 6, 2016.	1
ARMSTRONG & OKEY, INC. 222 East Town Street, Second Floor Columbus, Ohio 43215-5201 (614) 224-9481 - (800) 223-9481 FAX - (614) 224-5724	20 APPELLANT'S EXHIBITS ID'D REC'D  21 A - Appraisal report of Mr. Sprout, 126 245  22 Stroop Road property 23 B - Appraisal report of Mr. Sprout, 127 245 Wilmington Pike property  24  25
Page 2	Page 4
1 APPEARANCES: 2 Rich & Gillis Law Group, LLC By Karol C. Fox, Esq. 3 6400 Riverside Drive, Suite D Dublin, Ohio 43017  4 On behalf of the Appellant.  5 Bluestone Law Group, LLC 6 By Charles L. Bluestone, Esq. 141 East Town Street, Suite 100  7 Columbus, Ohio 43215-5142  8 On behalf of the Appellees/property owners.  9  10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	Thursday Morning Session, October 6, 2016.  ATTORNEY EXAMINER HIGGINS: This is a hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Kettering City Schools Board of Education, Appellant, versus the Montgomery County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case Nos. 2015-2328 and 2015-2331. This hearing is being convened in the office of the Board of Tax Appeals before Attorney Examiner Temeka M. Higgins at approximately 9:38 a.m. on October 6th, 2016. Would the Appellant's representative please enter her appearance by name, mailing address, and telephone number.  MS. FOX: Yes. Thank you. My name is Karol Fox. I'm with Rich & Gillis Law Group. Our address is 6400 Riverside Drive, Suite D, Dublin, Ohio 43017. Our phone number is area code 614, 228-5822, and I am here today on behalf of the Kettering City Schools Board of Education. ATTORNEY EXAMINER HIGGINS: Thank you very much, Miss Fox.

Page 5 Page 7

And would the property owner's counsel please enter his appearance by name, mailing address, and telephone number.

1

2

3

4

5

6

7

8

9

10

11 12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

MR. BLUESTONE: Good morning, Miss Higgins. May it please the Board, my name is Charles Bluestone, with the law firm of Bluestone Law Group, LLC. Our firm's address is 141 East Town Street, Columbus, Ohio 43215. Our firm's telephone number is area code 614, 220-5900. I have the privilege today of representing McDonald's USA, LLC, which is the property owner of the subject property.

ATTORNEY EXAMINER HIGGINS: Thank you very much, Mr. Bluestone.

Before we get started I just wanted to make the record clear that although the Board of Education is the Appellant in these matters, we're going to do the hearing a little bit out of order because Mr. Weis, Steve Weis, he's appraiser for the property owner, previously provided testimony before the Board of Revision and such testimony is not in the record, so because the BOR failed to satisfy its statutory duty to provide us a full and complete record of the proceedings below, we are providing the property owners in these matters an opportunity to supplement the record with the missing testimony; so

Board, and I will, as I said off the record, send a letter to Mr. Keith, who is the county appraiser. noting what's happened in the four or five cases this year and explain to him that it creates great difficulty and causes much time and money to be spent unnecessarily and ask him to please encourage his staff to provide a full transcript when they send the records up.

In terms of this case, this case involves a McDonald's restaurant which is situated at 1872 East Stroop, and that's S-t-r-o-o-p, Road in the City of Kettering, Montgomery County, Ohio. The McDonald's restaurant physically is a melange of an old-styled mansard roof McDonald's coupled with some newer stone elements. The restaurant sits on a parcel, as you'll hear from Mr. Weis' testimony, that contains approximately 1.163 acres. The size of the restaurant is approximately 4,686 square feet, and it was constructed in 2006.

For tax year 2014 the Montgomery County auditor initially placed a valuation on this property of \$1,082,720. We believe that that valuation is vastly overstated. We had Mr. Weis inspect and appraise the subject property. He concluded in his report, which is part of the statutory record, at a

Page 6

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

11

12

13

14

15

16

17

18

19

20

21

24

25

Mr. Bluestone will put Mr. Weis on first. He'll be 1 value of \$760,000 as of the January 1st, 2014, tax 2 under direct examination and cross-examination, and 3 then the Board of Education will bring their witness, Mr. Thomas Sprout, on.

Everyone is okay with that; right?

MS. FOX: Yes.

MR. BLUESTONE: Yes.

ATTORNEY EXAMINER HIGGINS: Good, because Mr. Weis is already on the witness stand. I'll just go ahead and swear Mr. Weis in. Thank you.

(Mr. Weis was sworn.)

ATTORNEY EXAMINER HIGGINS: All right. Mr. Bluestone, before you get started on direct, did

you have a brief opening?

MR. BLUESTONE: I do. I want to thank the Board and you in particular, Miss Higgins, for allowing us to supplement the statutory transcript to include Mr. Weis' testimony today. It's unfortunate that the Montgomery County Board of Revision has repeatedly failed to include the full statutory transcript when it sends these cases up to this Board, and I just want to note for the record that yesterday Mr. Weis and I were before the Montgomery

24 County Board on other cases, on actually 2015 cases. 25

and we specifically brought the issue up to the

lien date. The Montgomery County Board of Revision issued a decision dated November 17th, 2015, in which 4 it concluded to a slightly higher value, \$764,040. 5 There's no explanation why they chose a slightly 6 higher value. I listened to the tape, and I don't

7 recall the panel members explaining why there was a 8 differential between Mr. Weis' report valuation

and -- and their final number.

9 10 We believe that after this Board hears

Mr. Weis' testimony this morning and notwithstanding what I anticipate to be Mr. Sprout's testimony following, that you will agree with us that the correct valuation of the subject property as of the tax lien date in question should be set at \$760,000, and we ask that the Board find that the property to be that value and ask also that our complaint against valuation be deemed amended, which is the same thing that I requested before the Montgomery County Board of Revision at the hearing below.

ATTORNEY EXAMINER HIGGINS: All right.

22 Well, thank you very much, Mr. Bluestone. 23 Miss Fox, do you have a brief opening?

MS. FOX: We do. As indicated by Mr.

Bluestone, we will be presenting the appraisal

Page 8

	Page 9		Page 11
1	testimony and report of Mr. Thomas Sprout, and he	1	paid a fee in connection with the services that you
2	will explain to this Board that his opinion of value	2	provided to McDonald's USA, LLC?
3	as of the tax lien date is \$2 million. The Board of	3	A. Yes.
4	Revision did not have the benefit of having Mr.	4	Q. Is that fee in any way contingent upon
5	Sprout's report or testimony because Mr. Sprout had	5	your arriving at a predetermined valuation of the
6	not had an opportunity to appraise the property prior	6	subject property or the ultimate outcome of this
7	to the Board of Revision hearing; so it is our	7	case?
8	position that the most reliable and best evidence of	8	A. No.
9	value of the subject property will be Mr. Sprout's	9	Q. And are other than perhaps owning
10	appraisal report which will value the property at \$2	10	some common stock in McDonald's Corporation or
11	million, and we will not make any more arguments with	11	McDonald's USA, LLC, do you have any other
12	regard to the property today because we will be	12	significant business connections to that those
13	requesting an opportunity to file further arguments	13	companies?
14	through brief. Thank you.	14	A. No.
15	ATTORNEY EXAMINER HIGGINS: Thank you	15	Q. Can I ask you please to describe the
16	very much, Miss Fox.	16	subject's improvements, the property within which
17	Mr. Bluestone, would you like to proceed	17	on which they're located, the neighborhood within
18	with your examination of Mr. Weis?	18	which they're situated, and then walk us through the
19	MR. BLUESTONE: Sure. And may I ask my	19	appraisal analysis that you utilized and which led
20	colleague if we could have a stipulation as to Mr.	20	you to arrive at the final value conclusion of
21	Weis' qualifications as set forth in the report?	21	\$760,000.
22	MS. FOX: Yes, you may.	22	A. Sure. I appraised this property, tax
23	MR. BLUESTONE: Thank you.	23	appeal valuation date of January 1st, 2014. It is a
24	And, Miss Higgins, Mr. Weis has been	24	freestanding restaurant building occupied by
25	recognized by this Board as an expert witness. I ask	25	McDonald's. It's on 1.163 acres. It's 4,686 square
	Page 10		Page 12
1		1	
1 2	Page 10 that he be recognized as an expert witness in this case.	1 2	feet, and it was constructed in 2006. The property
	that he be recognized as an expert witness in this		feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is
2	that he be recognized as an expert witness in this case.	2	feet, and it was constructed in 2006. The property
2	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right.	2	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots
2 3 4	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.	2 3 4	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.
2 3 4 5	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.	2 3 4 5	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots
2 3 4 5 6	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right.  Thank you.  MR. BLUESTONE: Thank you very much.   STEPHEN J. WEIS, MBA, MAI,	2 3 4 5 6	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?
2 3 4 5 6 7	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.	2 3 4 5 6 7	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a
2 3 4 5 6 7 8	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was	2 3 4 5 6 7 8	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby
2 3 4 5 6 7 8 9	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No.	2 3 4 5 6 7 8	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the
2 3 4 5 6 7 8 9	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:	2 3 4 5 6 7 8 9	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.
2 3 4 5 6 7 8 9 10	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION	2 3 4 5 6 7 8 9 10	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.
2 3 4 5 6 7 8 9 10 11	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:	2 3 4 5 6 7 8 9 10 11	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine
2 3 4 5 6 7 8 9 10 11 12	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, there came a time when you	2 3 4 5 6 7 8 9 10 11 12 13	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that
2 3 4 5 6 7 8 9 10 11 12 13 14	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:  Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject	2 3 4 5 6 7 8 9 10 11 12 13	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of
2 3 4 5 6 7 8 9 10 11 12 13 14 15	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:  Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:  Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:  Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes.  Q. And you did so on September 8th, 2015?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With that, we conducted some analysis and found that the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:  Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes.  Q. And you did so on September 8th, 2015?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes. Q. And you did so on September 8th, 2015? A. Yes. Q. Okay. And did you then subsequently	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With that, we conducted some analysis and found that the market was basically a pretty strong market. There wasn't a lot of vacancy in the area, probably in the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes. Q. And you did so on September 8th, 2015? A. Yes. Q. Okay. And did you then subsequently appraise the property and then memorialize your	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With that, we conducted some analysis and found that the market was basically a pretty strong market. There wasn't a lot of vacancy in the area, probably in the range of 5 to 15 percent vacant, and we will conclude
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes. Q. And you did so on September 8th, 2015? A. Yes. Q. Okay. And did you then subsequently appraise the property and then memorialize your investigation and analysis in the appraisal report	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With that, we conducted some analysis and found that the market was basically a pretty strong market. There wasn't a lot of vacancy in the area, probably in the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:  Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes.  Q. And you did so on September 8th, 2015?  A. Yes.  Q. Okay. And did you then subsequently appraise the property and then memorialize your investigation and analysis in the appraisal report that's been provided to the Board of Revision below	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With that, we conducted some analysis and found that the market was basically a pretty strong market. There wasn't a lot of vacancy in the area, probably in the range of 5 to 15 percent vacant, and we will conclude a vacancy rate for the subject property within that range.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	that he be recognized as an expert witness in this case.  ATTORNEY EXAMINER HIGGINS: All right. Thank you.  MR. BLUESTONE: Thank you very much.  STEPHEN J. WEIS, MBA, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows in Case No. 2015-2328:  DIRECT EXAMINATION BY MR. BLUESTONE:  Q. Mr. Weis, there came a time when you were requested by my firm to inspect the subject property; correct?  A. Yes.  Q. And you did so on September 8th, 2015?  A. Yes.  Q. Okay. And did you then subsequently appraise the property and then memorialize your investigation and analysis in the appraisal report that's been provided to the Board of Revision below and a copy given to the School Board's counsel?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	feet, and it was constructed in 2006. The property is an outlot to a Meijer's grocery store. It is adjacent to a Wendy's, and there are a couple of other restaurants and retail properties on outlots outside of the Meijer's parking lot.  Q. Including one outlot on which there's a Burger King restaurant nearby?  A. Yeah. The Burger King restaurant nearby is not necessarily an outlot, but you can see the Meijer's from from that location.  Q. Thank you.  A. We went out to the market to determine the value of the property. Part of that determination was to determine the market level of vacancy, capitalization rates, rental rates, sales.  We went through a significant analysis, determined where we were in the market value cycle, determined the prospects of the property moving forward. With that, we conducted some analysis and found that the market was basically a pretty strong market. There wasn't a lot of vacancy in the area, probably in the range of 5 to 15 percent vacant, and we will conclude a vacancy rate for the subject property within that

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

records was deemed appropriate and relatively accurate, and that's what we have as a starting standpoint from our inspection. We compared it to what was in the public records and found it to be pretty well accurate, and so we used that for the valuation of the property.

If you turn to the page -- in my report on Page 22 and 23, we detail the various components of the property in grid form. We show the sketch from public records, and on Page 24 and 25 we have photographs of the subject property so you can see the look, the condition of the property, overall appearance.

Q. Is the subject property what I'm going to call a special purpose or special design building?

A. No, it's not. It's basically a rectangle, freestanding retail building. It has some elements of -- obviously for a restaurant and had some elements of the design, appearance, decoration, trade dress for McDonald's --

Q. Can you give --

special-purpose building is?

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22

23

24

25

A. -- but you can remove those certain items and basically the property comes back as a regular, typical use, retail building, freestanding building.

Page 15

A. There wouldn't be enough sales of comparable properties, and because the -- each of those uses are, you know, very independent of each other, they may not be located in very close proximity. You're talking maybe a shopping mall. You've got them all across the country, other shopping mall sales, or stadiums, if they were to sell, and that's not going to give a very good indication because those locations would have different economic uses for those properties after -for sale, and basically it's recognized by the Appraisal Institute as the best method to -- would be the cost approach for properties such as those.

Q. Thank you.

A. Speaking of the cost approach, we did not employ the cost approach here in this case, as this is a typical freestanding retail restaurant building. It also had -- was about nine or ten years old as of the effective date of value. The estimation of physical depreciation would have to be taken into account. The estimation of functional obsolescence would have to be taken into account, any superadequacies in the building, and economic obsolescence would also have be taken into account. and typically properties that are built like this and

Page 14

Q. Could you kind of give the Board a couple of quick examples of what a special design,

A. A power plant, churches, schools, amphitheaters, stadiums. These are more special use. There's not a lot of sales of those, and they're designed for a specific use and can't be really used for another alternative use without significant renovation.

O. And if a building were a special design, special-purpose building, what would be, in your opinion, the appropriate way of valuing that property?

A. The cost approach would be the most appropriate way to value a property like that.

Q. And it would not be possible to use, for example, the sales comparison approach because --MS. FOX: Objection. Leading.

MR. BLUESTONE: I'll withdraw the question.

Q. Would it be possible to use the sales comparison approach?

A. It would be possible but highly unlikely to use.

Q. Why?

Page 16

designed for an individual user would have those elements in there that would have to be accounted for, and the resulting value from the cost approach wouldn't produce a more credible result than the sales and income capitalization approaches, so we valued it using the sales comparison approach and the income capitalization approach.

With that, we did the highest and best use analysis, and highest and best use for the property would be continuing to use the property as a -- as a restaurant, a freestanding restaurant building, so we valued it as such.

The sales comparison approach is on Page 28. We have a map showing the location of our comparable properties in relation to the subject property. We have two sales that are extremely close to the subject property, Sales 4 and 6. You can see that there are -- either on Woodman Drive or on Wilmington, right in the neighborhood, and then we have two others that are just a little bit further away, Sales 1 and 5, and they are on West Dorothy Lane in Kettering. So those four sales are in very close proximity to the subject property and are deemed to be appropriate sales to use, that people would use as comparables when deciding a value to buy

Page 17

1 Discounter store there.

this property or rent this property.

With that, on Page 29 and 30 we have the details of each of our sales transactions in the report showing all the specifics of the property such as the size, age built, the construction type, the number of acres it's on, and some other relative factors.

Sale No. 1 is a former Applebee's at 1450 West Dorothy Lane in Kettering. This is a 5,033 square foot building. It was constructed in 2002, so it's only slightly older than the subject property. It's in a neighborhood. It's on 1.3 acres, and it sold in April 2014 for \$139.80 a square foot.

Sale No. 2 is an Arby's restaurant on Brandt Pike in Huber Heights. This is a 3,120 square foot restaurant building, built in 1988, was sold in March 2013 for \$150.64 a square foot.

Sale No. 3 is a former KFC property and A&W Root Beer combination store. It's on Old Troy Pike, just off the highway of I-70 in Huber Heights. It's 3,080 square feet. It was constructed in 2002. It's on 1.23 acres, and it sold in July of 2014 for \$181.82 a square foot.

Sale No. 4 is a Subway on Woodman Drive. It was 1,815 square feet. It was built in 1972, but Q. What's significant about the fact that a building that was constructed as a fast-food restaurant in 2000, that by April of 2015, 15 years later, is now slated for demolition?

A. It shows the economic life of the properties, the restaurant properties, in this particular case about a 15-year economic life and no more economic life, and so when you were -- if you were doing a cost approach, you would look at how old the property is.

In this particular case it's a 2006 property, 2014 valuation date, so that's an -- eight years old as of the effective date of value, which is about 50 percent, between the 15-year economic life of the building in the neighborhood, which we'd estimate on a cost approach basis physical depreciation or economic depreciation of that building about 50 percent; so that would have to be taken into consideration, and that's the major impact of that.

Our comparable sales, we made adjustments for them on Page 31 of the report.

Q. Can I ask you, if I may, to explain to the panel what the difference is between a leased fee

Page 18

Page 20

it was renovated in the 2000s to make it into a Subway with a drive-through, so it was updated in 2000 specifically for the Subway. It was a leased fee transaction. It sold in February 2015 for \$250,000, for \$137.74 a square foot.

No. 5 is a Longhorn Steakhouse on West Dorothy Lane. It's 5,496 square feet. It was built in 2003. It's on 1.58 acres, and it sold in November 2013 as a leased fee transaction for \$185.86 a square foot.

No. 6 is a former Burger King on Wilmington Pike. We mentioned this earlier. This property is right around the corner from the subject property. It is basically within visual sight of the Meijer's grocery store that the subject property is an outlot. It has the same market draw as the subject property. It is a competitor or was a competitor of McDonald's, a Burger King. It's 3,976 square feet. It was constructed in 2000. This property was marketed for sale for quite some time as a functioning restaurant. No other buyers came to the market and were willing to purchase the property for use as a restaurant, and it sold for \$67.28 a square foot, and the plans are to demolish the building that was built in 2000 and put a Tire

sale and a fee simple sale, and if you are going to consider a leased fee sale, what type of adjustments have to be made and how they differ based upon your market research?

A. The leased fee sale and fee simple sale, when you have a leased fee sale, when you are buying the real estate, you're buying the land, you're buying the building, and you're buying basically a bond payment from the tenant. Many sales that are in the market are credit tenants on long-term leases, so when you have a credit tenant on a long-term lease, you're getting that bond payment or the value of getting a stream of income from that tenant for a long period of time. You're also getting a -- somewhat of a guarantee that there's going to be no vacancy for a long period of time; so you're getting all that value over and above just the value of the real estate.

If you were to use leased fee sales, you would need to consider adjustments for the creditworthiness of the tenant and the length of the lease, consider any above-market rental rate that is locked into the lease of the payment or below-market rental rate that is locked into the contract of the lease. You need to make consideration for those

Page 24

Page 21

4

6

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

items and make adjustments. You can make the adjustments by using match pair analysis of properties that were sold in fee simple and that had sold in leased fee in short periods after that with no material change to the real estate; so you can make those adjustments.

1

2

3 4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22

23

24

25

We have made analysis in the past of properties leased fee, fee simple, and we can quantify adjustments in the range of 20 percent to 75, 80 percent for leased fee investment grade transactions, and so at the higher end would be to a credit tenant on a long-term lease. The lower end would be a less credit tenant on a shorter term lease, so those would be the factors that would be in consideration to make adjustments to move a leased fee to a fee simple.

There are instances where leased fee and fee simple are equivalent or very close to being the same overall value. In those particular cases you have somebody who didn't have a major creditworthiness and maybe a shorter term lease and the lease would be at a market rental rate. At that particular point those two values would be very similar.

Q. And can I ask you, as we talk -- since

1 developer will put in all the trade dress, all the 2

- real estate, do all the, you know, regular
- 3 construction work and put in FF&E, and so they have,
  - you know, furniture or fixtures, equipment, kitchen
- 5 equipment all lumped into it, and the tenant
  - basically uses it as a financing vehicle to finance
- 7 the entire operation, start of the operation, and
- 8 they put it into an annual payment, which gives the
- developer a required return on their construction and 9
- 10 their costs they put into the property. It's not
- 11 necessarily a market rental rate, but you divide it
- by the square footage of the subject property, you 12
- 13 come up with a rental rate, and it may include items
- 14 such that are not real estate. So a lot of due
- 15 diligence needs to be put into carving that portion
- 16 of the overall annual payment into what is real
- 17 estate and what is not real estate.

O. Thank you.

A. The adjustments on Page 31, we had a couple leased fee sales, three leased fee sales, and we made adjustments to Sale 1 based on what I just talked about before, about creditworthiness of the tenant, length of the lease, above market or below market, rental rates. We felt that Sale No. 5

warranted a 15 percent downward adjustment. The two

Page 22

we're talking about leases, based upon your research, when a new fast-food restaurant is constructed and then leased to a national or regional fast-food restaurant, have you done any analysis of what's

included as part of that lease? In other words -let me clarify my question.

A. Sure.

Q. There's a rental rate to be paid under those leases. What does the rental rate include?

A. It could include a variety of different things, and that's something that's -- a lot of times it's difficult to discern and you have to do some digging and investigation to find out what it includes, but --

Q. Do you actually have to see the lease?

A. A lot of times, yes, you have to see the lease or you have to talk to somebody who maybe you can ask the questions and they'll give you the candid responses to what's in the lease and how it was determined.

A lot of times what we see are build-to-suit projects where a developer is going to build a property for a tenant. The tenant has specific requirements or needs that they want done. A lot of times it's a turnkey operation where the

other sales that had a leased fee were more equivalent to a fee simple, and no downward adjustments or upward adjustments were required for those leased fee transfers.

The property sold between 2013 and 2015. We did make some market conditions for these properties that sold in 2015, which were over a year after the effective date of value, and the market conditions were improving; therefore, a downward two percent -- two and a half percent adjustments were made to Sale 4 and No. 6. The other properties sold within a year of the effective date of value, and we deemed those markets similar or similar enough that they -- an adjustment could not be discerned as to up or down a small amount; so we made no adjustments there.

Location adjustments, submarket were considered. One of the properties was in an inferior submarket, and we made an upward adjustment of five percent there. Access and exposure, this is basically in relation to roads, population, interchanges to the highway so that you can draw from a larger base, customers, and three of the properties were in superior -- had superior access/exposure qualities and downward adjustments were made. One

6 (Pages 21 to 24)

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Page 27 1

was inferior, and an upward adjustment was made.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15 16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22

23

24

25

Physical adjustments were made of comparable properties, age, condition, and quality. The age, condition, and quality adjustment is based on the age of the property at the time it sold, the condition of the property at the time it sold, and the quality of the materials used in the construction of the building, how well it's been maintained. We made upward adjustments on all of the comparable properties, and the subject property was in better condition or age than all of our comparables, so upward adjustments were made.

Building layout was considered. They're all functional building layouts. No adjustments were needed. Other physical adjustments as to land-to-building ratio or parking ratios were considered. We felt everything was similar enough that no adjustment was required. Economic functionality, sometimes you make an adjustment there if they can derive better rents for a particular reason that's not associated with something else we've adjusted for. No adjustments were needed or made there. Size adjustment, smaller properties tend to sell for a higher price per square foot. Larger properties tend to sell for a lower price per square

are freestanding restaurant properties, and you can see that the type of construction materials and the sign they have.

We then turn our attention to the economic capitalization approach. The property is essentially owner occupied, and there is no contract rental rate on the property; therefore, we went and turned to the market to find an appropriate rental rate for the property if it was available for lease as of the effective date of value. On Page 38 we have nine rental rates that we went out to the market. Eight of these rental rates are restaurant properties, and one we classified as retail. However, that one that's retail was a former Wendy's, and that was vacated and then leased to a Clark's Pharmacy. So it really is a restaurant building, freestanding building.

The year built for each of the comparable rental rates is shown in our table. The amount of square footage is shown. The rental rate on a price per square foot triple net basis is also shown and the lease dates of the comparable rental rates. We then made our adjustments to these rental comparables to compare them to the subject property. We adjust for similar aspects of doing the sales

Page 26

Page 28

foot to accommodate the size of the building. Therefore, appropriate adjustments were made up and down, basically downward adjustments as they were smaller properties and they tend to sell for a higher price per square foot; so we made adjustments downward.

After adjustments we had a real tight range with Sales 1 through 5. They ranged between \$146 a square foot and \$166 a square foot. We had the one outlier in that, in Sale No. 6, which is the -- the former Burger King which was constructed in 2000, which is right around the corner. That adjusted out to be \$77.08 a square foot. Because we had good indication of value on five of our comparables within a very tight range, we had five of them that were -- excuse me, four of them that were \$154 to \$166 a square foot, and we reconciled to \$160 a square foot, which is the upper end of our range and the upper end of the tight range we had on a couple of the comparables. We applied that to the 4,686 square feet of the subject property, and we came out to a value via the sales comparison approach at \$750,000 on a rounded basis.

Photographs of our comparable properties are on Page 34, 35, and 36. You can see that these

comparison approach. We did it for market conditions, similar method. Lease type, they're all triple net, so no adjustment is required. Location, access/exposure, age/condition/quality, other physical, and economic size, adjustments were made to these rental comparables to get a value indication of -- for the rental rate.

After the adjustments we had a pretty tight range of \$11.24 a square foot to \$16.43 a square foot. We had a couple of outliers in that, and the more concentrated rental rate would be in the area of \$14 a square foot to \$16 a square foot, and we reconciled to the upper end of that range at \$15.50 a square foot on a triple net basis. Applying that rental rate to the subject's square footage, we get potential gross income, and also we have reimbursements to get more, additional income for the property, which is shown on Page 39. We talk about the market, the vacancy rate. Basically vacant between five and ten percent. The subject property is a hundred percent occupied. Therefore, we did a frictional vacancy rate of five percent for the subject property as what to be appropriate.

We then turn our attention to getting expenses from the market. You have secondary sources

Page 32

Page 29

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 and primary sources. They derive expenses on a 2 line-item-per-square-foot basis. We use all of that information to construct a stabilized operating 3 statement. We used a market rental rate of \$15.50 a 4 square foot triple net. We used a market vacancy of 5 6 five percent. We used market expenses to create a 7 pro forma, which the expenses were -- part of the expenses were reimbursed, part were not, and it 8 determines a net operating income. We capitalize 9 that NOI later to be a tax additur, because we don't 10 know what the real estate taxes are going to be 11 moving forward, so we remove those as an expense, as 12

13

14

15 16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

reimbursement.

On Page 42 we have a number of properties that are similar to the subject property in terms of being freestanding restaurants or retail buildings, alternative investments that you could buy and what the capitalization rates were. They ranged from 7 1/2 percent to almost 13 percent, with an average of 8.97 percent. Capitalization rates are derived directly from the market.

On Page 43 and 44 we have secondary sources which give capitalization rates for retail properties, for restaurants of all types and for fast food. These particular survey results basically

times the tax rate in the area of 3.44 percent to get an additur of .17 percent. We add that to the going in capitalization rate of 8.25 percent to come up with a fully loaded tax additur rate of 8.42 percent. We use that capitalization rate to capitalize the net operating income without real estate taxes and expense or reimbursement and without deducting replacement and reserves.

Capitalizing the resulting NOI gives us the value of \$770,000 on a rounded basis. Our two approaches to value, the sales comparison approach at \$750,000, the income capitalization approach at \$770,000, and because there was a pretty tight range, we reconciled directly in the middle at \$760,000 or about \$162 a square foot.

Are there any other questions about the property or the report?

Q. Yes, I have a couple of questions. Mr. Weis, can I ask you what town you live in?

A. I live in Washington Township, which is the Centerville area of Dayton, Ohio.

Q. Is that in Montgomery County?

A. Yes, it is.

Q. And how long have you lived in Montgomery County?

Page 30

A. Over eight years now.

Q. And you were previously affiliated with Gem Real Estate Group?

A. Yes.

Q. Doing appraisal work?

A. Yes.

Q. And how many years have you been doing appraisal work of Montgomery County properties?

A. Since two thousand -- April of 2003, so

Q. All right. And you and I this year alone were involved in approximately 40 fast-food restaurant tax appeal cases?

A. Yes.

Q. Okay. And in tax year 2014, you and I alone were involved with approximately 15 tax appeal cases involving McDonald's restaurants?

A. That's probably about right, yes.

Q. And you and I together have worked on tax appeal cases involving McDonald's restaurants for many years?

A. Correct.

Q. And so would it be fair to say that you and I together have worked on a number of McDonald's and other fast-food restaurant tax appeal cases now

bracket our direct comparison method at a little bit wider range than we have because they're dealing with more properties. However, they corroborate the

direct comparison approach as being within their range and being relevant, and we felt they were the

most appropriate for the subject property. We felt

the property was -- had less risks associated with it than the average of our direct comparison approach.

Our direct comparison approach capitalization rate had an average capitalization rate of 8.97 percent, and we reconciled below that average at 8.25 percent

to reflect the risks inherent with the subject property, it being less risky than the average direct comparison approach capitalization rate.

On Page 45 we did a pro forma again. It's the same pro forma we showed earlier in the report, but this time we removed real estate taxes as an expense and real estate taxes as a reimbursement. This changes the net operating income, and we need to account for that with an additur of the capitalization rate. The tax rate in the area is 3.44 percent at the effective date of value. The vacancy rate was five percent. The landlord was

responsible for the real estate taxes only during times of vacancies. We multiplied the vacancy rate

Page 35 Page 33 1 inspection of the subject property, in your opinion, approaching a hundred restaurants in total? 1 does the building sketch that appears on Page 23 2 A. Probably that's an accurate number. 2 O. Okay. And do you feel that you have 3 appear to conform to the actual physical building? 3 developed a strong expertise in valuing fast-food A. Yes. I believe it's a fair 4 4 5 restaurants? 5 representation of the property. 6 A. Yes. 6 O. And would it be fair to say that the 7 Q. Thank you. And in your opinion, in 7 subject property essentially is a rectangular box? valuing a fast-food restaurant such as the subject 8 8 property, is it more important, A, to use 9 O. And based upon your experience, Mr. 9 restaurant/retail buildings in the vicinity of the 10 Weis, could the subject building be converted easily 10 subject property or, B, only fast-food restaurants or relatively easily to other uses other than a 11 11 which may be located far afield from the subject restaurant? 12 12 13 property? 13 A. Yes. A. A. Location is very important. 14 Q. And could you give us some examples of 14 Q. Could you explain why? 15 other uses which you believe that the subject 15 A. Well, I think everyone kind of knows property could be converted to? 16 16 that in real estate location, location, location. A. There's a vast array of other properties 17 17 you can convert it to. I've seen Wendy's converted The traffic patterns, the demographics, the household 18 18 into a Laundromat, another Wendy's converted into a incomes are important in determining the location of 19 19 20 a piece of retail property, and so from that 2.0 dental office. I've seen other restaurants converted standpoint, the most similar aspects you have in that 21 into multi-tenant retail properties. They can 21 the better off you are in terms of comparability. 22 convert it into just a, you know, a typical office 22 If you find a property that is 23 building, an insurance agency, any other retail 23 aspect, you know, a single-tenant retail shop within 24 constructed almost identical to your subject 24 25 property, and it's further away, that may also be a 25 the property. Page 34 Page 36 1 very good indication, but it would have to be very 1 Q. Let me give you some examples, and let similar, almost identical to use something that's 2 us know if you think the subject property could be 2 further away. There are many cases where appraisers 3 converted to be used with these types of businesses. 3 get disciplined for not including a sale that is in 4 Insurance office. 4 very close proximity to the subject property because A. Yes. 5 5 they feel it is most important to have location 6 O. Stock broker. 6 7 characteristics identified in sale comparables. 7 A. Sure. Q. And based upon your experience, if there 8 8 Q. Law firm. was a person who was looking to buy a 4,600 square 9 A. Yes. 9 foot restaurant/retail building in the Kettering, O. Drugstore. 10 10 Ohio vicinity, if they were trying to determine for A. Yes. 11 11 themselves what the market value was of that O. Regular retail. 12 12 property, would they be looking at properties in the A. Yes. 13 13 vicinity of the Kettering market or would they be Q. Small community type shop. 14 14 looking far afield? 15 15 A. Yes. 16 A. In the Kettering market primarily is 16 Q. Dry cleaner. where they'd be looking. 17 A. Yes. 17 Q. And I'd like to ask you to turn to the O. A day care perhaps. 18 18 building sketch which appears on Page 23 of your A. Yeah. The building could be converted 19 19 report, and essentially what's presented there -for a day care. It probably wouldn't be -- this 20 20 well, first of all, let me ask you, where did this particular property wouldn't be just because of where 21 21 22 building sketch come from? 22 it's located, but it could be. 23 A. This comes from the Montgomery County 23 Q. And with 4,600 square feet approximately public records, the auditor's site. 24 of space, this -- the subject property could, in 24 25 Q. And when you did your personal 25 fact, be divided into two retail storefronts?

Page 39

MS. FOX: Objection. Now we're leading, and we -- I think he's answered this question multiple times.

MR. BLUESTONE: I'll withdraw the question. Thank you.

- Q. Are you aware of any physical nature of the subject property where it could not be converted to any of these alternative uses, provided that the zoning would allow it?
- A. No. You'd have physical -- you could convert it. There was -- there's nothing inherent in this building which would preclude you from converting it.
- Q. Okay. And this particular McDonald's restaurant, how do patrons access it?

A. There is a signalized interchange on Stroop just to the east of the property, which is an entrance road into the Meijer's shopping center. Then there is a -- I'll call it a loop road, an exterior loop road from the exterior of the Meijer's shopping center which basically is used to access the -- at least three or four of the properties that are outlots to the Meijer's from inside that loop road, so off the main road. That's where the access is.

moved -- immediately moved over to the right and went across the street to a Subby's, and it was easier access to get in and out; so there are some difficulties there.

Q. I know we're going to talk about it in much detail in a few minutes, but you also appraised a McDonald's restaurant property that's located at 2901 Wilmington Pike in -- also Kettering, in Montgomery County?

A. Yes.

- Q. And that restaurant is a little bit newer than the subject property?
  - A. Yes.
- Q. And a little bit bigger than the subject property?
  - A. I think that's correct, yes.
  - Q. And can I ask you to turn to Page 15 in the report pertaining to the McDonald's restaurant located at 2901 Wilmington Pike. I just want to ask you one bit of information.

ATTORNEY EXAMINER HIGGINS: Could you clarify, are we still --

MR. BLUESTONE: We're still on the Stroop Road case, but I just want to ask one question about the other property.

Page 38

Q. Okay. And there's one single access

A. Yes.

point?

Q. And how would you compare the accessibility of the subject property to patrons to other fast-food restaurant properties that are more typical?

A. It's a -- the access is not directly off of the main road. There's going to be other properties, and I think in the next case we'll talk about, they'll have access directly from the main road. This property is -- the access is controlled via a signalized interchange, which helps, but the circuitousness of getting into the --

(Discussion off the record.)

A. Circuitousness -- I can't pronounce it -- circuity of -- basically going around and around and around to get into the property makes it a little bit more challenging. In fact, I recently had the experience of driving by this property. We were here a couple of weeks ago for some other cases, and I was heading back and looking to get something to eat quickly before going to my daughter's volleyball game, and I was in the left-hand lane to turn from Stroop into the property, and it was backed up. I

Page 40

BY MR. BLUESTONE:

Q. You were in contact with McDonald's representatives and asked them about the cost for constructing a newer and slightly larger McDonald's restaurant, the one that's located on Wilmington Pike. Can you tell the panel what those amounts were?

A. The cost to construct the building was \$787,206.90.

Q. And you also got information regarding the cost to do --

MS. FOX: At this time I'm -- A. Yes -- sorry. I'll wait for you.

MS. FOX: I'm sorry, I --

BY MR. BLUESTONE:

Q. Well, while Miss Fox is thinking, you also got information regarding the cost to --

ATTORNEY EXAMINER HIGGINS: Just a second, because I'm not quite sure if she's objecting to something.

MS. FOX: Right. I guess I'm going to ask for some sort of foundation to be laid for this information, if that's possible, because at this point, you know, I am objecting based on hearsay, but I understand that sometimes in the appraisal process

Page 43 Page 41 1 1 appraisers rely upon hearsay, so I guess I'd just different number than what's being presented here 2 2 like a little more information on how the today, so, you know, I have concerns that if we 3 3 information -- foundation for how he obtained this wanted to get information in about the actual 4 information. It also conflicts with testimony from 4 construction costs, why don't we have a 5 5 the Board of Revision, so -- but we can get to that representative from McDonald's here today to talk 6 on cross. 6 about that. 7 ATTORNEY EXAMINER HIGGINS: Okay. 7 MR. BLUESTONE: The number that -- I 8 8 MR. BLUESTONE: I have no recollection think his name was Larry Graham, who was one of the 9 9 of my asking any questions about cost at the Board of construction managers from McDonald's, provided to 10 10 Revision hearing in this case, the Stroop Road case. the Board was a million dollars for the Triggs Road BY MR. BLUESTONE: 11 11 McDonald's building. 12 12 Q. So I'll ask you some foundation MS. FOX: Okay. And at the Board of 13 questions. Do you remember who you contacted at 13 Revision in the Wilmington property the testimony was 14 McDonald's? 14 it was \$1,317,867, was the actual costs, so --15 15 A. Yes. THE WITNESS: Yes. 16 O. Who was that? 16 ATTORNEY EXAMINER HIGGINS: Okay. So 17 17 A. Mary Dolby. your objection is --Q. And she is the manager of real estate 18 MS. FOX: My objection is hearsay. 18 ATTORNEY EXAMINER HIGGINS: I'm sorry. 19 development in the Ohio region for McDonald's? 19 20 MS. FOX: Can you just ask who she is 20 It looked like you were about to -rather than telling him, please? 21 MS. FOX: Yes. 21 Q. Who is she? 22 ATTORNEY EXAMINER HIGGINS: -- follow 22 23 23 A. She's the McDonald's representative that that up with something else. I apologize. 24 I've dealt with in several cases, as you referenced 24 MR. BLUESTONE: Well, I don't believe -that we've done a lot of properties like this, and 25 MS. FOX: Well, and I guess, again, 25 Page 42 Page 44 1 she is the regional representative of McDonald's who 1 further, lack of foundation, because we don't have, 2 has been made available to us to obtain information 2 again, any information with regard to what -- what is 3 from regarding the properties. included here, who developed that, who provided that. 3 4 4 Q. And she provided to -- you with I mean, we know the person, but where did she get 5 5 information regarding the costs to construct the that information, that type of thing. Wilmington Pike McDonald's restaurant and also to do 6 MR. BLUESTONE: Can I -- may I? I think 6 7 the site improvements for that property? 7 that Miss Fox inadvertently misstated the record. 8 8 A. Yes. The total costs for the Wilmington Pike restaurant Q. Okay. So you've already testified that 9 9 was a million three, but that included the land 10 10 the cost to construct the building was \$787,000 -costs, and I believe that Mr. Weis does have some MS. FOX: And do we have anything in 11 11 documents with him about the cost of construction of 12 writing that shows this, what that cost includes, 12 the McDonald's restaurants, and so based on those what the breakdown is? Do you have any of that with 13 13 documents. I think he can -- he can continue with his 14 you? 14 testimony. 15 15 THE WITNESS: I don't have any of that MS. FOX: And I don't think it includes 16 16 with me. the land costs. Again, now we're at a disadvantage 17 17 because we don't have the actual record, which is why MS. FOX: Here's my concern --18 18 THE WITNESS: That's actually --I am going to file a motion requesting the Board of 19 19 MS. FOX: -- we had --Revision to supplement the transcript, because that ATTORNEY EXAMINER HIGGINS: Wait, Mr. 20 20 didn't say it included the land costs -- anyway, but 21 Weis. 21 for whatever it's worth. 22 22 THE WITNESS: Oh, I'm sorry. ATTORNEY EXAMINER HIGGINS: I am going 23 MS. FOX: We had another case recently 23 to overrule your objection, and the Board will afford 24 where we actually had somebody from McDonald's on the 24 this portion of Mr. Weis' testimony as to weight, to 25 stand who talked about the cost, and it was a very 25 the extent it does or does not conflict with other

Page 47 Page 45 1 get to an indication of value in the \$1,066,000 to 1 information contained in the record. 2 BY MR. BLUESTONE: 2 \$1,116,000 range from a cost standpoint on that Q. So, Mr. Weis, can I ask you, could you point. And, you know, I guess what you would do in 3 3 tell the panel -- excuse me, can you tell the Board terms of relating that back to the subject property 4 4 5 what information you have regarding the cost to 5 that we're here in the first case, here on Stroop, is 6 construct the Wilmington Pike restaurant? 6 you would divide the \$1,100,000 value by the five 7 A. Yes, and I just want to back up and say 7 thousand two hundred and -- 5,118 square feet or one 8 8 I believe you asked me the cost to construct the thousand -- or 5,200 square feet approximately to get building, and I gave you the answer to construct the a cost per square foot on that, and that would be 9 9 10 then somewhat relatable to the property on Stroop on 10 building --O. Right. 11 a cost-per-square-foot basis. 11 BY MR. BLUESTONE: 12 A. -- not the total construction costs. 12 13 The total construction costs for the Wilmington was 13 Q. And so the cost per square foot of 14 approximately \$1.3 million, and I have that contained 14 constructing the building and site improvements at on Page 15 of the Wilmington report. In terms of 15 Wilmington Pike came to \$196 per square foot; right? 15 16 knowing what those costs are, on Page 15 of the 16 I'm looking at Page 15 of your report. report I detail what those costs are for site work A. Not exactly correct. The value after 17 17 and for the land values, et cetera, and then also, in you deduct obsolescence I think is that number. One 18 18 the addenda of that report that's been submitted to one divided by 52, that's at \$211 a square foot. 19 19 20 the Board of Revision in Montgomery County, I'm sure 20 MS. FOX: I'm sorry, I don't think I it's here in the record for the next case we're in, 21 understood your answer. What's \$211 a square foot? 21 in the addenda there is a McDonald's projected --22 THE WITNESS: On Page 15 of the 22 23 Wilmington Pike report, once I added up all the costs 23 actual cost reports, and it has the construction costs of the building, and it shows that at of construction, deducted an obsolescence factor. 24 24 25 \$787,206.90, and it has a number of line items of 25 added the land, I came up with a total value for that Page 46 Page 48 1 expenses in terms of how they got to that number, and 1 property, and that was about \$211.53 a square foot 2 it shows the square footage of the building being a 2 for that on a cost basis. That -- that is for a new little other 5,200 square feet; so those are the building. You'd have to depreciate it even more for 3 3 an older building. It kind of sets the high costs, the direct costs for the building. And then 4 4 5 the site work estimation was via conversation how watermark, I guess, is where you would talk about in 5 terms of value. You'd have to also, you know, much site work they put into it. I didn't have 6 6 detailed documentation for that. And then the land determine the difference in land value, location, 7 7 value was, in that particular case, was estimated make adjustments from that particular point. 8 8 9 based on the assessed value of the land, because BY MR. BLUESTONE: 9 there wasn't a recent transfer of land and that Q. Okay. But my question actually was, if 10 10 you took the costs to construct the building, property, I don't recall, so --11 11 787,206,90, and added in the estimated site MS. FOX: I'm sorry, give me that page 12 12 improvement costs of \$220, you come to a total of number where you had the total costs again. 13 13 \$1,007,207. You divide that number by the square THE WITNESS: In the addenda of the 14 14 15 footage of the Wilmington Pike property, which was report --15 \$5,118, and that comes to the \$196.80 per square 16 MS. FOX: No. Before, the 1.3. 16 17 THE WITNESS: Oh. Page 15. 17 foot. The building --A. Yes. MS. FOX: Thank you. 18 18 THE WITNESS: It's in the property Q. Okay. And if you took that number, 19 19 196.80, and you multiplied it by the size of the history section, and then in that section we talk 20 20 about these are the total costs at 1.3, but then building in this case, the Stroop Road building, 21 21 which is 4,686 square feet, it comes to \$922,190? 22 you'd also have obsolescence you need to apply, for 22 physical and functional economic obsolescence, and in A. Approximately, yes. 23 23 24 terms of what those building costs were, and that Q. Okay. To build a bigger building, a 24 25 would be reduced, and then you add the land value to 25 slightly bigger building?

Page 51 Page 49 1 1 A. Well, that would be the same -specific for them, the entrepreneurial setup would be 2 Q. I'm sorry. I apologize. I withdraw 2 very minimal because they're going to take a -- maybe 3 3 that question. I withdraw it. I'm sorry. a developer fee or their costs, can be cost plus, 4 Based upon your experience, based upon 4 whatever, as associated costs we have in here. So 5 your conversations with Mary Dolby from McDonald's 5 there was no risk or minimal risk in terms of 6 Corporation and based upon your knowledge of Marshall 6 building this property when you have someone like 7 & Swift Valuation Services, does that \$922,000 seem 7 McDonald's who is paying the bills. You're not 8 8 waiting for a tenant to then pay you for your risk of to be a reasonable cost to construct a brand new 9 McDonald's containing 4,686 square feet and the site 9 building it without a tenant, so the entrepreneurial 10 10 setup would be minimal, but it would be included. improvements? 11 Q. Again, this is a little confusing 11 A. Yes. 12 Q. Okay. Thank you. 12 because we are talking about two different 13 I have nothing further for Mr. Weis. 13 properties, but right now focusing on the Stroop Road 14 ATTORNEY EXAMINER HIGGINS: All right. 14 property, you mentioned that it's not -- it's not 15 15 Well, thank you, Mr. Bluestone. leased, it's not run by a franchisee; is that 16 16 correct? It's operated by corporate? Or do you We could break a little bit early. Miss 17 Fox is just about to start her cross. Or we can 17 know? 18 still wait until our schedule of 11:15. Does anybody 18 A. I believe it's corporate. Yes, it's a corporate owned and operated store. 19 have any --19 20 MS. FOX: Let's go ahead. 2.0 Q. Okay. All right. And there was quite a 21 ATTORNEY EXAMINER HIGGINS: All right. 21 bit of discussion regarding alternative uses of the 22 property. If I could ask you to open to Page 25 of 22 Then go ahead, Miss Fox. your report for the Stroop Road property. 23 23 MS. FOX: Thank you. 24 24 A. Okav. 25 Q. And if you could please read out loud 25 Page 50 Page 52 1 1 **CROSS-EXAMINATION** the last paragraph on that page which is under your 2 2 "Highest and Best Use Analysis." BY MS. FOX: 3 3 Q. Mr. Weis, I'm going to kind of start A. "The subject site improvements include 4 concrete curbing, sidewalks, asphalt paved drives and 4 with your most recent testimony and work our way parking, landscaping, drive-thru equipment and back, if that's okay. There's been some discussion 5 5 6 about the actual costs on the Wilmington Road 6 lighting. The vertical improvements are designed for 7 property, and do you know whether or not those actual 7 restaurant use. These improvements add value to the 8 costs included any soft costs? 8 land as if vacant. Since the improvements contribute 9 9 A. I don't recall. I think they did. value over/above the value of the land and an 10 They're listed in that -- let me see. 10 alternative use would not be cost effective as a O. I see architectural fees. conversion of the property would require substantial 11 11 capital, the Highest and Best Use of the subject As 12 A. Yeah. It does include some. 12 13 It Existed, was as a Restaurant." 13 O. It would not include entrepreneurial 14 profit, though? 14 Q. Okay. Thank you. In looking at your 15 15 A. No, it doesn't include any income approach, I'd like to start with your rent entrepreneurial profit. No, it does not. 16 comparables you have on Page 38. Of those nine 16 O. And that would be an appropriate thing properties that you have listed there, how many of 17 17 those were being used by their first-generation user 18 to include if you were doing the cost approach, would 18 it not? 19 19 as of the tax lien date or the date of the lease information that you were relying upon? 20 A. Yes, you'd probably include some 20 21 entrepreneurial profit. The amount of 21 A. Two, maybe three. Q. Okay. And which two? 22 entrepreneurial profit would be more and it would be 22 23 a significant number if it was to be built on spec, 23 A. The two would be No. 8 -in terms of your ability, in the hopes to get a Q. No. 8, the Arby's? 24 24 tenant. In terms of building it for a tenant, 25 A. Arby's on National Road. 25

Page 55 Page 53 Q. Okay. 1 1 O. In your opinion, obviously. 2 A. No. 6, the Pizza Hut on Harshman Road. 2 A. Obviously. Q. Okay. With respect to location, there and maybe is the Fricker's on Miller Lane. 3 3 O. Okav. Maybe --4 4 was some discussion about location, and you A. And I can't recall if that was their 5 5 mentioned, I think, when you were looking at location 6 store or if they entered into it with another 6 you mentioned traffic patterns and demographics. Was 7 building afterwards. I can't recall. 7 there something else that you consider when you're Q. Okay. And that Fricker's building was 8 looking at location or were those just the two 8 built in, it looks like, 1997? 9 9 things? A. Yes. 10 10 A. Access/exposure --O. And both the Pizza Hut and the Arby's 11 11 Q. Okay. 12 were built in 2000, if I'm reading that correctly? 12 A. -- you know, the demographics of -- the 13 Is that correct? 13 house -- the number of households, the -- the average 14 A. I believe so, yes. 14 household income. You look at demographics, the age Q. Okay. And the Arby's lease date was 15 15 and all those come into play. You're looking at, you January of 2010. Would you agree that that was an know, access to major thoroughfares, whether it's, 16 16 inferior economic period to January 1st, 2014? 17 17 vou know, linkages to interstates or to employment A. Yes, I would. 18 18 centers. These are aspects of location, which it's Q. Okay. And with respect to the 19 19 very difficult to ascertain a specific benefit or 2.0 Fricker's, it appears -- again, I'm sorry, I'm trying 20 detraction of, A, this is a mile away from this 21 to make sure I'm looking at the right line here --21 office complex, which is why you want to use local that that was a lease date of January 2009? 22 rents and local sales, because they are generally in 22 A. Yes. 23 23 the proximity of these employment centers, the O. Would you agree that that was also an 24 24 linkages. They are similar to the subject property. inferior market? 25 That's what makes it something that's more reliable. 25 Page 54 Page 56 1 A. Yes. 1 Q. Isn't it possible that you could have a 2 Q. Okay. And do any of -- never mind. I'm 2 property location that might be further in distance going to withdraw that. Were you not able to find 3 but more similar with regard to demographics, traffic 3 any leases of other McDonald's, Wendy's, Steak 'n patterns, access and exposure? Because it is, in 4 4 Shakes, those types of leases with similar national fact, more than just proximity when you're looking at 5 5 creditworthy, I guess, fast-food users? 6 location; correct? 6 7 A. Not specifically. The difficulty in 7 A. Right. There could be. There's -- you obtaining those are that if you have a lease from a 8 8 know, obviously there's cases where you have a Steak 'n Shake that's newly constructed, as of the property and -- another property which you may try to 9 9 effective lien date, you know, right around January say it's comparable, is maybe a half a mile away, but 10 10 2014, then you have the issue of it being a brand new 11 there's barriers to the market such as, you know, 11 building of the lease and then you'd have to make there's interstate running between them and you can't 12 12 those adjustments. Also, you'd have to find out get to the other property, and so the property on the 13 13 whether or not that is a turnkey lease rate, whether other side, even though it's very close, maybe the 14 14 15 it includes personal property, et cetera. Then to 15 patronage of that other property, they may have much 16 get the lease rate that -- for a property that is 16 lower or much higher economic value; so it's not 17 already eight to ten years old, those lease rates are 17 always just an as-the-crow-flies distance as being

important.

O. Okay.

A. There are other aspects that makes

demographics standpoint, if you have 10,000

something that would be in a -- if you had -- from a

households within a three-mile radius and they have

an average income of \$50,000 and then you have a

comparable property that is in a location that has

18

19

20

21

22

23

24

25

typically eight to ten years earlier than the

effective date of value; so the comparability, it

makes it very difficult to get any lease that's

eight, ten years earlier for a new building and

these were the best rental rates I could find to

value the subject property.

compare it to an older building as of the effective

lien date. So those weren't found to be any more --

18

19

20

21

22

23

24

25

approximately 10,000 households with approximately \$50,000 of household income and the access and exposure is very similar in both, then, yeah, you can use those as comparables.

Q. Okay. Let's turn now to your cap rate information which is on Page 42 or your report.

A. Uh-huh.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. You list several buildings there, and if I did my count correctly, I see that -- it looks like one, two, three, four, five, six, seven, eight of those you have designated, under Property Type, as fast-food restaurant. Does that look accurate to you? Wait a minute. I think I missed one. Nine.

A. I see nine.

Q. Okay. Great. And for the sales that occurred in 2012 or 2013, did you make any adjustment or take into consideration again the fact that the market was superior in 2014 to those -- to those tax years when considering your cap rate?

A. You don't adjust cap rates, so, no, from that standpoint.

Q. I understand you don't make a specific adjustment --

A. Right.

Q. -- but did you take that into

and still paying rent.

Q. Okay. And did you look at, for purposes of determining cap rates that were appropriate, did you look at their location, traffic count, demographics, and compare those to the subject property or is that more analysis than you would typically do for a cap rate?

A. That's more analysis than -- than I typically would do just for a cap rate. What I try to do is incorporate that in terms of saying this is a similar property type, this is a similar size property, this is an alternative type use property, this is a property that is located in a location that is relatively similar, and because we have -- I don't know what your count here -- 35 cap rates, we don't do that specifically. I guess if I was to do a cap rate and show three to six cap rates, that would be more important to get down to making sure that they are actually comparable in that light.

We have properties that are going to be comparable in the sense that they're a fast-food restaurant but not necessarily comparable in terms of location. We're going to have ones that are comparable in terms of size but not necessarily comparable for being a fast-food restaurant or

Page 58

Page 57

1

2

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

2.4

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Page 60

consideration?

A. Yes, it is taken into consideration, and it is also taken into consideration in terms of developing the particular cap rate. For example, a property that's -- take the second one down. That's a Burger King, a fast-food restaurant. In June of 2013, which is six months prior to the effective date of value, it had a 10.04 percent cap rate. Now, that's the cap rate that is specific to that sale date and time, six months beforehand; however, the purchaser and the seller of that particular property is looking at a holding period that extends out beyond the effective date of value, so that cap rate is based on -- there are presumed changes in the market, whether the market is getting better or worse, they're going to pay a different cap rate, and it takes that into consideration. So these cap rates were determined by the market and the market participants with anticipation of what market conditions were going to be through areasonable five- to ten-year period beyond buying that property.

O. And were each of these fast-food restaurant sales occupied at the time of the sale or had they been vacated by the fast-food restaurant?

A. I believe they were still all occupied

whatnot. So, basically, in general, we looked at these and we get a range, because the market participants are looking at a range of returns on their investment as to what would be appropriate for them, and they adjust their purchase price or selling price based on their accepted rate of return. In this particular example we show that these properties -- the market, looking for a rate of return of similar type properties between 7 1/2 percent and 13 percent, for an average of 8.97 percent.

O. And I know --

A. And I mentioned -- sorry. I mentioned in the -- in my testimony earlier that I felt that the -- overall, looking at these properties, the risk profile of these properties is slightly higher than that of the subject property. That's why I selected the lower cap rate --

O. Okav.

A. -- and that's how I made the adjustment. I made it to the cap rate for the property, not necessarily for each individual.

Q. Okay. And I know we talked about this, I -- at one of the many Board of Revision hearings that we had together, there were sales of occupied

	Page 61		Page 63
1	and leased Wendy's stores in Montgomery County around	1	of summarize what's going on in the market. In
2	this time period, but you did not use any of the	2	particular with, you know, the market expenses that
3	either rental comps or sale comps, it appears, in	3	you have, you're basing those items on market rent,
4	your analysis, and could you can you speak as to	4	but there's also triple net lease, so they're getting
5	why that is?	5	reimbursed back, and so the effect of whether or not
6	A. Because the sales I did use I felt were,	6	you use \$3 a square foot and it gets reimbursed or \$2
7	in my opinion, were the most appropriate and	7	a square foot and it gets reimbursed, the only
8	indication of value for the subject property. The	8	difference would be that five-percent vacancy when
9	Wendy's that you're referring to, I have a vague	9	it's not being reimbursed; so it's a very small
10	recollection of the conversation we may have had	10	indication of a change. So from that standpoint,
11	previously on this, but, again, is it going to be a	11	it's not a meaningful market data point that needs to
12	credit tenant, which an adjustment would need to be	12	have a full-blown explanation in it, so we summarize
13	made for it being a credit tenant. The length of the	13	it.
14	lease would have to be analyzed and determined what	14	Q. Okay. Now moving back to the market
15	adjustment would be appropriate, and the rental rate	15	approach on Page 38.
16	would have to be determined whether or not it was at	16	A. Okay. I have 38 being income.
17	market at the time it sold or if it was a contract	17	Q. You're right. I'm sorry. We have
18	rental rate that was above market that was entered	18	already talked about this.
19	into some years ago and whether or not that rental	19	A. 28 through 31?
20	rate included, you know, turnkey operations of	20	Q. Your market approach, you've already
21	personal property as well; so with all the	21	talked about Sale No. 6, which was an outlier as far
22	information that would be required to get those,	22	as the value but also an unusual sale because it was
23	those adjustments, would not necessarily be more	23	purchased just for the land use; is that correct?
24	credible than the way we approached this. We tried	24	A. Yes.
25	to give the most credible approach to value and using	25	Q. Okay. And with respect to that
	Page 62		Page 64
1	those and making adjustments which can be made. It	1	property, you mentioned that that building was built
2	gets extremely difficult, and the amount of	2	in 2000, but it was vacated do you know when it
3	information needed to make those adjustments	3	was vacated exactly?
4	accurately a lot of times is not available.	4	A. I don't know exactly when it was
5	Q. Okay. Let's look at your market	5	vacated, no.
6	approach now, if we could, on Page 38 wait. I'm	6	Q. Okay. But you mention that it was
7	sorry. I moved on too soon. Going back to your	7	vacated and did sit empty and vacant for some time
8	income approach, the basis for your expense	8	before it sold; is that
9	estimation, what was that? Was that primarily the	9	A. Yes. There was a period of time that
10	actuals or market data?	10	Burger King decided to vacate the property, which
11	A. Probably market data.	11	was at the time, I guess, when it sold, it was 15
12	O. Okay. And is that contained within your	12	years old, and my recollection was that Rurger King
12 13	Q. Okay. And is that contained within your report, the data on which you relied?	12 13	years old, and my recollection was that Burger King was operating in that location, you know, probably a
13	report, the data on which you relied?	13	was operating in that location, you know, probably a
13 14	report, the data on which you relied?  A. On Page 40 of the report I have some	13 14	was operating in that location, you know, probably a year, a year prior to the sale or at least they were
13 14 15	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses	13 14 15	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they
13 14 15 16	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot	13 14 15 16	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a
13 14 15 16 17	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.	13 14 15 16 17	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.
13 14 15 16 17	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.  Q. Okay. But we don't have any information	13 14 15 16 17 18	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.  Q. Okay. Sale No. 5 is a sit-down,
13 14 15 16 17 18	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.  Q. Okay. But we don't have any information about the specific	13 14 15 16 17 18 19	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.  Q. Okay. Sale No. 5 is a sit-down, full-service restaurant, being a Longhorn Steakhouse;
13 14 15 16 17 18 19 20	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.  Q. Okay. But we don't have any information about the specific  A. Not in the report, no.	13 14 15 16 17 18 19 20	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.  Q. Okay. Sale No. 5 is a sit-down, full-service restaurant, being a Longhorn Steakhouse; is that correct?
13 14 15 16 17 18 19 20 21	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.  Q. Okay. But we don't have any information about the specific  A. Not in the report, no.  Q other primary sources that you used?	13 14 15 16 17 18 19 20 21	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.  Q. Okay. Sale No. 5 is a sit-down, full-service restaurant, being a Longhorn Steakhouse; is that correct?  A. It is.
13 14 15 16 17 18 19 20 21	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.  Q. Okay. But we don't have any information about the specific  A. Not in the report, no.  Q other primary sources that you used?  Okay.	13 14 15 16 17 18 19 20 21	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.  Q. Okay. Sale No. 5 is a sit-down, full-service restaurant, being a Longhorn Steakhouse; is that correct?  A. It is.  Q. Okay. So it's not a fast-food
13 14 15 16 17 18 19 20 21 22 23	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.  Q. Okay. But we don't have any information about the specific  A. Not in the report, no.  Q other primary sources that you used?  Okay.  A. Right. This is generally this is a,	13 14 15 16 17 18 19 20 21 22 23	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.  Q. Okay. Sale No. 5 is a sit-down, full-service restaurant, being a Longhorn Steakhouse; is that correct?  A. It is.  Q. Okay. So it's not a fast-food restaurant with a drive-through; correct?
13 14 15 16 17 18 19 20 21	report, the data on which you relied?  A. On Page 40 of the report I have some secondary sources, and I quote generally expenses from primary sources in the \$2 to \$3 a square foot range.  Q. Okay. But we don't have any information about the specific  A. Not in the report, no.  Q other primary sources that you used?  Okay.	13 14 15 16 17 18 19 20 21	was operating in that location, you know, probably a year, a year prior to the sale or at least they were in there a year prior to the sale. They they vacated, and it probably was vacant for less than a year.  Q. Okay. Sale No. 5 is a sit-down, full-service restaurant, being a Longhorn Steakhouse; is that correct?  A. It is.  Q. Okay. So it's not a fast-food

Page 65 Page 67 1 O. And Sale No. 4 I think you mentioned was 1 left that property before they sold it? A. Yeah. And that was -- recent vacated on 2 a former retail building that had been converted to a 2 3 that one. That was within months, a couple months. 3 Subway; is that correct? A. Yes. It was a former freestanding 4 Maybe three or four months before it sold they 5 retail building that in 2000 -- early 2000s it was 5 vacated. 6 converted to -- lease for a Subway. 6 Q. Okay. Did the Applebee's relocate to a 7 Q. Okay. And its original build date was 7 different location nearby or did they just decide 8 8 that this wasn't a good location for them 1972? businesswise, do you know? 9 A. Yes. 9 10 10 A. I don't know what their decision or O. Ouite a bit older than the subject motivation was on the move. I don't have knowledge 11 property? 11 12 A. Yes. 12 of an Applebee's in that immediate location, so my 13 O. Okay. And Sale No. 3 was vacant at the 13 guess is they didn't relocate to something 14 time of the sale, had been a former Kentucky Fried 14 immediately in the area. 15 Chicken/A&W --15 O. Okay. 16 A. Yes. 16 A. But I'm not sure if it was -- why they O. -- fast-food restaurant? didn't continue operation there. 17 17 18 Okay. And do you know how long that 18 Q. Okay. And for -- you mentioned that you only adjusted for one of your three leased fee sales property was vacant before it sold? 19 19 20 A. I don't recall how long that was vacant. 20 and that you made a 15-percent adjustment for that 21 It didn't sit vacant for too long. This was a good 21 sale, I believe. That was Sale 5? located property. It was relatively new 22 A. I believe that's correct. 22 23 construction. I think that was 2002. Yes, 23 Q. Okay. And did you have an opportunity constructed in 2002, so it was in good condition, and 24 24 to review the actual lease that was in place for any it was -- it was vacant for a while. I guess it of these properties that were leased fee sales? I 25 25 Page 66 Page 68 1 really depends on how long it's going to sit on the 1 know it's unusual for that to be provided, so --2 market in terms of what they're asking for it. 2 A. Right, and I don't think I had -- I'm Properties can sit on the market -- I don't -- it trying to think which ones were -- two, four, and 3 3 didn't sit on the market too long, but if you're five. Four, no; two, no; and five, I didn't have the 4 4 asking way too much money, it's going to sit, and 5 5 then eventually, when it sells, you know, it's at a 6 6 Q. Okay. And with respect to the subject 7 lower price. So if they were marketing it at a lower 7 property, did you ever prepare a value estimate for price, it would be on the market less, so -- sorry. just the land in your analysis when you were 8 8 Long way around that. I'm not sure how long it was 9 considering highest and best use or for any other 9 on the market, but not very long. reason? Did you do any sort of analysis of the land 10 10 O. That's fine. value? 11 11 A. I apologize. A. I'm sure I did analysis of the land 12 12 Q. That's all right. 13 13 value and --14 A. I got sidetrack. 14 Q. Do you recall what your estimate was? Q. Sale No. 2 is -- was the Arby's A. I don't. And I'm not sure how deep into 15 15 16 restaurant. Arby's still occupied that at the time the analysis I conducted it, but typically what I end 16 of the sale; correct? up doing is if I think the land value is a 17 17 A. Yes. significant portion, I might do it a little bit more 18 18 Q. But that property was built 30 years in depth, but I would take the overall value that I 19 19 prior to the subject property -- well, 28 years prior had, divide it by the acreage, come up with a price 20 20 to the subject property; is that correct? per acre. In this particular case we're at \$760,000 21 21 22 A. Sure, yes. for a little over an acre, so we're at 600 and some 22 23 Q. 1988. Okay. And then Sale No. 1, I 23 thousand dollars an acre, and knowing the market the 24 believe you indicated was also vacant, had been an 24 way I do, the land values are less than \$600,000 an Applebee's, also a full-service restaurant, but they 25 acre; so, therefore, it was obvious that a highest 25

6

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

and best use would be to continue to have the building -- the building contributed value over and above that price per acre.

O. Okay.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13

14

15 16

17

18

19

20

21

22

23

24

25

A. There are relatively few areas in Montgomery County that -- retail locations that garner sale prices of \$600,000 an acre and up, so --

- O. So would your analysis, your thought process have been you valued it as it was improved and then just looked at that value to determine whether or not the -- there would be any possibility that the land as vacant would be worth more; is that --
  - A. That would --
  - Q. Is that a fair summary?
- A. Yeah, that would be a summary -- good summary of how I did it.
- Q. All right. And then when you were talking about the value -- the cost value for the Wilmington Pike property, I just want to be clear, in your analysis, in your report for that one, you just utilized the existing land value that had been on the auditor's record? You added that exact value in rather than coming up with your own estimate of value?

Page 71

adjustments. Basically what ended up happening, in 1 2 2013, if we start making adjustments, start splitting

3 hairs and say this particular property sold in April

of 2013, this other one sold in October 2013, hey, 4 5

you made an adjustment for this one and not for that one, why is that, type of stuff. Well, we basically

7 rounded this thing off in terms of making our

8 adjustment on a, you know, a year or more away from

the effective date of value. We take into 9

consideration the time these properties sell when we 10 11 reconcile a value. If we had -- all properties, if

they all sold in 2013 and we came up with an 12 13 indication of value at X, without considering the

14 time, we would probably do X plus a little bit more to -- on our reconciliation to adjust for that time. 15

16 Because we had sales on both sides of the one-year anniversary of the effective date of value, we didn't 17

necessarily need to make that adjustment. 18 Q. And the 15 percent that you adjusted 19

Sale 5 for as leased fee, what was -- what was the basis for that?

A. I don't recall exactly what the overall basis was or specific basis, but I had the information regarding the lease rate and term and creditworthiness obviously of the tenant, and because

Page 70

A. Yes. Q. Okay.

A. If I recall correctly on that, is I used what was on the auditor's site and I looked and felt that the price per acre was in the ballpark reasonable for it, so without doing a full appraisal of the land to add to it. I felt that that was a fair indication in that ballpark range, plus or minus.

O. I think I'm just about done. If I could have just one minute, please.

For your sales that you used in your market approach, you mentioned that you adjusted -you made a downward adjustment for sales that occurred in 2015, a superior market, but you didn't make any adjustment for sales that occurred in 2013, which would have been an inferior market. Why is that?

A. I thought I covered that. 2013, those sales were within a one-year period of the effective date of value, January 1st, 2014, so we felt that, yes, the market conditions were improving, but the sales in 2015 were past a year -- they were in the second year away from the effective date of value, and there was some more definitive information that it was a superior market, so we made downward

Page 72

the -- the amount of time that you were going to be receiving rent from this credit tenant wasn't super long, only a 15-percent adjustment made and not a larger downward adjustment.

Q. Okay. Would you consider a McDonald's franchise to be a creditworthy tenant?

A. I do.

Q. Okay.

A. They have actually one of the highest credits in the market for restaurants, but we're not tasked with valuing the creditworthiness of McDonald's or for real estate taxes to tax them on their creditworthiness. We're tasked with -- tasked with determining the real estate value, and it has no bearing on whether the tenant is creditworthy or not. The real estate is worth what the real estate is worth.

O. But if you're adjusting a comparable. either a sale or a lease, and if you're making an adjustment for that comp based on the creditworthiness of the tenants that can be attracted to that property, isn't the fact that the subject property can attract and be a viable location for McDonald's, which is one of the most creditworthy tenants out there, wouldn't that need to betaken

Page 75 Page 73 into consideration when you're comparing the two? 1 1 O. And none purchased it? 2 A. Yeah. I mean, you take into 2 A. Correct. consideration the location, what it's compatible for. 3 3 O. With respect to the questions that Miss 4 This particular location is obviously compatible for 4 Fox asked you about your adjustments for market 5 McDonald's, they're operating in it, but right around 5 conditions, and I'm looking at Page 31 of your 6 the corner there is another national franchise 6 report, she asked you specifically about adjustments 7 restaurant that has a building that is -- it was 7 for sales that took place in 2013. You mentioned built in 2000, a little bit older. It's not 8 April and October, but Sale 2 took place actually in 8 compatible for them. So, from that standpoint, you 9 March of '13 and Sale 5 took place in November of 9 know, you say, oh, they're a credit tenant. Well, 10 10 '13: correct? that means that Burger King should still be operating A. Yes. I was just -- hypothetical, but 11 11 as a Burger King because they're a credit tenant. 12 12 yeah. 13 No. That market didn't work for them. This market 13 Q. Okay. And specifically, for example, 14 maybe works for McDonald's to a better extent or 14 with respect to Sale No. 5, that sale took place not McDonald's is a better operator, you know, than 15 more than two months before the tax lien date in 15 Burger King; so, therefore, they can stay in question. Would it be able to -- or appropriate for 16 16 business. Just because they're both credit tenants. vou to make an adjustment for market conditions for 17 17 an eight-week period? you can't sit there and say that, hey, they're --18 18 they should stay in business. A. I wouldn't have enough market 19 19 20 Across the street there's a Subby's. 20 information to be able to discern a specific 21 Next-door there's a Wendy's. The Subby's is a much 21 adjustment. Overall trends are things that are less credit tenant than the Burger King, the Wendy's, 22 continuing to improve, but does that mean a 22 or McDonald's, and they're staying in business. How 23 half-percent adjustment, a one-percent adjustment? 23 come Burger King -- Burger King can't stay -- they're We don't have that specific information. 24 24 a credit tenant. Because those things don't work 25 25 Q. Okay. And can you explain to the Board Page 74 Page 76 1 based on the creditworthiness of -- now, has over 1 why you made no adjustments to Sales 2 and 4 as to 2 2 the fact that those were leased fee sales? history of time basically been an indication of 3 success or credit, so they can make a success in 3 A. I felt that the term of the lease. those locations. Probably why McDonald's has a the -- the rental rate wasn't significantly different 4 4 than what you would see executed in the market. I 5 better credit rating, they can make a success in this 5 location where Burger King can't; so, therefore, they 6 felt those would be somewhat equivalent. To ferret 6 don't have the losses that Burger King would have 7 7 out an adjustment there would be a long, drawn-out from not being able to operate in that same market. process for a very minuscule adjustment. Knowing 8 8 So over time creditworthiness comes into effect, but 9 9 that it's a leased fee is sufficient enough in this that doesn't have any affect on the value of the real particular case to reconcile a number, and you would 10 10 estate at all. 11 look at these leased fee, and if you knew that the 11 Q. Okay. Thank you. rental rate was not significantly below market, than 12 12 That's all I have on this property. most likely the adjustments here, it would be 13 13 14 MR. BLUESTONE: May I ask a few 14 superior, you adjustment them downward. So not to 15 questions? I think we'll keep on time. 15 over-adjust downward and be overaggressive, I didn't 16 ATTORNEY EXAMINER HIGGINS: Yes. 16 adjust them at all. 17 MR. BLUESTONE: Thank you. 17 Q. It was caution --18 18 A. Yes. 19 REDIRECT EXAMINATION 19 O. -- in other words, not to make the adjustment? 20 BY MR. BLUESTONE: 20 Q. With respect to the Burger King property 21 21 A. Right. 22 that you just discussed, that was available for 22 Q. Okay. And you acknowledged that you did purchase by any other national fast-food restaurant 23 23 not personally see the actual leases relating to a chain; correct? 24 24 couple properties, 2, 4, and 5? A. Yes. 25 A. Correct. 25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Page 79

Page 80

- O. But in your testimony earlier this morning you said that to do the analysis you'd either have to see the lease or receive sufficient data from a competent source who has knowledge of the lease terms?
  - A. That's correct.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22

23

24

25

- Q. Okay. And did you do that in regards to your analysis of Sale Comps 2, 4, and 5?
- A. I believe so, and I believe that probably I didn't get as much information as I would like to get to be able to make, you know, further, you know, adjustments, and so, therefore, the adjustments weren't made, because I didn't have the lease and I didn't get a full summary of everything that was going on there. I got a sufficient amount of information to say yes, this is an arm's length sale, this is a market transaction, and this would be appropriate, and so that's the information I had and I adjusted based on the information I had.
- Q. And, again, you were exercising caution by not making the adjustment?
- A. Well, I had no basis to make any adjustment. I don't have that information, so -and, you know, real estate is an imperfect market. You don't get all the information for every property

- when you make your adjustments in sales comps?
- A. I do. In that particular case I made an upward adjustment of 15 percent to the age, condition, and quality for that particular property.
- Q. I think there was a Subway restaurant that was built in 1972 but it was updated in the 2000s, and you took the renovated condition of the Subway restaurant into consideration when you did your -- your adjustments?
- A. Yes. The condition of the property was when it sold, yes.
- Q. With respect to Sales Comparable No. 6, the former Burger King restaurant on Wilmington Pike, that was a functional restaurant until just shortly before it sold?
- A. Yes. They marketed it, trying to get another restaurant concept in that property.
- O. And another restaurant concept could have moved in and used the building as a restaurant?
  - A. It could have.
  - Q. But the market was such that the only buyer was one who wanted to tear down the restaurant and use it for -- use the land for an alternative
    - A. Yes. Well, they were the ones willing

Page 78

1 to pay the most money, I guess, or it could have been 2 some other restaurant user or I don't -- I don't have 3 that information that they didn't want to pay what they were asking for it, so I don't know --4 O. So they were the highest bidder? 5 6 A. They were the highest bidder, yes. 7

Q. Thank you for pointing that out. Can I ask you -- Miss Fox asked you some questions about expense data, and you commented that the appraisal report that's been provided in this case is, in essence, a summary format appraisal report. Do you have expense data regarding comparable properties and also those market survey reports that you referenced in your file back at your office?

A. Yes.

Q. Miss Fox asked you about a scenario where national fast-food chains lease their buildings. To your knowledge, does McDonald's lease their buildings to anyone, anyone excluding franchisees?

A. I have no knowledge. I mean, I don't have -- there's no -- I didn't come across a McDonald's lease for any freestanding restaurants in the market. I am aware that McDonald's didn't lease the space to somebody else. A McDonald's operator

that you want; so, therefore, when you don't have the information, you don't have a basis for making an adjustment, you don't adjust it. That's just -that's why you have a range of value. That's why not all of my sales comparison approaches all came in at \$165 a square foot after adjustment. They had a range, and then within that range you select the most appropriate.

Q. Miss Fox asked you some questions regarding Sales Comp No. 2 which appears on Page 29 of your report. That's the Arby's restaurant on Brandt Pike, and she pointed out that that restaurant was constructed approximately 28 years prior to the construction date of the subject property. To your knowledge, does Arby's either periodically update restaurants or require franchisees to periodically update their restaurants?

A. Yes.

O. And that's similar to what McDonald's requires of its franchisees and other national fast-food chains require of their franchisees?

A. Yeah. They all require you update it at some particular point.

Q. Okay. And you take those updates and the condition of the restaurant into consideration Page 81 Page 83

leased the space from somebody else, and it was basically at Cleveland Clinic. There was space there at that location. I also believe that McDonald's in airports, they lease those spaces. There's those leases that are out there, but McDonald's, as an owner, doesn't lease out their property --

Q. That's what I'm asking.

A. -- to anybody but from McDonald's.

Q. That's what I'm asking. So I understand that there are structures like airports and hospitals, Wal-Mart stores, where the owner of those properties may lease some area of the greater building to McDonald's. My question was are you familiar, based on your experience working with me over the last eight years and doing tax appeal cases and the research that you've gone generally, where McDonald's actually leases one of its buildings to a third party?

A. No.

Q. I want to turn to the chart on Page 38 of your report where -- at the top where you look at comparable lease rates, and there were two leases, specifically No. 5, the Fricker's lease, and No. 8, the Arby's lease that Miss Fox asked you about, those leases having the initial term starting respectively

lease rate is at a market rate for just the real estate, very important. When you have an older property, you don't want to have a first-generation lease which is leased brand new because that rate may not be equivalent to what the market is right now.

Basically, in the appraisal of properties, we are looking at a hypothetical willing seller, a hypothetical willing buyer. So a property that is eight years old, which the property was on the effective date of value, you're looking at it and saying if McDonald's did the same thing Burger King did and left, what would they -- if they would be a willing seller at that particular point, what would they be willing to sell the property for, and if you could find a willing buyer, what would they be willing to buy the property for. At that particular point, the next purchaser is second generation. So that would be what you're looking at, the kind of the rents we have here, what would you rent the property for, what they would be, that would be kind of the second generation.

Now, the nomenclature of first generation, second generation, it seems fancy and everything. It could be a first generation -- a property could be in it for a year and they're first

Page 82

Page 84

in January of 2009 and January of 2010. Did you make adjustments for inferior market conditions with respect to those leases in particular?

A. Yes, I did.

Q. And are those adjustments and the fact that you made adjustments for market conditions reflected on the second table on Page 38?

A. Yes, they are.

Q. Okay. And she didn't ask you about it, but, in fact, isn't it correct that you also made adjustments for inferior market conditions with respect to the Subway lease, Lease Comp No. 4?

A. Yes.

Q. And that's reflected in your chart at the bottom of Page 38 as well?

A. Yes, it is.

Q. Miss Fox asked a couple of questions regarding first-generation users. Can you explain, in your opinion, what the significance is in valuing a property occupied by a first-generation user versus second-generation user?

A. It makes all the difference in the world in some cases and no difference at all in other cases. If you're valuing a property that's brand new and you have leases that are also brand new and the generation. They could be in the property 30 years and they're still first generation. That has no bearing -- that would be saying well, they're first generation, let's use all first generation rents for a property that's 30 years old. You're not going to do that.

The definition of generation is not defined in terms of a specific year. They're using it in terms of the fact that there's been one tenant, one operator been in that property for -- that's it, just one. That would be first generation. The second generation would be the second person in it. You could have a property that's five years old and it could be on its fifth generation. So generation doesn't, in itself, mean anything specifically. It's more along the lines of the age and condition of the property as to what they want for it.

Q. And the last history I wanted to ask you about, on Page 25, at the bottom, Miss Fox asked you to read the concluding paragraph on that page, and that included the words "conversion of the property would require substantial capital." In thinking back to my questioning about alternate uses that this property could be employed for, how do you reconcile your testimony with what's at the bottom of Page 25?

	Page 85		Page 87
1	A. Well, the rental rates and the sale	1	questions?
2	comparisons that I used were for restaurants and	2	ATTORNEY EXAMINER HIGGINS: It's 11:29.
3	wouldn't require substantial capital to convert it,	3	MS. FOX: I know. I'm sorry.
4	and I valued it to its highest and best use, which	4	ATTORNEY EXAMINER HIGGINS: You can get
5	was continue operation as a restaurant; so from the	5	your two in really quickly.
6	standpoint of well, let's say let's compare it	6	MS. FOX: Okay.
7	to a dentist office, if we're going to convert it to	7	
8	a dentist office. Well, then I have to look at	8	RECROSS-EXAMINATION
9	dentist office sales and say well, if they're selling	9	BY MS. FOX:
10	for X amount of dollars per square foot, I would have	10	Q. There's been discussion about the
11	to buy this property for X amount of dollars less	11	information you had available to you with regard to
12	those costs of renovation or alternate make it an	12	the leased properties that you used in your market
13	alternative use, so that would be the price you'd pay	13	approach. Do you have either with you or in your
14	with that price at that particular point would be	14	report anywhere that shows us what the lease rates or
15	less than what you could sell it for as a restaurant;	15	the terms of the leases were for those?
16	so, therefore, the highest and best use as a	16	A. I do not.
17	restaurant, continue to use it as a restaurant, and	17	Q. Okay. Do you recall what those were?
18	that's the way we appraised it. Now, if we were	18	For Sale No. 5 that you did adjust, the Longhorn
19	appraising it, you know, as an alternative use, we'd	19	Steakhouse, do you recall what the actual rental rate
20	have to take those items into consideration, and the	20	was for that property?
21	value would be the cost the value that's included	21	A. I do not recall what the actual rental
22	here is less the cost of substantial renovation, we'd	22	
23	have a lower value. If, for whatever reason, they	23	rate was for that property, but I wanted to back up.
24	said that this property couldn't be used as a		The Subway, I have the lease in as a lease
25	restaurant anymore and had to be used as next highest	24	comparable, so I have the that information is in
23	restaurant anymore and had to be used as next inghest	25	the report. I said before I didn't have it. That's
	Page 86		Page 88
1		1	-
1 2	and best use, and if, hypothetically, like I said,	1 2	in the report. I want to make that clear.
2	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for	2	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?
2	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I	2	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.
2 3 4	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for.	2 3 4	in the report. I want to make that clear. Q. Okay. And how about the Arby's? A. I don't recall what that is. Q. All right. Then the discussion around
2 3 4 5	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation,	2 3 4 5	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I
2 3 4 5 6	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to	2 3 4 5 6	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to
2 3 4 5 6 7	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so	2 3 4 5 6 7	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the
2 3 4 5 6 7 8	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide	2 3 4 5 6 7 8	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually
2 3 4 5 6 7 8	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the	2 3 4 5 6 7 8 9	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not
2 3 4 5 6 7 8 9	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of	2 3 4 5 6 7 8 9	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?
2 3 4 5 6 7 8 9 10	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert	2 3 4 5 6 7 8 9 10	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified
2 3 4 5 6 7 8 9 10 11	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?	2 3 4 5 6 7 8 9 10 11	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased
2 3 4 5 6 7 8 9 10 11 12 13	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those	2 3 4 5 6 7 8 9 10 11 12 13	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.
2 3 4 5 6 7 8 9 10 11 12 13 14	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special	2 3 4 5 6 7 8 9 10 11 12 13 14	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use,	2 3 4 5 6 7 8 9 10 11 12 13 14 15	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done it.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does sometimes act as a tenant in leasing properties from
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done it.  Q. Which is a restaurant?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does sometimes act as a tenant in leasing properties from other owners; correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done it.  Q. Which is a restaurant?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does sometimes act as a tenant in leasing properties from other owners; correct?  A. They do, and we discussed that a little
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done it.  Q. Which is a restaurant?  A. Yes.  Q. Thank you.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does sometimes act as a tenant in leasing properties from other owners; correct?  A. They do, and we discussed that a little bit and talked about the airports, hospitals, inside
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done it.  Q. Which is a restaurant?  A. Yes.  Q. Thank you. I have nothing further.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does sometimes act as a tenant in leasing properties from other owners; correct?  A. They do, and we discussed that a little bit and talked about the airports, hospitals, inside Wal-Mart, they're a tenant in there, and I see more
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done it.  Q. Which is a restaurant?  A. Yes.  Q. Thank you.  I have nothing further.  ATTORNEY EXAMINER HIGGINS: Well, thank	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does sometimes act as a tenant in leasing properties from other owners; correct?  A. They do, and we discussed that a little bit and talked about the airports, hospitals, inside Wal-Mart, they're a tenant in there, and I see more in terms of when they are not the landowner, it's
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	and best use, and if, hypothetically, like I said, it's used as a medical office, what would you pay for it. Well, I'm not going to pay more for it than I could buy the dentist office across the street for. So if they leased it, plus the cost of renovation, plus the entrepreneurial incentive that you'd want to have to take that risk, so  Q. And I asked you about a variety, a wide panoply of different types of uses, some of the that this property could be converted to. Some of those conversions costs would be less than to convert it to a medical office?  A. Yeah. I think the guise of those questions is whether it's special use or not special use, and that basically shows it's not a special use, but how do you value the property? You value it to the highest and best use, which is the way I've done it.  Q. Which is a restaurant?  A. Yes.  Q. Thank you. I have nothing further.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	in the report. I want to make that clear.  Q. Okay. And how about the Arby's?  A. I don't recall what that is.  Q. All right. Then the discussion around whether McDonald's does or does not lease property, I think the question that was posed to you was to anyone other than a franchisee. In fact, in the Wilmington Pike property the property is actually titled in the name of George E. Ryne, who is not McDonald's; correct?  A. Right. I think Mr. Bluestone clarified that and asked if the McDonald's is owned of leased to somebody else.  Q. Right.  A. George Ryne, as a different owner, is leasing the ground to McDonald's.  Q. That's my question. McDonald's does sometimes act as a tenant in leasing properties from other owners; correct?  A. They do, and we discussed that a little bit and talked about the airports, hospitals, inside Wal-Mart, they're a tenant in there, and I see more

	Page 89		Page 91
1	building together as a package.	1	\$1,115,000. Again, as in the prior case, the
2	Q. Okay.	2	Montgomery County Board of Revision adopted a
3	A. I have seen where they have ground rents	3	slightly different value. I'm not sure why, but they
4	and leases, yes.	4	concluded to \$1,118,870. Unfortunately, Mr. Weis'
5	Q. Okay. And for the Wilmington property,	5	direct testimony and the cross-examination and
6	do you know what the terms of that ground lease are	6	redirect that occurred below has been unavailable.
7	or how much the how much McDonald's or the	7	We're going to recreate that testimony today. I
8	franchisee pays to lease that ground?	8	asked below and I would ask this Board as well to
9	A. No. I mention on Page 15 of my report I	9	allow us to amend the complaint against valuation, so
10	couldn't get them to disclose their the terms of	10	that at the conclusion of these proceedings, this
11	their ground lease. I've asked McDonald's on	11	Board should adopt \$1,115,000 as the property's
12	numerous occasions for that information, and I can	12	market value as of January 1st, 2014.
13	only recall on one occasion where I was able to get	13	I anticipate that the Board of Education
14	the information, but only half information if it's	14	will be calling Mr. Sprout to testify about what's
15	kept confidential, and this was not one of those	15	been provided to me. I believe that after
16	cases where I got the information.	16	cross-examination and rebuttal testimony, this Court
17	Q. All right. Thank you.	17	will find Mr. Sprout's report to be unpersuasive, not
18	ATTORNEY EXAMINER HIGGINS: Thank you,	18	well-founded, and won't adopt it. Thank you.
19	Mr. Weis.	19	ATTORNEY EXAMINER HIGGINS: Thank you,
20	You want to take a 15-minute break?	20	Mr. Bluestone.
21	We're off the record.	21	Miss Fox, do you have a brief opening?
22	(Recess taken.)	22	MS. FOX: Yes. As anticipated by Mr.
23	ATTORNEY EXAMINER HIGGINS: We're back	23	Bluestone, the Board of Education will be presenting
24	on the record. Just before we went on the record we	24	the expert testimony and report of appraiser Thomas
25	made sure our understanding was correct, that we are	25	Sprout. Mr. Sprout's value for this property, I
	Page 90		Page 92
1	now about to discuss the property that is the subject	1	believe, is \$2,055,000 as of January 1st, 2014, and
2	of 2015-2331, and because the property in 2331 is	2	that is the value that the Board of Education will be
3	similar the appraisal reports, I'm sorry, are very	3	requesting this Board place on the property for that
4	similar, the parties agreed that Mr. Weis would talk	4	tax year. Again, Mr. Sprout's report was not done,
5	more expansively on the previous property, and in	5	completed, or available for the Board of Revision to
6	this case, 2331, we would be focusing on the areas in	6	consider in this hearing and will be presented for
7	which the appraisals are different. Correct?	7	the first time for this Board today. Thank you.
8	MR. BLUESTONE: Yes.	8	ATTORNEY EXAMINER HIGGINS: Thank you,
9	ATTORNEY EXAMINER HIGGINS: Okay. All	9	Miss Fox.
10	right. Thank you very much.	10	Mr. Bluestone.
11	So, Mr. Bluestone, you indicated that	11	
12	you had a very brief opening as to the property	12	STEPHEN J. WEIS, MBA, MAI,
13	that's the subject of 2015-2331, so go ahead.	13	being previously duly sworn, as prescribed by law,
	ů	1 /	• • • • • • • • • • • • • • • • • • • •
⊥4	MR. BLUESTONE: Correct. Thank you.	14	was examined and testified as follows in Case No.
14 15	MR. BLUESTONE: Correct. Thank you.  May it please the Board, Charles Bluestone. I'm here	15	was examined and testified as follows in Case No. 2015-2331:
14 15 16	May it please the Board, Charles Bluestone. I'm here		2015-2331:
15 16	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E.	15	2015-2331: DIRECT EXAMINATION
15	May it please the Board, Charles Bluestone. I'm here	15 16	2015-2331:
15 16 17	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E. Ryne, R-y-n-e. I also have the privilege of representing McDonald's Corporation, McDonald's USA,	15 16 17	2015-2331: DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, I just want to remind you that
15 16 17 18	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E. Ryne, R-y-n-e. I also have the privilege of	15 16 17 18	2015-2331: DIRECT EXAMINATION BY MR. BLUESTONE:
15 16 17 18 19	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E. Ryne, R-y-n-e. I also have the privilege of representing McDonald's Corporation, McDonald's USA, LLC, and McDonald's is the ground lessee of the	15 16 17 18 19	2015-2331: DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, I just want to remind you that you're still under oath from the prior case. Can I
15 16 17 18 19 20	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E. Ryne, R-y-n-e. I also have the privilege of representing McDonald's Corporation, McDonald's USA, LLC, and McDonald's is the ground lessee of the subject property.	15 16 17 18 19 20	2015-2331: DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, I just want to remind you that you're still under oath from the prior case. Can I ask you if I asked you the same preliminary
15 16 17 18 19 20 21	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E. Ryne, R-y-n-e. I also have the privilege of representing McDonald's Corporation, McDonald's USA, LLC, and McDonald's is the ground lessee of the subject property.  The county auditor originally assessed	15 16 17 18 19 20 21	2015-2331: DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, I just want to remind you that you're still under oath from the prior case. Can I ask you if I asked you the same preliminary questions about your relationship to the property
15 16 17 18 19 20 21 22	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E. Ryne, R-y-n-e. I also have the privilege of representing McDonald's Corporation, McDonald's USA, LLC, and McDonald's is the ground lessee of the subject property.  The county auditor originally assessed the subject property at \$1,402,840 for tax year 2014.	15 16 17 18 19 20 21 22	2015-2331: DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, I just want to remind you that you're still under oath from the prior case. Can I ask you if I asked you the same preliminary questions about your relationship to the property owner, your fee, et cetera, will the answers be the
15 16 17 18 19 20 21 22 23	May it please the Board, Charles Bluestone. I'm here representing the property owner, who is George E. Ryne, R-y-n-e. I also have the privilege of representing McDonald's Corporation, McDonald's USA, LLC, and McDonald's is the ground lessee of the subject property.  The county auditor originally assessed the subject property at \$1,402,840 for tax year 2014. When we appeared below, before the Montgomery County	15 16 17 18 19 20 21 22 23	DIRECT EXAMINATION BY MR. BLUESTONE: Q. Mr. Weis, I just want to remind you that you're still under oath from the prior case. Can I ask you if I asked you the same preliminary questions about your relationship to the property owner, your fee, et cetera, will the answers be the same?

Page 95 Page 93

And I believe, through the courtesy of Miss Fox, we'd like to put a stipulation on the record as to Mr. Weis' qualifications as set forth in the report.

MS. FOX: Yes, as we've already stipulated to, that's fine.

MR. BLUESTONE: Thank you. I'd ask again that he be recognized as an expert witness.

> ATTORNEY EXAMINER HIGGINS: That's fine. MR. BLUESTONE: Thank you.

## BY MR. BLUESTONE:

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5 6

7

8

9 10

11

12

13

14

15

16

17 18

19

20

21

22

23

24

25

Q. Mr. Weis, can you walk us through your report? Describe the improvements which are located at the subject property, which is 2901 Wilmington Pike in the City of Kettering, in Montgomery County, Ohio, the neighborhood within which they're located, and then -- I know that you utilized two or three traditional approaches to valuing the subject property and that you arrived at a final value conclusion of \$1,115,000. Please explain to the Board that analysis and how you arrived at that final reconciled valuation.

A. Sure. What we're going to be talking about here is the differences between the previous property, previous case, and this one, and the reason that ground lease were not disclosed. It didn't impact the way we went about valuing the property because we're looking at a fee simple value anyway, and so the ground lease would have not impacted the value of a fee simple valuation; so we valued the ground as if vacant. In a cost approach you do it as if vacant and unencumbered. In this we just basically did the entire property as if available for lease or available for sale as of the effective lien date.

Also, on Page 15 of the report, under the property history, the second paragraph, we talk about in 2012 the subject property was constructed. We have the cost to construct the building at \$787,000 and change. We had estimated cost to the site work at \$220,000, for a total construction cost for the building at slightly over \$1 million. The land was assessed at \$310,000. We applied that number to the cost to get a total so-called cost of \$1,317,000. I want to make it clear I'm not doing a cost approach here. We're required to analyze the history of the property and to reconcile it, whether it be higher or lower, whatever, basically tie it back to the value where it was contained within the report; so, therefore, I have to lay these details

Page 94

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

out and explain why I'm where I'm at versus what the history of the property indicates.

So we applied the ground value, an assessed value to it to come up with \$1,317,000. We talk about the economic life of the property in terms of what depreciation would be. Also, there's economic obsolescence. There isn't a whole lot of new construction being done in the marketplace, there's no speculative development, and so, therefore, the -- once the building is constructed, there is obsolescence. Also, it was built with some superadequacies and functional obsolescence of the market, that we have to take it into account. So a 20 to 25 percent obsolescence factor for these items brings the value of the improvements down a little bit, with the value of the land, basically indicates a value that could be appropriate from this analysis or to tie it back to where I'm at. They're at \$1,066,000 to \$1,116,000, and my overall value is at \$1,115,000; so I'm right at the upper end of the range of values when you consider how they did the cost and applying the appropriate amount of depreciation. So that's the difference there.

Obviously, this particular property is shown on Page 17 and 18, the aerial photographs and

why the appraisal report is so similar is because they are located very close to each other.

Basically, if you turn to Page 29 of the report, you'll see the map. You'll see that this property is in Kettering. The last property was in Kettering. The last property that we talked about was right there at that intersection where Sale No. 6 is indicated on the map on Page 29, and so basically this is just right up the street from the property, in the Kettering market; so, therefore, most everything is very similar. Vacancy rates, the market trends are all similar. The market sales are very similar in terms of what we have here. We have one different sale comparable and a couple different lease comparables, and we made changes to reflect the difference between this property and the other property as such. This property is larger, so a little bit larger site, and it is newer construction.

The property is 1.773 acres, 5,118 square feet. It was constructed in 2012. All the market information we said is similar, so we skip ahead to Page 15 where we start to get into some differences between this particular property and the other property. As we mentioned earlier today, this property here is on a ground lease, and the terms of

Page 96

Page 97 Page 99 1 adjustments for the properties. It's similar to what

site map. It is directly located along Wilmington Pike. It has a point of ingress and egress on Wilmington Pike. It also has a point of egress and ingress on the adjoining side street at a signalized interchange, so a little different access and exposure to this property than the past property.

Q. A little better?

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15 16

17

18

19

20

21

22

23

24

25

1

2

4

6

7

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A. A little better, yes. Also, on Page 21 of the report, the public records show the building has 5,381 square feet. Our on site measurements and a survey provided by McDonald's indicate the building was approximately 5,118 square feet, so we valued it based on our measurements and the survey provided by the client at 5,118 square feet. The building sketch from the public records is on Page 23, which is larger than actually was built. On Page 24 we have the subject floor plan and the dimensions on there to indicate the proper size of the building.

Photographs are on Page 25 and 26. Highest and best use would still be to operate this as a freestanding restaurant building, as other costs would make it too expensive in the market for alternative uses besides a restaurant use, and we valued it as a restaurant.

The sales comparison approach, we went

2 we did in the previous case. Sale No. 2 we made an

3 adjustment for access and exposure being superior.

Age, condition, and quality being inferior. It's a 4

5 2004 construction versus 2012, so an upward

6 adjustment was made there. A size adjustment wasn't

7 required because it's virtually identical. So

8 basically after adjustments and discounting Sale No.

6 as my outlier, I had sales on an adjustment basis 9

from about \$174 a square foot to \$223 a square foot. 10

11 and I reconciled at the high end of that range,

basically below Sale No. 5, which was my highest at 12 13 223 and above all of the other adjusted values in my

14 sales comparison approach, and I reconciled at \$215 a

15 square foot. I applied the 5,118 square feet of the 16 subject property and came out to a value on a rounded

basis of \$1,100,000. 17

> Q. And \$215 a square foot is higher than five of the adjusted sales price values shown on Page

21 A. Yes.

18

19

20

23

24

25

22 Q. Thank you.

> A. A photograph of Sale No. 2 is on Page 35. It's the bottom photograph. It's a Bob Evans

Restaurant. All the other photographs are the same.

Page 98

The income capitalization approach, the property

1 2 is -- the land and building is not leased. The land

3 is on -- it's a ground lease, but the total package

is not leased, so we don't have a market rent for the 4

land and building as combined. Therefore, we went to 5

6 the market and found comparable lease rates on Page

39. We list nine of them. As I mentioned, most of 7

8 these are the same as before. No. 2 is different.

9 We replaced the CJ Chan restaurant on Alex Bell with

the former Lone Star property on Miller Lane. This 10

property was constructed in 1995 at 5,580 square 11

feet. It was much larger than the lease we replaced 12

it with, and at \$22 a square foot, it is much higher 13

than the lease we replaced it with. This is actually 14

15 a listing for that property at \$22 in a square foot.

16 In that particular listing the -- they were asking 17

for it as a fully leased -- a fully furnished

18 property --

20

21

22

23

24

25

19 Q. Fully equipped.

A. Fully equipped, furnished property. So they're basically -- took the property back. The previous tenant vacated and left their personal property there, and they were leasing it for this rate to include that information. What we talked about previously, some of these lease rates would

out to the market. We have six comparable sales.

Five of them are the same comparable sales used in

3 the last case. Sale No. 2 is the one that's

different. We included Sale No. 2 in this particular

report primarily because of the size of Sale No. 2 5

being 5,170 square feet and the subject being 5,118 square feet. The sizes are almost identical. Also,

this was included because this property was 8

constructed in 2004 and it's newer than when it was replaced, which was a 1988 constructed property, and

it was a little over 3,000 square feet, so it related more in terms of the age and related better in terms of the size, is why it's included.

Q. Just so the record is clear, when you say the one that it replaced, you're referring to Sales Comp No. 2 in the report for the prior case?

A. Correct.

O. I just wanted to make sure the record is clear.

A. Thank you. Yes. And I believe that was the Arby's property on Brandt Pike which it replaced.

O. Right.

A. This property sold in 2013 for \$920,000 or just under \$178 a square foot. The other properties we talked about before. We made our Page 100

Page 101

tax additur.

include this information, and that's not real estate, so you'd have to make adjustments for that; so we took that into consideration.

No. 7, we replaced the Subway that we had in the -- excuse me. We replaced in the previous one an El Rancho Grande restaurant on Wilmington Pike with a Subway on Hoke Avenue in Montgomery County. It's a smaller property at \$20 a square foot, newer property, 2005; so, therefore, we thought it was more appropriate, and I think those are the only two changes. Everything else was the same. So two properties that went in, they replaced a \$13.25 a square foot lease with a \$22 a square foot lease comp and replaced an \$8 a square foot lease comp with a \$20 a square foot lease comp.

We made our adjustments like we did in the last case for comparable leases, for market conditions, age, condition, quality, location, et cetera. After our adjustments we had an adjusted range between \$16.50 a square foot and \$21.40 a square foot. Threw out a couple of the outliers and had a tighter range in the \$17 and \$21 a square foot range, and we reconciled at \$20 a square foot triple net based on the subject's location and its newness. This particular rent is close to \$4 or \$5 higher than

sources are the same. We applied all that information on Page 46 to a tax additur stabilized operating statement, same pro forma we showed earlier in this report, but without real estate taxes as an expense, without real estate taxes as a reimbursement, and therefore, the NOI changes. We're going to capitalize that and account for that change in NOI due to removing real estate taxes by using a

The tax rate in the area is 3.44 percent. The vacancy rate is applied at five percent. So the landlord is responsible for real estate taxes only at the time of vacancy, is about five percent, and so the additur is five percent times the 3.44 percent tax rate, to get a tax additur of .17 percent. We add that to the going in capitalization rate of eight percent for this property, which is lower than the capitalization rate we selected for the previous property, due to the newness of the property, and, therefore, we applied that capitalization rate, that additur to get a fully loaded tax additur capitalization rate of a 8.17 percent.

We applied that capitalization rate to the net operating income without real estate taxes as

Page 102

2 4 9 0

in the previous case.

Q. And the rent that you used in this case is higher than seven out of the nine rent comps?

A. Yes.

Q. Thank you. And by the way, all of your comparable lease comps and your comparable sales, all of those were Montgomery County properties; correct?

A. Yes.

Q. Thank you.

A. The vacancy rate, five percent frictional vacancy rate, same as the last case. Market expenses, same drill for the way we derived in the last case. We developed a pro forma operating statements, which is on Page 42. In this pro forma we have real estate taxes as an expense and as reimbursement. The taxes were estimated based on the value conclusion in a sales comparison approach. We do this for an apples-to-apples comparison to other properties to make sure on a -- the expenses on a price per square foot are in line.

We'll capitalize the NOI after removing real estate taxes as an expense, as a reimbursement. Cap rates are on Page 43. Same information as shown -- as we did in the previous case. Also, on Page 44, 45 the capitalization rate from secondary

Page 104

an expense or a reimbursement and without the deduction of replacement reserves, and, therefore, the value on the income capitalization approach was \$1,120,000 on a rounded basis.

My two approaches to value, \$1,100,000 sales comparison approach, and \$1,120,000 for the income capitalization approach. We reconciled at \$1,115,000, directly between the two approaches, and this is just under \$218 a square foot, and I believe in the previous case, on an older property we were at 162 or \$163 a square foot. So a newer property, more valuable on a price per square foot, that's the difference between those two there.

Q. And you personally inspected the subject property on September 3rd, 2015?

A. Yes.

Q. Thank you. Again, looking at the cost data that appears in the middle of Page 15 on your report, even taking into consideration the small entrepreneurial profit that might have been assessed and adding that to the construction costs, those numbers line up with your final value conclusion?

A. Yes.

Q. Thank you very much. I have nothing further.

26 (Pages 101 to 104)

	Page 105		Page 107
1	ATTORNEY EXAMINER HIGGINS: Thank you,	1	to make an adjustment, but I may have had the
2	Mr. Bluestone.	2	information and it turned out to be, you know, no
3	Miss Fox.	3	adjustment needed. I don't recall at specifically.
4	MS. FOX: Thank you.	4	Q. You don't recall. Okay. That's fine.
5		5	And in looking at all of your adjustments on Page 32,
6	CROSS-EXAMINATION	6	because of the newness of this property, I assume,
7	BY MS. FOX:	7	and its quality and condition, you had to take some
8	Q. Those numbers on Page 15 that were	8	pretty extensive or make some pretty extensive
9	referred to by Mr. Bluestone only line up with your	9	adjustments to all of your sales, did you not?
10	valuation after you've taken a 20 to 25 percent	10	A. I did.
11	obsolescence reduction to the improvements and the	11	Q. Ranging from 20 to 35 percent for that?
12	the site improvements, building and site	12	A. Yes.
13	improvements; correct?	13	Q. Okay.
14	A. That is correct.	14	MR. BLUESTONE: Let me just point out,
15	Q. Okay. And you did not, in fact, do any	15	if I may, that with the I think you're referring
16	sort of a land sale analysis to confirm that the	16	to the adjustments at the bottom of the adjustment
17	auditor's value for this land was at market, did you?	17	grid on Page 32, so it's not the adjustment is not
18	A. I did not, no.	18	just for newness, Karol, but for other factors as
19	Q. Thank you.	19	well.
20	A. I did have I do have knowledge of the	20	MS. FOX: I was referring specifically
21	market and values in the market, and it seemed to be	21	to the age, condition, and quality adjustments, just
22	within the market range.	22	to be clear in the record.
23	Q. And how big is this site?	23	THE WITNESS: That's how I understood
24	A. 1.7 acres, approximately.	24	you with my answer.
25	Q. The Burger King that we've talked about	25	MR. BLUESTONE: Thank you for clarifying
	Q. The Burger King that we've tained about		Mix. BECESTOTE. Thank you for charifying
	Page 106		Page 108
1	Page 106	1	Page 108
1	that's located nearby, would that, in your opinion,	1	it.
2	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse	2	it. BY MS. FOX:
2	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?	2 3	it. BY MS. FOX: Q. All right. Then with respect to your
2 3 4	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has	2 3 4	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you
2 3 4 5	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of	2 3 4 5	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square
2 3 4 5 6	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I	2 3 4 5 6	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot?
2 3 4 5 6 7	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in	2 3 4 5 6 7	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes.
2 3 4 5 6 7 8	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.	2 3 4 5 6 7 8	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay.
2 3 4 5 6 7 8 9	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that	2 3 4 5 6 7 8	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that
2 3 4 5 6 7 8 9	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans	2 3 4 5 6 7 8 9	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22.
2 3 4 5 6 7 8 9 10	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?	2 3 4 5 6 7 8 9 10	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay.
2 3 4 5 6 7 8 9 10 11	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we	2 3 4 5 6 7 8 9 10 11 12 13	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or
2 3 4 5 6 7 8 9 10 11 12 13 14	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you	2 3 4 5 6 7 8 9 10 11 12 13 14	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have
2 3 4 5 6 7 8 9 10 11 12 13 14 15	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease term was or the lease rate was for this property?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of Revision, it had not leased at that particular point.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease term was or the lease rate was for this property?  A. I don't.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of Revision, it had not leased at that particular point. Q. All right. And for that particular
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease term was or the lease rate was for this property?  A. I don't.  Q. Did you have that information or do you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	it. BY MS. FOX: Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot? A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of Revision, it had not leased at that particular point. Q. All right. And for that particular property you do find it to be superior with respect
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease term was or the lease rate was for this property?  A. I don't.  Q. Did you have that information or do you recall?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	it. BY MS. FOX:  Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot?  A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of Revision, it had not leased at that particular point. Q. All right. And for that particular property you do find it to be superior with respect to market conditions, which I assume is based on the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease term was or the lease rate was for this property?  A. I don't.  Q. Did you have that information or do you recall?  A. I don't recall if I had that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	it. BY MS. FOX:  Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot?  A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of Revision, it had not leased at that particular point. Q. All right. And for that particular property you do find it to be superior with respect to market conditions, which I assume is based on the time, as it being a listing at the time you did your
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease term was or the lease rate was for this property?  A. I don't.  Q. Did you have that information or do you recall?  A. I don't recall if I had that information. I didn't make any adjustments for it	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	it. BY MS. FOX:  Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot?  A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of Revision, it had not leased at that particular point. Q. All right. And for that particular property you do find it to be superior with respect to market conditions, which I assume is based on the time, as it being a listing at the time you did your report versus January 1st, 2014; is that correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	that's located nearby, would that, in your opinion, be a similar site or does it have better or worse access, visibility, things like that?  A. It's on the same street, so it has basically the traffic patterns from that street of the north the south corridor through Kettering. I would say that it's probably a little bit inferior in terms of that site and the subject property site.  Q. Okay. And looking at the new sale that you added which was No. 2, the Bob Evans Restaurant; correct?  A. Yes.  Q. Okay. Similar question to what we discussed with regard to the other sales, did you have access to the actual lease for this property?  A. I did not.  Q. Okay. And do you recall what the lease term was or the lease rate was for this property?  A. I don't.  Q. Did you have that information or do you recall?  A. I don't recall if I had that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	it. BY MS. FOX:  Q. All right. Then with respect to your leases, you mentioned that you had two that you replaced, and those were the Subway for \$20 a square foot and the former Lone Star at \$22 a square foot?  A. I believe that's correct, yes. Q. Did I get that right? Okay. A. Yeah, the Subway, which is No. 7, that was at \$20, and the former Lone Star was at \$22. Q. As a listing. Okay. A. Yes. Q. All right. And do you know whether or not the Lone Star, in fact, leased? You may have followed up. A. Shoot. No, I don't I don't know if it leased or not. When we did this at the Board of Revision, it had not leased at that particular point. Q. All right. And for that particular property you do find it to be superior with respect to market conditions, which I assume is based on the time, as it being a listing at the time you did your

Page 109

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

be negotiated lower than what they're asking for, so, therefore, it was superior, downward adjustments.

Q. Would that also be taken into account under lease type?

A. The lease type was taken into account because it was including the personal property.

Q. Okay.

1

2

3

4

5

6

7

8

9

10

11 12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A. So it was a triple net lease of the real estate and the FF&E, equipment and personal property; so, therefore, it had to be adjusted downward to be superior, because you're getting more for that price.

Q. Okay. Then can you explain to me how this location or rather the location for the former Lone Star is superior to the subject property's location?

A. This location is on Miller Lane in Butler Township, north of the City of Dayton. It is the premier location on the north side of Dayton. They're along Miller Lane, which is basically the reason why it's so new and so premier is because I-75 relocated an exit on Little York Road to the Miller Lane interchange, so basically it became a brand new interchange on I-75. Within that new interchange there was a lot of commercial real estate activity and development. There's a Sam's Club there and some two? Were you not able to find others that you felt were a little more comparable?

A. There were not other rental rates in the local market that I could find that represented newer construction. The ones I had for the market -- I don't remember which report I did first, whether I did this one first and took these out and then put the other ones with the other ones, so -- just for clarification. So I may have removed these to the other property or maybe removed the other ones to the other property and added these, but basically because the property was new, I was looking for properties that were newer, were more indicative of the rents you would get from a newer property, and that's why those two were included. They're higher rents which I would expect to have for a newer property.

O. Okay. Then my last question is one -on Page 42, where you have your pro forma, you mentioned -- or I'm sorry. It appears that you've taken a deduction for tenant improvements and leasing, and I was wondering if you could tell me what you based that on.

A. I base that on market information from other properties. I basically -- it gets included in this because of convention for doing these

Page 110

other large draws, and the restaurant row, so to speak, right along I-75 has that great access and exposure along that -- with this new development in that area. That's why it's superior.

O. Okay. And you would find it to be a superior location for not only that's it's a sit-down, full-serve restaurant type that Lone Star was but also for a fast-food restaurant?

A. Yes. It's basically -- from the standpoint of a fast-food restaurant and for a sit-down restaurant, it has interchange access, which is what you want when you travel along the highway to get off and get to this property quickly. There are a handful of sit-down restaurants at this location along Miller Lane and a handful of fast-food restaurants also there. Typically, we find that fast-food restaurants and sit-down restaurants co-locate with each other because they're drawn from the same demographic profile and linkages of interstate highways, same as each other, so --

O. Okay. And although your rental rate conclusion for this property was quite a bit higher than for the last property, you chose to only replace two of your rent comparables, so the others were all quite a bit lower. Why did you just replace those

Page 112

appraisals, and I do them also for bank financing, and bank financing likes to have a deduction; therefore, replacement allowance and tenant improvements in leasing, so they can calculate a debt service coverage ratio, but if you notice that in the analysis here what I do is I do not deduct them in my final NOI calculation, because my cap rates are developed without having tenant improvement and leasing commissions included as an expense, so what you see there vanishes later in terms of the analysis, in terms of what we're capitalizing, so it's -- for lack of a better term, it's a placeholder and then it's removed.

Q. Okay. So the difference being -- if I look on Page 42, I see it there.

A. And on Page 46 you'll see it there, but what you see is replacement reserve, it's the 2,888 number on Page 47, in the box on Page 47 -- are you there?

Q. I am.

A. The second line item there is replacement reserves, is 2,888, and if you go back to Page 46, the addition of the 2,120 for tenant improvement and leasing and replacement allowance of 768, when you add those together, you get the 2,888

Page 113 Page 115 REDIRECT EXAMINATION 1 which I'll deduct it back out. 1 2 O. Well, now wait a minute. Now you lost 2 BY MR. BLUESTONE: Q. I'd like to just ask you, if I may, Miss me. Okay. So I'm looking at Page -- did you say 42 3 3 or am I on the wrong page? Fox asked about the relationship of the land value 4 4 5 A. 42 and 46 you'll see that the tenant 5 shown through Sales Comp No. 6, the former Burger 6 improvement and replacement allowance are the exact 6 King property, and asked you to compare it to the Montgomery County Auditor's value for the land and 7 same amounts. 7 the subject property, and so I've done the 8 O. Well --8 A. Well, actually they're different, aren't calculations, and just tell me if I've done them 9 9 10 correctly. The Burger King property sold for 10 thev? Q. They're different. That's where I'm \$267,500. It was 1.367 acres, and that gives you a 11 11 value per acre I think of \$195,683? 12 confused. 12 13 A. It -- it changes -- I apologize. It 13 A. Yes. changes because it's based on the percentage of 14 Q. Okay. And the auditor's value for the 14 effective gross income. The two percent and the two land for the subject property is \$310,660, is 1.773 15 15 percent are the same, but it changes when the real 16 acres in the subject property. When you do the math, 16 estate taxes are taken out, but like I said, that you come to a value of \$175,217 per acre? 17 17 gets deducted later anyway. So it's not just put in, A. Approximately, yes. 18 18 it's taken out. So I could put \$10,000 in there, put Q. Okay. And so on a per-acre basis, 19 19 20 it in, and take \$10,000 out. It basically ends up 20 Burger King sold for \$195,000 per acre. The subject being a zero number. 21 property is valued by the auditor at \$175,000 per 21 Q. Okay. So the 2,888 comes from Page 46? 22 acre. They're relatively close? 22 Those two figures --23 A. They are. 23 Q. Thank you. 24 A. Yes. 24 25 25 Q. -- add up to that? And I'm going to give Miss Fox this for Page 114 Page 116 1 A. Yes. 1 her file, a copy of my calculations. 2 Q. Okay. And that you've added back in to 2 MS. FOX: It's okay. You can keep it. I appreciate it, though. Thank you. 3 the NOI without taxes? 3 MR. BLUESTONE: Sure. 4 A. Right. 4 5 O. I do want to ask you one question. You 5 Q. Okay. Thank you. I just wanted to make were asked about Page 15, about your use of a 20 to 6 sure I understood what that was. 6 A. And if you look on Page 46, the last 7 7 25 percent obsolescence factor. Can I ask you to explain that in just a little more detail in how you 8 number on Page 46 in that pro forma is 91,303, and 8 9 the cap -- number that was capitalized on Page 47 is 9 came up with those percentages? 10 10 A. The building as of the effective lien 91,303. date was not brand new. It was a couple years old. 11 Q. Okay. I think everything else we've 11 12 covered with respect to the other property. I assume So there's going to be physical depreciation right 12 off the bat, so we need to account for that. We 13 that all of the answers to the questions I asked you 13 talked about the economic life of restaurants as 14 with regard to that report that had similarities to 14 15 this one would be the same? 15 being somewhere maybe between 10 and 30 years, 16 A. Yes. 16 depending on different circumstances. So a property 17 Q. Okay. Then I think I'm done. 17 that's two years old, may be 20 percent physically depreciated from the standpoint the economic life ATTORNEY EXAMINER HIGGINS: Okay. Thank 18 18 is -- that for a 10 year period, kind of similar to 19 you. 19 the Burger King that we talked about; so there's 20 Any redirect? 20 MR. BLUESTONE: Yes. Thank you. I'm going to be some physical depreciation. There's also 21 21 22 going to show this to Steve (indicating), and I'll 22 going to be obsolescence from the market in terms of 23 explain it. 23 building a brand new facility. You may not be able 24 24 to get a rent to cover a proper return on the 25 25 construction of a building, and it would include some

			Proceedings
	Page 117		Page 119
1	superadequacies that were built in for the McDonald's	1	Q. Thank you.
2	use.	2	I have nothing further.
3	Q. What are those?	3	ATTORNEY EXAMINER HIGGINS: Thank you
4	A. Well, there's signage. There's trade	4	very much.
5	dress. There's maybe some design issues they want to	5	Thank you, Mr. Weis.
6	have, put in the kitchen. So some of those are	6	(Witness excused.)
7	there. They also use extensive tiling in their	7	ATTORNEY EXAMINER HIGGINS: Let's go off
8	interiors, on walls and floors, and it creates value	8	the record real quick.
9	and is useful to McDonald's. The market doesn't	9	(Discussion off the record.)
10	generally pay the same dollar amount as the cost	10	
11	would be for those items.	11	(Lunch recess taken.)
12	Q. But another way of saying that you	12	
13	just said that McDonald's uses better quality	13	(EXHIBITS A & B MARKED FOR IDENTIFICATION.)
14	materials in constructing its restaurant than	14	
15	MS. FOX: Objection. Leading.	15	ATTORNEY EXAMINER HIGGINS: Back on the
16	MR. BLUESTONE: I'll withdraw the	16	record. So we've had our lunch, and just to clarify
17	question.	17	the record, previously we went through the direct and
18	Q. And let me ask you, does in your	18	cross-examination for property owner's appraiser, Mr.
19	opinion, how does the quality of the finishes in the	19	Weis. We did the direct, cross-examination,
20	McDonald's restaurant compare to other restaurants?	20	redirect, and perhaps recross for two properties
21	A. Generally speaking, McDonald's does a	21	which are the subject of 2015-2328 and 2015-2331.
22	very good job and uses high-quality materials. They	22	We are now going to have the examination
23	also have physical obsolescence or superadequacies in	23	of the BOE appraiser, Mr. Thomas Sprout, and he will
24	terms of their costs because they put these on a	24	first talk about the property on Stroop Road. We'll
25	rapid build schedule, and because they make a lot of	25	have direct and cross, any redirect and recross, and
	Page 118		Page 120
_			
1	money with their sales, their business, the	1	then launch into the examination for Wilmington Pike.
2	hamburgers and shakes and whatnot, they want to get	2	MS. FOX: Great.
3	up and operating as soon as possible, and to they	3	ATTORNEY EXAMINER HIGGINS: Once
4	had a McDonald's at this location, so they're losing	4	we're done with Mr. Sprout, there may be rebuttal of
5	revenue for every day that the property is down, so	5	Mr. Weis. Okay. I just want to make the record
6	they pay a premium to have the costs of the	6 7	clear.
7	restaurant in order to get it up and running sooner		All right. So, Mr. Sprout, you've
8	than a normal construction period; so taking into	8	already taken the stand. If you'd raise your right
9	those account those, we basically a little bit	9	hand, I'd like to swear you in, please.
10	here, a little bit here, a little bit here. We add	10 11	(Mr. Sprout was sworn.)
11	it up and we're in somewhere in the neighborhood		ATTORNEY EXAMINER HIGGINS: Thank you very much, Mr. Sprout. I know we had openings for
12	of 20 to 25 percent of total obsolescence. It was	12 13	
13	more along the lines of our familiarity with the process, our familiarity with the properties, to come	14	these cases previously but, Miss Fox, did you have
14	up with an obsolescence factor and show that in the	15	anything you wanted to add?  MS. FOX: Nothing additional, no.
15 16	property history section how these costs would relate	16	ATTORNEY EXAMINER HIGGINS: All right.
		17	- 1
17	to our final value as we're supposed to do from a real estate standpoint. Similar to as if it was a	18	Mr. Bluestone, I'll MR. BLUESTONE: Nothing additional.
18 19	property that was sold within that three-year period	19	Thank you.
20	or so and we're at a different value, we like to	20	•
	discuss why the value is different than what it sold	21	ATTORNEY EXAMINER HIGGINS: All right.
21		22	Miss Fox, go ahead. MS. FOX: Thank you.
22	for It may be market conditions. It may be the		IVIO. EXZX. THAIR VUII.
22	for. It may be market conditions. It may be the		•
23	building was improved between the last time it sold	23	
23 24	building was improved between the last time it sold and when we're appraising, so we reconcile those in	23 24	•
23	building was improved between the last time it sold	23	•

Page 121 Page 123 1 THOMAS D. SPROUT, MAI, CPA, 1 A. No. 2 being first duly sworn, as prescribed by law, was 2 O. It isn't? So can you just explain to me examined and testified as follows in Case No. what the affiliation is? Because I'm confused. 3 3 4 2015-2328: 4 A. I do appraisal work exclusively with --5 DIRECT EXAMINATION 5 for Brian W. Barnes & Company. I am not an employee 6 BY MS. FOX: 6 of Mr. Barnes. That's why I always say I'm an 7 Q. Would you just please introduce 7 affiliate or affiliated with Mr. Barnes. yourself, stating your name, your business address, 8 8 Q. So you're a contractor, in essence? and your occupation. A. A subcontractor, from an IRS standpoint, 9 9 A. My name is Thomas Sprout. I am a 10 10 commercial real estate appraiser affiliated with Q. Okay. And the subcontractor technically 11 11 Brian W. Barnes & Company with an address of 6860 12 12 is Thomas D. Sprout CPA, Inc.? 13 Perimeter Drive, Suite B, as in boy, Dublin, Ohio 13 A. That is correct. 43016. 14 Q. Okay. And is a CPA company authorized 14 Q. Thank you. And, Mr. Sprout, you are a 15 to prepare appraisal reports under Ohio law? 15 member of the Appraisal Institute? 16 A. There's nothing -- well, you're a 16 A. I am. lawyer, but I can tell you from my standpoint, my 17 17 Q. And are your qualifications as well as services can be any kind from the standpoint -- it's 18 18 your educational background and experience set forth just the name, so I am a consultant in real estate. 19 19 20 somewhere in your appraisal reports that we're going 20 I do tax returns. I give testimony for ad valorem to be presenting today? 21 tax purposes and such, a wide variety of services. 21 A. They are. They're located in the 22 Q. Okay. I'm asking a technical question, 22 addendum section of the report. 23 which is under Ohio law, is a company that's a CPA 23 MS. FOX: We would ask for a stipulation 24 company, is that company authorized to sign appraisal 24 25 25 to Mr. Sprout's qualifications as set forth in his reports? Page 122 Page 124 1 report. 1 A. I'm not a CPA company. That's just in 2 2 my title. 3 **VOIR DIRE EXAMINATION** 3 MR. BLUESTONE: Okay. I will stipulate BY MR. BLUESTONE: 4 to Mr. Sprout's qualifications with a caveat, I 4 O. Mr. Sprout, can I ask you, I'm just 5 5 believe that there -- and I continue to believe that 6 looking at the second page of your transmittal letter there is a disingenuous statement on Page 9 of the 6 for the report, and you testified that you're 7 7 appraisal report, specifically that the -- at the affiliated with Brian W. Barnes & Company, Inc., but 8 8 bottom of the page, under Competency it says, "The 9 your signature is under Thomas D. Sprout CPA, Inc. appraiser(s)" -- the "s" in apostrophe -- in 9 Can you explain what the relationship is? Because it 10 parentheses -- "have been actively involved in the 10 11 seems like your company is affiliated with Brian W. 11 appraisal of real estate in the Central Ohio area for 12 over 30 years," et cetera. 12 A. My company is affiliated with Brian W. 13 13 As I noted in a prior case before you, Barnes. I am an employee of that company. 14 14 Miss Higgins, that statement, if you give effect to 15 Q. Of Brian W. Barnes? 15 the "s" in the parentheses, that statement is not 16 A. No. I am an employee of the Thomas D. 16 true, was not true, and cannot be true for many, many 17 Sprout CPA, Inc. company. 17 years, because only Mr. Barnes has 30 years' 18 O. So you're an employee -- are you the 18 experience as an appraiser. Mr. Sprout does not, and only owner of that corporation? 19 19 I think it's a misleading and disingenuous statement, A. I am. 20 so with that caveat, I will stipulate to his 20 Q. And that corporation is affiliated with 21 21 qualifications. 22 Brian W. Barnes & Company, Inc.? 22 ATTORNEY EXAMINER HIGGINS: Okay. Well, 23 23 A. It is not. I am not an employee of just so the record is clear, this Board has 24 Brian W. Barnes & Company. 24 recognized Mr. Sprout as an expert -- an expert 25 qualified to render their property value. I don't 25 Q. I'm asking is your company --

	Page 125		Page 127
1	see any reason that the Board should deviate from	1	Q. Okay. But he would have reviewed the
2	that, so the Board will recognize him as an expert.	2	report
3	So, Miss Fox.	3	A. Yes, he would.
4	MS. FOX: Thank you.	4	Q before signing it?
5		5	A. Correct.
6	DIRECT EXAMINATION (Cont.)	6	Q. Okay. And with respect to Appellant's
7	BY MS. FOX:	7	Exhibit B, if you could identify that for the record.
8	Q. Now, Mr. Sprout, how long have you been	8	A. That would be the appraisal of 2901
9	a certified or licensed appraiser in the State of	9	Wilmington Pike, which is also a McDonald's
10	Ohio?	10	restaurant. That report is dated May 6th as well,
11	A. I've been a licensed appraiser since	11	and that would be an accurate, a true and accurate
12	2001. I started appraising real property in 1995.	12	copy of the appraisal that I will be testifying to.
13	Q. Okay.	13	Q. Okay. So in front of you today you have
14	A. Maybe '96.	14	identical copies of those reports?
15	Q. All right. And have you appraised in	15	A. Yes.
16	your estimation, as far as the type of property that	16	Q. Okay. With respect to either of these
17	we're talking about today, which is a fast-food	17	properties, was your fee in any way contingent upon
18	restaurant, have you appraised very many of those	18	your opinion of value?
19	types of properties?	19	A. It was not.
20	A. I have. I've done them both for ad	20	Q. Okay. And with respect to both of the
21	valorem tax purposes both for the school board and	21	properties, did you have an opportunity to view the
22	property owner as well as for mortgage purposes.	22	interior and the exterior of the properties?
23	Q. Okay. So you've been before the Board	23	A. I did.
24	of Revision on cases involving fast-food restaurants	24	Q. Let's start with the Stroop Road
25	on behalf of both the Board of Education and the	25	property first, please.
23	on behan of both the Board of Education and the	25	property first, piease.
	Page 126		Page 128
1	Page 126	1	Page 128
1	property owner?	1	A. Okay.
2	property owner? A. Yes.	2	A. Okay.  Q. And would you please tell the Board what
2	property owner? A. Yes. Q. And have you appraised these types of	2 3	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of
2 3 4	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily	2 3 4	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?
2 3 4 5	property owner? A. Yes. Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your	2 3 4 5	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road
2 3 4 5 6	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?	2 3 4 5 6	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million.
2 3 4 5 6 7	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably	2 3 4 5 6 7	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your
2 3 4 5 6 7 8	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where	2 3 4 5 6 7 8	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property
2 3 4 5 6 7 8 9	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would	2 3 4 5 6 7 8 9	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't
2 3 4 5 6 7 8 9	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type	2 3 4 5 6 7 8 9	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how
2 3 4 5 6 7 8 9 10	A. Yes. Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily? A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.	2 3 4 5 6 7 8 9 10	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.
2 3 4 5 6 7 8 9 10 11	A. Yes. Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily? A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property. Q. Okay. If I may approach, and can you	2 3 4 5 6 7 8 9 10 11	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property. A. I viewed the location of this property
2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily? A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property. Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you	2 3 4 5 6 7 8 9 10 11 12 13	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property. A. I viewed the location of this property as being very good. It's an outlot of a Meijer.
2 3 4 5 6 7 8 9 10 11 12 13 14	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?	2 3 4 5 6 7 8 9 10 11 12 13 14	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property. A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two
2 3 4 5 6 7 8 9 10 11 12 13 14 15	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property. A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property. A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Okay. Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014? A. My opinion of value for the Stroop Road McDonald's was \$2 million. Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property. A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016.  Q. And did you prepare that report?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?  A. My opinion of value for the Stroop Road McDonald's was \$2 million.  Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.  A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good location and a typical location for a national
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016.  Q. And did you prepare that report?  A. I did.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?  A. My opinion of value for the Stroop Road McDonald's was \$2 million.  Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.  A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good location and a typical location for a national fast-food restaurant.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016.  Q. And did you prepare that report?  A. I did.  Q. Did Mr. Barnes assist you or have any	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?  A. My opinion of value for the Stroop Road McDonald's was \$2 million.  Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.  A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good location and a typical location for a national fast-food restaurant.  Q. Okay. And if you could this has been
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016.  Q. And did you prepare that report?  A. I did.  Q. Did Mr. Barnes assist you or have any part in the preparation of this report? What was his	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?  A. My opinion of value for the Stroop Road McDonald's was \$2 million.  Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.  A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good location and a typical location for a national fast-food restaurant.  Q. Okay. And if you could this has been an issue in several of these cases, so I'm just going
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily? A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property. Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)? A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016. Q. And did you prepare that report? A. I did. Q. Did Mr. Barnes assist you or have any part in the preparation of this report? What was his involvement?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?  A. My opinion of value for the Stroop Road McDonald's was \$2 million.  Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.  A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good location and a typical location for a national fast-food restaurant.  Q. Okay. And if you could this has been an issue in several of these cases, so I'm just going to go ahead and touch upon it.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	property owner?  A. Yes.  Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily?  A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property.  Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)?  A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016.  Q. And did you prepare that report?  A. I did.  Q. Did Mr. Barnes assist you or have any part in the preparation of this report? What was his involvement?  A. His involvement was quality control and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?  A. My opinion of value for the Stroop Road McDonald's was \$2 million.  Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.  A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good location and a typical location for a national fast-food restaurant.  Q. Okay. And if you could this has been an issue in several of these cases, so I'm just going to go ahead and touch upon it.  A. Sure.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. And have you appraised these types of properties in throughout the state, primarily Franklin County? Have you where does your experience lie primarily? A. I would say I would say probably north central Ohio and southwestern Ohio, is where I've and central Ohio, of course. So that would be my primary locales as far as appraising this type of a property. Q. Okay. If I may approach, and can you what's been marked as Appellant's Exhibit A, can you please identify this for the record (indicating)? A. Yes. This is an appraisal report of 1872 East Stroop Road in Kettering, which is a McDonald's restaurant, dated May 6th, 2016. Q. And did you prepare that report? A. I did. Q. Did Mr. Barnes assist you or have any part in the preparation of this report? What was his involvement?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Okay.  Q. And would you please tell the Board what your opinion of value was for this property as of January 1st, 2014?  A. My opinion of value for the Stroop Road McDonald's was \$2 million.  Q. Okay. And as we go through your report we've already talked about this property somewhat, as far as its location. If you wouldn't mind just giving a very brief explanation as to how you viewed the location of this property.  A. I viewed the location of this property as being very good. It's an outlot of a Meijer. It's at a corner signalized interchange of two primary arterials in the Kettering area. Traffic counts are approximately 30,000, which is a heavy volume of traffic, so I would consider it a very good location and a typical location for a national fast-food restaurant.  Q. Okay. And if you could this has been an issue in several of these cases, so I'm just going to go ahead and touch upon it.

Page 131 Page 129 1 A. I do. with whichever one you have first in your report. 1 2 O. And could you direct us to the page on 2 A. Okay. Just to kind of work my way up to 3 which that --3 that point, since I'm sure the site and everything 4 A. It's on Page 5, toward the bottom. 4 was already discussed, the photographs that I have on 5 Q. Okay. And you set forth the definition. 5 Pages 1, 2, 3, and 4 adequately provide a description 6 Where does that definition come from? 6 as to what this property is. It was built in 2006. 7 A. It comes from the Dictionary of Real 7 It was a McDonald's previously to 2006. It was --Estate Appraisal, 5th Edition, Page 184. 8 the McDonald's restaurant that was here prior to this 8 Q. Okay. And you set forth that you one was built in 1979. So McDonald's made the 9 9 believe the subject property fits into that determination that it was an economically viable 10 10 definition: is that correct? site. They tore down their old building and they 11 11 12 A. It does, based on the third 12 built a new building, which was built in 2006. 13 characteristic there, which would be, "A unique 13 Q. So the building that was there in --14 physical design, special construction materials, or a 14 originally built in 1979 was how old when it was torn layout that particularly adapts its utility to the 15 15 down? use for which it was built." That would be the 16 16 A. Within about probably approximately 25 primary condition there. 17 17 to 26 years of age. Q. Okay. And even though you feel like 18 Q. Okay. All right. Please proceed. 18 this property falls under that definition, you didn't 19 19 A. Which is fairly typical. I mean, fast-food restaurants, that's not an atypical 2.0 per se appraise it as a special-purpose property, did 2.0 21 you? 21 situation, especially if it's determined that the site is economically viable. If it wasn't, they 22 A. No. 22 23 23 Q. Okay. And you didn't do a cost approach would have moved on and it would become not its 24 for this property? 24 highest and best use. A. I did not. 25 25 Q. Okay. Page 132 Page 130 Q. And what would be the reason for that? 1 A. So that being said, I viewed the 1 2 A. The reason for that is there was 2 property on April 26, 2016. I indicated that the 3 adequate data in the marketplace. Fast-food 3 property is located -- if you look on Page 10, it's restaurants are leased on a fairly regular basis. located to the southwest corner of East Stroop and 4 4 Wilmington Pike. It's a primary arterial in the 5 McDonald's typically does not lease their buildings. 5 They ground lease or owner occupy, and there's enough 6 area. It's signalized. The subject is at a 6 7 sales activity as well, that those two would be the 7 signalized interchange. It's an outlot to a Meijer. 8 primary, but the income approach probably would have 8 The traffic count is 30,000. So all the factors that a little bit better data in determining a value for 9 would come to play as far as a strong location is 9 concerned apply here, especially for this type of 10 such a property. 10 use, a national fast-food restaurant. 11 Q. Okay. And the type of appraisal that 11 you prepared for this property would be what? Kettering for the most part is built 12 12 A. An appraisal based on what the property 13 out. It is a suburban type community in the Dayton 13 14 was as of the date of appraisal 1/1/14. It was an 14 area. I've done several appraisals over in the operating national fast-food restaurant, which in 15 Kettering area, so I'm familiar with what Kettering 15 this case was McDonald's. 16 is somewhat about. The zoning being in the business 16 17 Q. And this is not a leased fee appraisal; 17 district would allow its use as well as a lot of 18 other uses. It's surround by a Meijer, a Dunkin' 18 correct? 19 A. This is not a leased fee appraisal. 19 Donut, a Wendy's, and strip retail, with a 20 residential backdrop. 20 It's a fee simple appraisal. Q. And you've already mentioned that you The square footage of the property at 21 21 22 utilized two approaches; is that correct? 22 4,686 square feet -- I did measure the property, and 23 A. That's correct, the sales and income 23 the auditor's square footage was reasonable based on 24 approaches to value were utilized. 24 my measurements. Within my highest and best use

25

analysis on Page 16, I did a Vacancy Survey within a

Q. Okay. Why don't you go ahead and begin

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Page 135

two-mile radius of the subject. Based on that survey I concluded to a vacancy factor of ten percent. That's based on all retail properties within the area, no discriminating it as to what type of retail properties. It was all retail properties in the market area. So a ten-percent vacancy factor was applied in my Stabilized Profit & Loss Statement.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22 23

24

25

Now, getting to my conclusions for the highest and best use, my most profitable use for this property would be for a national fast-food restaurant as improved. As vacant, it would be for a national single-tenant user. So that's the profile that this location and this site would fit, and that's how I appraised it, under that circumstance; so my comparable data will be reflective of the highest and best use for this property, which would be fast-food restaurants in my sales as well as rental properties that also would fit that property type.

So getting into the approaches to value, the sales and income approaches were utilized. I gave primary weight to my income approach. Rents are readily available for this type of property. So as I indicated previously, I have done fast-food restaurants at the point of construction for mortgage purposes as well as at the BOR for both the school

Sale No. 2 was a Chipotle restaurant located on Senate Drive. I felt this property was superior. It was built in 2011, and it's across the street from the Cincinnati outlet stores. I felt this was a better location, and this would be adjusted down for its location, which also would provide an adjustment down from the lease rate that was in place for this particular property. So that's the upper end of the range.

Sale No. 3, there's a misspelling here. "Inglewood" should be an "E," and I think there's several places where that should be an E-n-g-l-e wood, as opposed to an "I"; so that typo is consistent with the -- in the rent comp as well as my capitalization rate. Once again, we're talking about a -- the property was built in 2012. This particular lease rate was also superior, in my opinion, based on its cap rate and its income in place. Now, remember, keep in mind, the cap rates that are generated from these properties have no vacancy taken out and they also have no reserves taken out. If these properties had vacancy reflected in them and/or reserves reflected in them, the capitalization rates would be lower because you would have a lesser income stream versus the sale price. So that's Sale No. 3.

Page 134

Page 136

board as well as for a property owner, and the property owner just happened to lease the property, and my discussions with that franchisee indicated that that's typically how these franchisees operate their restaurants. They have a rent level, and I asked them what they base their rent levels on, and they base their rent levels typically on the projected sales for that location, and they hit certain points. If they go over those certain points, then everybody shares in the success with additional rent paid to a percentage rent, but there is a base rent that's in place.

So the sales approach to value, I utilized sales except for one that I felt would meet the criteria of the highest and best use of the subject property. So starting with Sale No. 1, it's located in Montgomery County, the same county as the subject property. It's -- it was built in 1998. The subject was built in 2006. It sold for \$436 a square foot. In my opinion, this property had mitigating adjustments for its smaller size, which also plays into the land ratio, and its inferior physical features; so this lease, in my opinion, would be inferior from a rent standpoint for what the subject could achieve, so it was adjusted for that as well.

Sale No. 4 is also a Chipotle restaurant that was built and then subsequently sold. Our office had appraised this property. I had all the costs down. I had the lease that was in place for this property, and so it allowed me to figure what the profit margin was made on this property based on its overall costs and what an entrepreneurial profit level was going to be based on the developer of this property in tune with the sale price and also determine what a market rent was based on the construction costs that went into this property. This particular property's lease rate is consistent with what the subject could achieve, in my opinion. It just so happens that its price point of \$765 was based on the income with no vacancy, no reserves taken out of it; so those financial factors come into play when we're dealing with ad valorem tax purposes because we have to take out vacancy and -- market vacancy, and we also have to put reserves into the project as well; so from a sales standpoint, that provides the upper end of the range.

Sale No. 5 provides a sale of what the subject is not. This is a property located in central Ohio that has failed as two restaurants. The location is inferior, and this provides a value for

Page 137

something that the subject is not. This is -- would be considered a go-dark value, in my opinion, at \$180 a foot; so that's your lower end of the range. I put this in the report because I wanted the reader to understand that this is what the property's value would be under a hypothetical condition as if it was vacant, and that's not the case here.

Sale No. 6 is an Arby's restaurant located in Springfield. This property sold for about \$400 a foot. I have made adjustments to this sale for its inferior location as well as the lease rate that was in place for this particular property.

Finally, Sale No. 7 is a sale of a former restaurant that did not have a drive-through. Its location was superior, in my opinion, to the subject property's. It was in similar condition, having been built in 2005, and there was a conversion of this property from a single-tenant restaurant to a dual-tenanted property. Once again, I wanted to put this sale in place just to give an indication as to here is a property that was one thing and then it was converted to another use, and in this case because the location is so good at Hilliard-Rome Road they were able to re-tenant this property and get a lease rate of \$33 for each side, on an average basis.

would be great if we found properties within close proximity of the subject property. Obviously, that's what we always try to look for, but if what we see as far as data is concerned doesn't match its use, which I think is the most important factor here, we need to expand our market area to find those uses that are consistent with what the subject is, and in this case we're talking about a national fast-food restaurant, not a mom and pop in this case.

Q. So if a property is more comparable in the type of property that it is but maybe located further away in distance, you would use that property -- would you use that property, I should say?

A. Yes. I mean, if I felt like it was going to add to the value of the data that I have in place, absolutely.

Q. Okay. And when you're looking at -- you talked about demographics. Would things like access and visibility come into play as well?

A. Yes. I mean, those types of things do come into play. I mean, visibility, that kind of -- yes, and, you know, access -- access can vary from market to market. I mean, you can have access directly off a primary, you have to go through a

Page 138

My overall conclusion of value from the sales approach based on everything that I discussed and based on adjustments that were made, my value conclusion was 425 to \$450 or 1,990,000 to \$2,110,000 by the sales approach.

Now, one other note, if you look at my map on Page 28, four of my seven sales are basically located within -- you could consider that Dayton-Cincinnati market area. The other three sales are in central, north central Ohio.

Q. Let me stop you right there while we're talking about location, if we could, Mr. Sprout. Are there items or things that come into being considered when you're looking at a comparable location other than just pure distance or "as the crow flies," which I think Mr. Weis so eloquently put it? Are there other things that you consider when you're looking at a comparable location?

A. We're looking at fly-by traffic. We're looking at demographics from the neighborhood. We're looking at similar uses in the market area. So the sales that I utilized that were outside of the Dayton-Cincinnati market area would be located and they all three are located in retail areas. So from the standpoint of similar use -- I mean, yes, it

Page 140

service road or through a shopping -- I mean, those are all market to market, so to speak.

Q. All right. I'm sorry I interrupted you. Please proceed.

A. So the income approach to value, in my opinion, provides the primary indication here. So looking at my comparables, we have a Chipotle restaurant in Englewood which is within the overall Dayton market area. That was executed in 2012, starting at \$38 per foot. We have a property in Springfield, Leffers Lane, at \$25 a foot. That's inferior, in my opinion.

Comparable No. 3, this is a Wendy's restaurant that was built in 1997. The lease was entered into here in 2006. Now, the interesting thing is even though the lease was entered into in 2006, capitalization rates for net leases in that time frame averaged approximately 7.65 percent per the net lease market, which is what this type of property is. As of the tax lien date, that cap rate was approximately 7.03 percent, a little bit lower, meaning that the market was a little bit better. The investors were willing to pay a little bit more for revenue in that -- in this -- in this condition, in this situation here. So even though this was entered

Page 144

Page 141

1 owns about five or six -- no. Actually, 14, sorry,

- into in 2006, I believe it's comparable from the
- standpoint of what the rent was as of 2014 at \$36.60.
- This is just past -- well, it's about a half a mile 3
- south of the freeway, somewhere in that range, and
- 5 it's within a residential neighborhood kind of

1

2

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22 23

24

25

- 6 similar to the subject. Huber Heights is also in the
- 7 greater Dayton area, and it's about \$36 a foot, so
- there is to be adjustment there for size as well as 8
- being older than the subject property, and I'm 9 10
  - familiar with this just because I have an accounting client in Huber Heights and I happen to go by it once in a while.

Rent Comparable 4, \$46 a foot. As we talked in the sales approach, this one was superior to the subject property. Its rent was superior, in my opinion.

We go to Rent Comparable No. 5, Possum Run Road in Mansfield or Washington Township. It's up on a hill, adjacent to -- or across the street from Wal-Mart, near the freeway interchange. This place was leasing at 41.75 at the point of commencement in 2013.

Rent Comparable 6 is a Steak 'n Shake that was built in 1999. That's located on the east side of Columbus. Its size was larger, and it was 2 14 Wendy's, and indicated that some -- they range 3 between 25 and 8 percent of gross sales as far as their breakpoint is concerned in their lease, where 4 5 they would have to pay percentage rent; so there's a 6 minimum rent that's in place that the landlord 7 expects to receive at that point in time. So that's 8 where I'm saying at 6 1/2 percent of gross sales, that this particular restaurant would need to do 9

10 approximately \$2,700,000 to support that rent. So if we turn to Page 41, on the right 11 column of the profit and loss statement you see the 12 13 \$38. You go down to potential gross rent and you see 14 76.09. That would be the equivalent full-service rate for the property. It's just a matter of what's 15 16 allocated in base rent and in property taxes.

MR. BLUESTONE: Mr. Sprout, excuse me, 17 can I ask you just to point me again where you're 18 19 looking at?

20 THE WITNESS: Page 41, down at the 21 Stabilized Profit & Loss Statement --22

MR. BLUESTONE: Yes.

THE WITNESS: -- if you go to "Income" and then move down to Potential Gross Rent, you'll see 76.09, from 46.80.

23

24

25

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 MR. BLUESTONE: I'm sorry. I see 2 McDonald's.

3 THE WITNESS: Move down about four 4 lines.

MR. BLUESTONE: Okay. I see it. And I'm sorry, I didn't hear the testimony because I was trying to find it. Can you just explain the significance of the 76.09?

THE WITNESS: The 76.09 is the equivalent of a full-service rate. The difference is in the amount of rent and the amount of taxes, and that affects the property's value, because if you have a higher base rent, you're going to have a higher property value, and vice versa.

So, also, if I were to do a vacancy-weighted tax additur on my right column, I'm going to get to the exact same number that my valuation conclusion is. I just don't do it that way because, based on my experience, taxes are part of the rent. Even though it's an expense and reimbursement, it's still part of the rent that the tenant is going to have to pay. BY MS. FOX:

Q. So to follow up on that if I may, Mr. Sprout, could you give a little more explanation to

Page 142

leasing for approximately \$30 a foot. In my opinion, this provides a lower end of the range and would be adjusted for its inferior condition.

My Comparable 7 and 8 happen to be listings in the West Carrollton and Kettering area. The first one is an older Taco Bell from 1983 at \$12.30 on a modified gross basis. As of -- in my opinion, this is far inferior to the subject property, and then we have a former Krispy Kreme Doughnuts that was built in 1999. The subject was built in 2006. This property was being offered for \$25 a foot on a modified gross basis. Once again, I find this property to be inferior to the subject, subject property.

In conclusion, assuming that taxes are increased to my appraised value, the market rent of the subject property would be \$38 a foot. This would also take into account that the subject property could support this level with the sales of approximately \$2,740,000. That's at about a 6 1/2 percent rate of gross sales. Now, where did I get that number? That number comes from my discussions with franchisees of fast-food restaurants as to what's comfortable for them from a range of rent that they can support. The franchisee that I spoke to

Page 147 Page 145 1 1 if you had done a vacancy-weighted tax additur? I divide that by the adjusted cap rate, which is the 2 don't know if you've done the calculations or not, 2 vacancy-weighted cap rate. 3 but -- and you don't have to do them necessarily. If 3 BY MS. FOX: 4 you could just walk us through what that process 4 Q. I'm sorry, what did you say that number 5 would be. 5 was, 148 --6 A. Sure. No. I'm happy to. So if you've 6 A. 148,139. 7 got your calculator out. 7 Q. Okay. Thank you. 8 Q. We'll trust your calculator. A. So now the cap rate is going to change 8 9 A. With a vacancy-weighted tax additur 9 based on its effective rate. So if we turn to Page 10 10 we're eliminating taxes from both sides, so 45, after taking the 35 percent out, we're looking at effectively what we're doing is -- so I'm going to a tax rate of 3.44 percent. So we're going to take 11 11 12 take the 356,570 and subtract out the taxes, which 12 .07 and add 10 percent of .0344, which should be --13 are \$69,000 on that side. That gets me 287,570. 13 we're adding .0034. So our adjusted cap rate is now 14 Then I'm going to multiply that by 90 percent, 14 .0734. We're going to divide that with the 148,139, and we get a value of \$2,017,000. If you look on 15 because 10 percent is the vacancy factor, so that 15 Page 44, you see 2,020,000 as far as a value 16 gets me an income of 258,813. 16 ATTORNEY EXAMINER HIGGINS: Just one indication. In the tax additur you see 2,000,000. 17 17 18 18 The 2,017,000 all kind of ties in together. second. Just to make sure I'm following along, now 19 we're on the left side --19 As far as a capitalization rate is 20 THE WITNESS: No. The right side. 20 concerned, I've included seven sales on Page 43. 21 ATTORNEY EXAMINER HIGGINS: Still on the 21 They're all fast-food restaurants located in southwest and north central Ohio. Only one of them 22 right side. Okay. 22 is in north central Ohio. All the other ones are in 23 THE WITNESS: The right side is what I 23 the Dayton-Cincinnati market area. Those 24 24 determined is market rent. 25 ATTORNEY EXAMINER HIGGINS: Okay. capitalization rates range from 5.45 percent to 6.77 25 Page 148 Page 146 1 THE WITNESS: No problem. 1 percent. 2 ATTORNEY EXAMINER HIGGINS: I'm sorry. 2 Now, keep in mind location is one of the 3 3 I thought I heard you say 560. things that comes into play when determining a 4 4 MS. FOX: 356,570. capitalization rate. Other factors include the 5 5 THE WITNESS: 356,570. tenant, the lease term, those types of things, but 6 6 ATTORNEY EXAMINER HIGGINS: "Potential the reason why I bring that up is the Miller Lane 7 Gross Income"? 7 property in Dayton, which is the Skyline at 6.77 8 THE WITNESS: Right. So I took 356,570, 8 percent, that tenant only had five years remaining on 9 9 subtracted the taxes away from that, 69,000, and then their lease at the time of sale, so it didn't have a 10 I multiplied that by 90 percent, which is the 10 longer term period left, but the buyer felt the 11 11 occupancy number. location was so good that if Skyline were to vacate, ATTORNEY EXAMINER HIGGINS: Okay. 12 12 somebody else would come in and take their place for 13 13 THE WITNESS: Okay. So we should be at a similar type of rent; so you're looking at a 6.77 14 258,813 right now. 14 cap rate in this instance, which is a little higher 15 15 ATTORNEY EXAMINER HIGGINS: Thank you. than the others, but it's still within that 5 1/2 to 16 THE WITNESS: Okay. Now, we're going to 16 6 1/2 percent range. 17 17 subtract our expenses, which we're effectively going Now, also keep in mind this is -- those 18 to take the 179,674 and then add back 69,000, so --18 cap rates are based on just the income stream, no 19 let me say that little more clearer. Total expenses 19 vacancy, no reserves. If we took vacancy and 20 20 would be 179,674 minus 69,000. So that would be the reserves out, we would have lower capitalization 21 total expenses without taxes. So my total expense 21 rates on that chart. Because I didn't take 22 22 number now changes to 110,674. So we subtract that McDonald's into consideration as being the tenant 23 from our adjusted net effective gross income to get a 23 here, I'm just saying a national fast-food 24 24 net operating income number of 148,139. Okay. So restaurant -- McDonald's is the gold standard from

25

the standpoint of an investment company, for somebody

that's where we are right now. Now, we're going to

Page 152

1 that would want to buy a McDonald's from the 2 standpoint of their ground lease, which is typically 3 what they're buying, because McDonald's very rarely 4 rents space on a standalone building, they're trading 5 around five percent. My capitalization rate was 6 seven percent. I'm above all the rent -- or the sale 7 comps that I have here, which are all fast food, which all have the same highest and best use as the 8 subject, and that's consistent with the average of 9 the national publication by Pricewaterhouse. Their 10 average is 7.03 percent, so I zeroed in on that 11 average, which is above my sales, and I applied that 12 13 to the net operating income on Pages 44 and then

> In conclusion, the income approach was given primary weight. The sales approach further supports that. My value or my rents do not include furniture, fixtures, equipment or inventory. It's real estate only. So my overall value conclusion as of January 1st, 2014, for the McDonald's located at 1872 East Stroop Road, \$2 million.

through the additur on 45, which indicated a value of

Q. Thank you.

\$2 million.

14

15

16

17

18

19

20

21

22

23

2.4

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

That is all I have on direct. Thank you. For this property.

A. Quality control. 2

Q. Quality control?

A. Yeah. And like I said, there are some typos in there because I turned in these two reports with the two that I had appraised in West Carrollton all at the same time, so any typographical errors that Mr. Bluestone brought up in the previous testimony would probably be in these two reports as well.

O. Okay. You're aware, I'm sure, that the property owner served discovery requests on the Board of Education?

A. Yes.

Q. Asking that the -- any appraiser hired by the Board of Education to appraise the subject property be identified, and the response essentially was we have not yet identified who the appraiser is, and that response was in, I think, February of two thousand and --

MS. FOX: At this point I'm going to object. I don't understand what our discovery has to do with Mr. Sprout's --

MR. BLUESTONE: Well --MS. FOX: -- direct testimony.

MR. BLUESTONE: -- let me withdraw the

Page 150

Page 149

1

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

4

5

6

7

8

9

10 11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

question for the moment, and I'm going to get back to the issue.

3 BY MR. BLUESTONE:

O. When was Mr. Barnes --

ATTORNEY EXAMINER HIGGINS: Just a second. I have to admit I'm confused. Tell me what you're trying to get at.

MR. BLUESTONE: Well, I'd like to know -- I'm concerned about the quality of the report, and I believe that this report was rushed and prepared at the last second and is of poor quality; so I'd like to know when was Mr. Sprout or Mr. Barnes hired and how much time did they spend working on the report, and if they -- and the first that we ever heard of Mr. Sprout and Mr. Barnes' involvement with this case was in mid-May of 2016, when we asked that they be identified, that the appraisers be identified back in January of 2016; so I think the report was rushed, and that's the issue.

MS. FOX: Okay. If you want to in your brief argue that one report is better than the other -- I mean, this is ridiculous as far as the timing that has been spent on a report by an appraiser, are we really going to spend time on that today?

ATTORNEY EXAMINER HIGGINS: All right. Mr. Bluestone.

MR. BLUESTONE: Thank you. We're going to do cross-examination on this report and then --

ATTORNEY EXAMINER HIGGINS: Back to direct on Wilmington Pike.

MR. BLUESTONE: Terrific.

## **CROSS-EXAMINATION**

## BY MR. BLUESTONE:

Q. Mr. Sprout, I just want to make sure I understand the relationship between your company and yourself and Brian W. Barnes. I think we agreed that, in essence, you are a subcontractor of Mr. Barnes?

A. That's correct.

O. Okay. Did Mr. Barnes receive a fee in connection with the preparation and/or review of the

A. I work on a split fee basis, which is typical of the market for appraisers.

Q. So the answer is yes, he received a fee?

A. Split fee, yes.

O. Okay. And his role was limited to fact checking, I think you said?

38 (Pages 149 to 152)

	Page 153		Page 155
1	MR. BLUESTONE: It's probably two	1	upon by the Board of Education, and, therefore, I'd
2	questions.	2	like to know
3	ATTORNEY EXAMINER HIGGINS: I'll allow	3	MS. FOX: And that's who we're here on
4	you to ask.	4	behalf of, is the Board of Education.
5	MR. BLUESTONE: Thank you.	5	MR. BLUESTONE: And it's going to be
6	ATTORNEY EXAMINER HIGGINS: And then we	6	relied upon by the Board of Education. It doesn't
7	will get into cross-examination of which on the	7	say to be relied upon by taxing authorities.
8	substance, the topics that were brought up during	8	ATTORNEY EXAMINER HIGGINS: Yes, it
9	direct.	9	does. It says, "Intended UserState of Ohio Board
10	BY MR. BLUESTONE:	10	of Tax Appeals," to the right. That is what it says;
11	Q. When was Mr. Barnes or yourself hired to	11	right?
12	appraise the property?	12	THE WITNESS: Yeah, because you're not
13	A. Well, I viewed the property on April	13	my client. You're the intended user of this report,
14	26th, so obviously we would have been hired probably	14	is this is this Board.
15	prior to that, maybe a couple of weeks. I don't have	15	MR. BLUESTONE: I I
16	my calendar book with me, but I can tell you that I	16	(Discussion off the record.)
17	was provided a name of a female that works in the	17	ATTORNEY EXAMINER HIGGINS: Let's stop.
18	real estate department for McDonald's, and I e-mailed	18	If you have something specific that Mr. Sprout has
19	her and she gave me the regional management in the	19	said or done that you can present today that Mr.
20	Dayton market area, who I contacted and told him what	20	Sprout can specifically speak to, then you should get
21	I wanted to do, and he allowed me access to all four	21	to that. Otherwise, we need to get into the
22	of the properties in West Carrollton and the	22	substance of his appraisal report valuing this
23	Kettering area, and I did all four of those on the	23	particular property.
24	same day. So by the time I viewed the property on	24	BY MR. BLUESTONE:
25	April 26th to the time that the report was written,	25	Q. So let me get to the substance. My next
	Page 154		Page 156
1	which would have been up until May the 6th, there was	1	question is it says, lower down on Page 5, "A legal
2	a that's probably about a week and a half period	2	description is included in the addendum section of
3	of time between viewing the property and actually	3	this report." Can you point to that for me, please?
4	writing the property writing the report.	4	A. Yes. The brief legal description that
5	Q. Okay. Mr. Sprout, the report states on	5	would be located on the very first page where you
6	Page 5 that it's "prepared for the sole and exclusive	6	have the Auditor's Property Record Card, where it
7	benefit of the client designated herein." Who is the	7	says, "Legal Description, 2 Kettering Mall Section
8	"client"?	8	1." It's an abbreviated legal description.
9	A. I think that speaks for itself on Page 5	9	Q. Okay. You don't have a metes and bounds
10	above, where it says, "Client and Intended User."	10	legal description in the report; correct?
11	Q. Okay. Then that paragraph goes on,	11	A. I do not.
12	please correct me if I read it incorrectly, it says,	12	Q. Okay. And on Page 5 there is a
13	"It may not be used or relied upon by any other	13	discussion of special-purpose properties, and in your
14	party. It is not anticipated that any other"	14	testimony this afternoon you stated that this is not
15	party "person or party will rely upon this	15	a special-purpose property. So can you please
16	appraiser report." Do you have with you today any	16	explain to me why even include this discussion of
17	authorization from the Board of Education of the	17	special-purpose properties in your report?
18	Kettering City School District authorizing you to	18	MS. FOX: First of all, I'm going to
19	present this report to the Board of Tax Appeals and	19	object because there's been a mischaracterization of
20	authorizing the Board of Tax Appeals to rely upon	20	Mr. Sprout's testimony. He did not say it was not a
21	this report?	21	special use property. He said it fell within this
22	MS. FOX: Objection. This is going to	22	definition, but he did not appraise it as a special
23	our work product.	23	use property per se.
24	MR. BLUESTONE: No. It goes to the	24	BY MR. BLUESTONE:
25	statement in the report that it can only be relied	25	Q. Is that correct, Mr. Sprout?
		1	

Page 157 Page 159 1 A. Exactly. 1 approximate to where the subject property was, so --2 O. Okay. On Page 6, where you have 2 O. Okay. So you agree with me that the map "Auditor's Appraised Value," that actually isn't the 3 that's on Page 10 does not accurately reflect what 3 auditor's appraised value; correct? you consider to be the neighborhood? The 4 neighborhood in your description is far larger? 5 A. I believe if we look at the Property 5 6 Record Card under valuation, I believe that's what 6 A. Yes. 7 the auditor had on when I printed these Property 7 Q. Okay. And on Page 11 you talk about the 8 most recent development in the area being a Target 8 Record Cards out. Q. Well, what's at the top of Page 6 is the and Home Depot. When were those constructed? 9 9 A. Probably in -- I believe they were Board of Revision's appraised value. 10 10 constructed in the mid to late 2000s. A. Well, if you would like to go to the 11 11 Property Record Card that's located in the addendum Q. Before the recession, to the best of 12 12 13 section of my report, it's about seven pages back. 13 your knowledge, being early --There's a complete history of the value of the 14 A. I don't know for sure. 14 property. I believe Montgomery County changes their Q. And how far away is this retail 15 15 value as soon as their BOR ruling has been made. So 16 development? You described it as being near the 16 as a real estate appraiser, that makes it -- I'm just Wilmington Pike/I-675 interchange. How far away is 17 17 going off the records that I can rely upon. So if that from the subject property? 18 18 there was a different number in place at that point A. I believe it's several miles away, to 19 19 20 in time, I didn't have access to it, based on the 20 the south. I had a tax client that was a manager of public record information that's here. 21 that -- no, not that one, but a different one in 21 Q. Let me ask you to turn to Page 10, and 22 Beaver Creek. 22 you state that, "The boundaries of the neighborhood 23 23 Q. So there's no other similar type of might best be described as I-675 to the east and major big-box stores going into the immediate 24 24 25 south..." Is the southern portion of the boundary 25 vicinity of the subject property? Page 158 Page 160 1 actually shown on this map? 1 A. I believe in my -- the very next 2 A. It is not. 2 paragraph indicates the neighborhood was built out, 3 it was a built out status neighborhood, where there 3 Q. Okay. And how about Patterson Road to 4 4 really wasn't much new development that was the north? 5 A. That is not shown on the map either. 5 occurring. Q. Okay. And how about I-75 to the west? 6 6 Q. Okay. And you described the 7 A. That is correct, it is not shown on the 7 neighborhood as being "stable middle-aged residential 8 8 community in the City of Kettering"; right? map. 9 Q. Okay. So your neighborhood is actually 9 A. Yes. 10 far larger than what the map depicts, creating a 10 Q. And what's the projection for the number of homes within the three-mile radius of the subject false impression of what the neighborhood is. 11 11 12 A. Ouestion? 12 property for 2015? 13 13 Q. Am I correct? A. There's not going to be much growth A. No, you are not correct. I shrank the 14 14 based on the demographics of the neighborhood. As I previously discussed, it's a stable neighborhood 15 map in this case because I thought it would be 15 16 important that the roadways and arterials that were 16 that's built out. within -- this is about a nine-mile radius when I did 17 17 O. In fact, if I look at the addendum this. If you go out to about 15 or 20 miles -materials contained within your report, the 18 18 19 Q. I'm sorry, the neighborhood is a 19 projection for homes within the three-mile radius is actually going to go down. 20 nine-mile radius? 20 21 A. No. I'm saying that when I did this 21 A. It's --22 map, they have a little lever there -- I don't agree 22 Q. And isn't that consistent with what 23 with them. It's just -- it's nine. It might be nine 23 happened in the one-mile radius for 2010 and also 24 miles. I don't know, but I kept it at this point so 24 2015 projection? that the reader could see all the streets that went 25 25 MS. FOX: I'm sorry, what are you

Page 163 Page 161 1 1 holding up, Mr. Sprout (indicating)? referring to? 2 THE WITNESS: He's referring to the 2 A. Yes, sir. Market Profile, which is the very first page in the Q. Okay. And the map number on that 3 3 document, does it actually match the map number that 4 demographics of the addendum. 4 5 Yes, there's a slight -- slight decrease 5 you and quality control checker Barnes signed off on 6 in the number of households that are in that 6 Page 12? 7 neighborhood --7 A. No. There's a slight discrepancy in 8 8 Q. Okay. the numbers. Instead of 113 it says 049, so --A. -- which indicates its built-out status Q. Okay. And then on Page 12, under 9 9 10 Access, where it says there's a curb cut to the east, 10 of the property. O. So isn't the neighborhood really in 11 isn't that curb cut actually to the west of the 11 12 decline? 12 subject? 13 A. No. That's your opinion. 13 A. Yes. Q. You have a statement, a sentence or two 14 Q. Okay. Thank you. Mr. Weis testified 14 15 this morning that McDonald's restaurants are 15 later in that summary paragraph on Page 11, which says, "Existing commercial and multifamily properties 16 typically built with superadequacies. Have you ever 16 will, in all probability, continue to turn over and 17 heard the term superadequacies or adequacies? 17 experience continued upgrading to meet modern market 18 A. I have. 18 standards." What do you base that on? What proof is 19 19 Q. Okay. And what does it mean to you? 20 there that multifamily properties or commercial 20 A. That would mean that the improvements properties are being upgraded in the neighborhood? 21 were built above what market would typically build. 21 A. Well, I could speak to the McDonald's. 22 That would be -- so, for instance, you might have a 22 They tore down a 1979 building to put up a 2006 23 warehouse that has a 60-foot high clearance. Well, 23 the market might say well, that's too high, it's 24 building because the location was so good. 24 25 Q. But that occurred in 2006. 25 usually 32 to 34. Page 162 Page 164 1 A. Right. 1 Q. Or you might, for example, have a 2 2 restaurant that's built over and above what the O. That's almost a decade before the tax 3 standards are of typical restaurants in the 3 lien date in question. A. Well, let's see. I -- I appraised a 4 community? 4 5 Kroger property right down the street from there that 5 A. Okay. Yeah, that's right. was built in 1978. I did it for a Board of Revision 6 6 Q. Okay. On Page 15, under Functional 7 7 hearing. Kroger decided that they wanted to stay in Obsolescence you -- your report states, "There is no 8 the property and reupped on a lease in a location 8 functional obsolescence present as of the date of that was surrounded by multifamily properties. That 9 appraisal." Do you agree with Mr. Weis that the 9 was done in 2013 or 2014, close to the tax lien date. 10 10 McDonald's restaurant or the subject of this They reupped for I believe about \$6 a foot for a 11 afternoon's hearing contained superadequacies in 11 supermarket space. So Kroger decided to stay in this terms of its construction? 12 12 locale because they felt it was economic for them. 13 13 A. No. 14 Driving around the neighborhood and 14 Q. Why not? understanding the properties have been well 15 A. Because I don't think they're using any 15 16 maintained. We're not talking about properties that 16 materials that would not be used in another national have gone into disrepair. Kettering is a -- it's a 17 fast-food restaurant. 17 solid, middle-class neighborhood where the pride of O. Do you believe that McDonald's 18 18 19 ownership is good. 19 restaurants are built to a superior quality of Q. Okay. I'd ask you to turn to Page 12, 20 construction --20 and if you -- can you identify in the addendum where 21 21 A. No. 22 FEMA Map 3904C0259E is? 22 Q. -- as compared to -- as compared to a 23 A. Yes. It's the page right before the 23 typical restaurant in the market? 24 demographic. 24 A. No. O. Okay. And that's this document that I'm 25 O. You worked at a McDonald's restaurant at 25

	Page 165		Page 167
1	one point in time?	1	A. Well, it could be adopted for other uses
2	A. I did.	2	at a cost, but that's a hypothetical. That's not
3	Q. Okay. And where was that restaurant?	3	what its use is right now.
4	A. I worked at one at Northern Lights	4	Q. Would you agree with me that
5	Shopping Center, which I think they're on their third	5	hypothetically the building could be adopted to a
6	McDonald's right now, building, and I also worked at	6	wide variety of other uses?
7	one in Clintonville, where I met my wife.	7	MS. FOX: Objection. It's asked and
8	Q. And while you were working at either of	8	answered.
9	those McDonald's were the buildings undergoing any	9	ATTORNEY EXAMINER HIGGINS: I'm going to
10	type of construction?	10	sustain that. I do believe he did answer it.
11	A. No.	11	MR. BLUESTONE: Okay. Thank you.
12	Q. Are you familiar, Mr. Sprout, with the	12	BY MR. BLUESTONE:
13	fact that McDonald's has its contractors build its	13	Q. I wanted to ask you about Page 16. You
14	restaurant on an expedited basis?	14	talk about your highest and best use analysis. You
15	A. What do you mean by "expedited"?	15	say under the paragraph that has the heading
16	Q. Well, they're charged with getting the	16	Physically Possible, "The property is serviced by all
17	restaurants up as quickly as possible, sometimes as	17	necessary utilities to accommodate development and
18	little as three months.	18	abuts similar type uses"; right?
19	A. I think that's true to a lot of national fast-	19	A. Yes.
20	food restaurants. Just based on the two most	20	Q. Okay. It physically abuts a retail
21	recent fast-food restaurants that I appraised, the	21	center to the north, right, and a Meijer on the other
22	one being a Chipotle and one being a Burger King,	22	side, I believe?
23	they were under the same gun, and Chipotle happened	23	A. It's an outlot to the Meijer, which is
24	to be built by a similar construction company that	24	typical in the market.
25	builds McDonald's here in the central Ohio area.	25	Q. What other similar type uses does the
			51
	Page 166		Page 168
1		1	
1 2	Q. Okay. Would you agree with Mr. Weis		McDonald's restaurant provide?
	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a	2	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a
2	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on		McDonald's restaurant provide?
2 3	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?	2 3 4	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also
2 3 4	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're	2 3 4 5	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or
2 3 4 5	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're	2 3 4	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?
2 3 4 5 6 7	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and	2 3 4 5 6 7	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the
2 3 4 5 6	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They	2 3 4 5 6	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?
2 3 4 5 6 7 8	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into	2 3 4 5 6 7 8	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the
2 3 4 5 6 7 8	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.	2 3 4 5 6 7 8	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It
2 3 4 5 6 7 8 9	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the	2 3 4 5 6 7 8 9	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about. Q. Terrific. And Mr. Weis testified that
2 3 4 5 6 7 8 9 10 11	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?	2 3 4 5 6 7 8 9 10	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King
2 3 4 5 6 7 8 9 10 11 12 13	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've	2 3 4 5 6 7 8 9 10 11	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from
2 3 4 5 6 7 8 9 10 11	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.	2 3 4 5 6 7 8 9 10 11 12 13	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.
2 3 4 5 6 7 8 9 10 11 12 13	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've	2 3 4 5 6 7 8 9 10 11 12 13 14	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?  A. That came from the Montgomery County	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about. Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property, not the front of it
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?  A. That came from the Montgomery County Auditor's Office.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about. Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property, not the front of it Q. Okay.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?  A. That came from the Montgomery County Auditor's Office.  Q. Okay. Would you agree with me that the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property, not the front of it  Q. Okay.  A not the parking lot.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?  A. That came from the Montgomery County Auditor's Office.  Q. Okay. Would you agree with me that the building that's depicted on Page 14 is essentially a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property, not the front of it  Q. Okay.  A not the parking lot.  Q. You did not mention the Burger King
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?  A. That came from the Montgomery County Auditor's Office.  Q. Okay. Would you agree with me that the building that's depicted on Page 14 is essentially a rectangle?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property, not the front of it  Q. Okay.  A not the parking lot.  Q. You did not mention the Burger King property whatsoever in any of the analyses that you
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?  A. That came from the Montgomery County Auditor's Office.  Q. Okay. Would you agree with me that the building that's depicted on Page 14 is essentially a rectangle?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property, not the front of it  Q. Okay.  A not the parking lot.  Q. You did not mention the Burger King property whatsoever in any of the analyses that you undertook in your report.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. Would you agree with Mr. Weis that that McDonald's contractors are paid a premium for constructing a McDonald's restaurant on an expedited basis?  A. No. I disagree. I think they're paid sometimes they're paid less because they're specifically utilized to build that specific box, and they will move around to different locations. They know the cost of every single nail that goes into that thing.  Q. Is there in your report a diagram of the existing building on the McDonald's site?  A. Are you talking about a site plan? I've got a sketch.  Q. On 14. Looking at Page 14, which is a sketch, where did that sketch come from?  A. That came from the Montgomery County Auditor's Office.  Q. Okay. Would you agree with me that the building that's depicted on Page 14 is essentially a rectangle?  A. Yes.  Q. And can you explain to the Board why	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	McDonald's restaurant provide?  A. I think there's a Dunkin' Donuts and a Wendy's. I think I talked about that in my discussion. There's also  Q. There's a Burger King very nearby or there was a Burger King nearby?  A. The Burger King was south of the property, and it was south of the Meijer, too. It was not you know, it was on the side of the Meijer. I know exactly where you're talking about.  Q. Terrific. And Mr. Weis testified that one could see the Meijer store from the Burger King property just as one could see the Meijer store from the subject property.  A. Well, I believe you could see the rear of the Meijer store from the Burger King property, not the front of it  Q. Okay.  A not the parking lot.  Q. You did not mention the Burger King property whatsoever in any of the analyses that you undertook in your report.  A. Correct.

	Page 169		Page 171
1	of purchase was not to utilize the existing building.	1	was appropriate to utilize in my report.
2	The motivation of the buyer was to tear it down and	2	Q. And so it was also appropriate for Mr.
3	put up, I believe, a tire store on the site, so their	3	Weis not to utilize those sales in his report?
4	motivation wasn't to buy the existing building.	4	A. Agreed.
5	Their motivation was to buy it for another national	5	Q. Thank you. Can I ask you to turn,
6	single-tenant user.	6	please, to the chart on Page 17 of your report?
7	Q. Okay. And that Burger King facility,	7	A. Yes.
8	according to Mr. Weis, was constructed in 2000, and	8	Q. First of all, there's no information
9	it was torn down by 2015.	9	here to indicate where this data comes from. Can you
10	A. Okay.	10	illuminate us, please?
11	Q. Do you have any information to the	11	A. Well, it's on the previous page. It
12	contrary?	12	talks about where the data came from, last paragraph.
13	A. No, I don't. I didn't talk about it in	13	Q. Okay. So that the data came from
14	my report because it was a land sale. It was	14	CoStar; correct? And on what date was this data
15	improper to use something like that in a report when	15	created?
16	the existing use doesn't meet what the motivation was	16	A. I ran the report on May 6, 2016, and as
17	of the buyer.	17	you can see by the information there, it provides a
18	Q. Mr. Weis testified that that property,	18	five-year window.
19	the Burger King property, was marketed for use as a	19	Q. Okay. There seems to be an anomaly in
20	restaurant. Do you dispute that?	20	the data compared to your testimony. If I look at
21	A. I can't dispute it because I don't know.	21	the vacancy rate, which is lines of a graph shown in
22	Q. Okay. Did you look at the listing for	22	the middle of the chart, it goes from a vacancy of
23	that property?	23	12-point something percent in 2011 and falls
24	A. I did not.	24	precipitously to maybe seven percent in 2015 and
25	Q. Okay. Do you have any information that	25	eight percent in 2014, but yet when you look at the
	Page 170		Page 172
1	would suggest that the Burger King property, the	1	triple net asking rent per square foot on the graph
2	building, could not have been used for a restaurant	2	next to it, even though the vacancy is going down
3	by the next purchaser?	3	precipitously, so too are the rents. So my question
4	A. Well, obviously the market said no,	4	to you is, how could this be a stable market if
5	because the the most the buyer that came into	5	vacancy is dropping drastically and rents are
6	the market with the highest price bought it to tear	6	dropping as well? In fact, in 2014-15, we're at the
7	the building down.	7	nadir of asking rents per square foot?
8	Q. Okay. But in terms of the structure	_	
	~ •	8	A. Once again, they're asking rents for the
9	itself, do you have any of the Burger King	9	vacant space, so we're talking about all sorts of
10	itself, do you have any of the Burger King building, do you have any information that the		vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to
10 11	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?	9 10 11	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to
10 11 12	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.	9 10 11 12	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they
10 11 12 13	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning	9 10 11 12 13	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at
10 11 12 13 14	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning about sales of several Wendy's restaurants that	9 10 11 12 13 14	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at about seven percent; so, you know, you have a higher
10 11 12 13 14 15	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning about sales of several Wendy's restaurants that occurred in Montgomery County. I don't recall seeing	9 10 11 12 13 14	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at about seven percent; so, you know, you have a higher vacancy factor in this two-mile radius, and I
10 11 12 13 14 15	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning about sales of several Wendy's restaurants that occurred in Montgomery County. I don't recall seeing you utilize any sales of Wendy's properties in your	9 10 11 12 13 14 15	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at about seven percent; so, you know, you have a higher vacancy factor in this two-mile radius, and I accounted for that in my Stabilized Profit & Loss
10 11 12 13 14 15 16 17	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning about sales of several Wendy's restaurants that occurred in Montgomery County. I don't recall seeing you utilize any sales of Wendy's properties in your report. Can you tell me if I missed them or why you	9 10 11 12 13 14 15 16	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at about seven percent; so, you know, you have a higher vacancy factor in this two-mile radius, and I accounted for that in my Stabilized Profit & Loss Statement with a ten-percent vacancy rate. I believe
10 11 12 13 14 15 16 17	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning about sales of several Wendy's restaurants that occurred in Montgomery County. I don't recall seeing you utilize any sales of Wendy's properties in your report. Can you tell me if I missed them or why you didn't use the sales that Miss Fox asked about?	9 10 11 12 13 14 15 16 17	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at about seven percent; so, you know, you have a higher vacancy factor in this two-mile radius, and I accounted for that in my Stabilized Profit & Loss Statement with a ten-percent vacancy rate. I believe Mr. Weis utilized only five percent in his. So
10 11 12 13 14 15 16 17 18	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning about sales of several Wendy's restaurants that occurred in Montgomery County. I don't recall seeing you utilize any sales of Wendy's properties in your report. Can you tell me if I missed them or why you didn't use the sales that Miss Fox asked about?  A. I didn't utilize I know what he's	9 10 11 12 13 14 15 16 17 18	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at about seven percent; so, you know, you have a higher vacancy factor in this two-mile radius, and I accounted for that in my Stabilized Profit & Loss Statement with a ten-percent vacancy rate. I believe Mr. Weis utilized only five percent in his. So that's not atypical for me to see both lines going
10 11 12 13 14 15 16 17	itself, do you have any of the Burger King building, do you have any information that the building could not have been used as a restaurant?  A. No, I do not.  Q. And Miss Fox asked Mr. Weis this morning about sales of several Wendy's restaurants that occurred in Montgomery County. I don't recall seeing you utilize any sales of Wendy's properties in your report. Can you tell me if I missed them or why you didn't use the sales that Miss Fox asked about?	9 10 11 12 13 14 15 16 17	vacant space, so we're talking about all sorts of retail properties, and for the vacancy rate to continue to drop as well as the asking rates to continue to drop, and then you can see in 2015 they pick up once the vacancy starts to level off there at about seven percent; so, you know, you have a higher vacancy factor in this two-mile radius, and I accounted for that in my Stabilized Profit & Loss Statement with a ten-percent vacancy rate. I believe Mr. Weis utilized only five percent in his. So

22

23

24

25

Q. And I don't remember, what was the

asking -- the rent that you suggested would be

appropriate for the subject property?

rates start to bounce back.

and actually there's a rent comp in my report of one

of those Wendy's that was purchased as part of that

the standpoint of a bulk purchase, I didn't feel it

bulk purchase. Another one happened to be -- so from

22

23

24

	Page 173		Page 175
1	A. \$38.	1	are in Montgomery County and five are not; correct?
2	Q. And on the graph that's shown on Page	2	A. Two are in Montgomery County and five
3	17, Mr. Sprout, the asking rent per square foot	3	are not, that is correct.
4	doesn't even come close to \$38 at any point in time.	4	Q. And many of the sales comparables are
5	A. No, because those are vacant properties.	5	new buildings that had attached to them recent
6	Those are all types of vacant properties. So if	6	long-term leases to national fast-food restaurant
7	those properties are vacant, it's likely that they're	7	companies; correct?
8	second generation. The subject property is	8	A. Sale 1 only had about five years left on
9	definitely not a second-generation property or	9	the term. The other two, three, four, six, and
10	McDonald's would have vacated.	10	seven had longer term lease deals, which would be
11		11	<u> </u>
	Q. Okay. And would you agree with me that		typical of the subject's type.
12	asking rent per square foot is probably higher than	12	Q. Okay. And with respect to all of the
13	what the actual lease rate per square foot would be	13	national fast-food companies which purchased Sales 1
14	when a lease is signed?	14	through 5, did you speak to the buyer in any of those
15	A. Not necessarily.	15	instances to find out what the buyer's motivation
16	Q. In most cases?	16	was?
17	A. Not necessarily.	17	A. I spoke to either the seller or a broker
18	Q. Okay. And in just so I'm clear,	18	that was involved in selling the transaction.
19	looking at this chart that you obtained from CoStar,	19	Q. Okay. Nobody that you spoke to on those
20	as of the beginning of 2014, what was the triple net	20	sales could tell you what the from direct
21	asking rent per square foot?	21	experience what the buyer's motivation was?
22	A. The asking rent for vacant properties	22	A. No.
23	which were older than the subject property was \$11.	23	Q. Okay. And with respect to would you
24	Q. And that's the asking rate for vacant	24	agree with me that the buyer of the Chipotle
25	properties within a two-mile radius of the subject?	25	restaurants was influenced by the creditworthiness of
			•
	Page 174		Page 176
1	Page 174  A. Yes. And I will add that if the	1	Page 176 Chipotle and the success of Chipotle?
1 2	A. Yes. And I will add that if the		
		2	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to
2	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.		Chipotle and the success of Chipotle?
2 3 4	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject	2 3 4	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.
2 3 4 5	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?	2 3 4 5	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a
2 3 4 5 6	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?	2 3 4 5 6	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a
2 3 4 5 6 7	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property	2 3 4 5 6 7	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into
2 3 4 5 6 7 8	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.	2 3 4 5 6 7 8	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national
2 3 4 5 6 7 8 9	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they	2 3 4 5 6 7 8	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?
2 3 4 5 6 7 8 9	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site	2 3 4 5 6 7 8 9	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.
2 3 4 5 6 7 8 9 10	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.	2 3 4 5 6 7 8 9 10	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration
2 3 4 5 6 7 8 9 10 11	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental	2 3 4 5 6 7 8 9 10 11	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?
2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the	2 3 4 5 6 7 8 9 10 11 12	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?
2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?	2 3 4 5 6 7 8 9 10 11 12 13	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.	2 3 4 5 6 7 8 9 10 11 12 13 14	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?  A. Well, it's not Montgomery County. It's	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred in 2012 or 2014; correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?  A. Well, it's not Montgomery County. It's south of Montgomery County. I think it's one or two	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred in 2012 or 2014; correct?  A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?  A. Well, it's not Montgomery County. It's south of Montgomery County. I think it's one or two counties down.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred in 2012 or 2014; correct?  A. Yes.  Q. And that was before Chipotle suffered a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?  A. Well, it's not Montgomery County. It's south of Montgomery County. I think it's one or two counties down.  Q. Okay. And Englewood, Ohio, Improved	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred in 2012 or 2014; correct?  A. Yes.  Q. And that was before Chipotle suffered a nationwide Listeria outbreak in its restaurants;
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?  A. Well, it's not Montgomery County. It's south of Montgomery County. I think it's one or two counties down.  Q. Okay. And Englewood, Ohio, Improved Sale No. 3?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred in 2012 or 2014; correct?  A. Yes.  Q. And that was before Chipotle suffered a nationwide Listeria outbreak in its restaurants; correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?  A. Well, it's not Montgomery County. It's south of Montgomery County. I think it's one or two counties down.  Q. Okay. And Englewood, Ohio, Improved Sale No. 3?  A. I believe that's in Montgomery County.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred in 2012 or 2014; correct?  A. Yes.  Q. And that was before Chipotle suffered a nationwide Listeria outbreak in its restaurants; correct?  A. I believe so.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. And I will add that if the property was vacant, I would have appraised it as such.  Q. Okay. Is it possible that the subject property would be purchased by an owner occupant?  A. You mean as it is right now?  Q. Or McDonald's to leave and the property was available for purchase.  A. If McDonald's were to leave, then they would have determined that the market this site wasn't economically justifiable, so yes.  Q. So an investor who is looking for rental income isn't the only possible purchaser of the subject property?  A. No.  Q. And looking at your improved sales, what county is Improved Sale No. 2 located in Monroe, Ohio in?  A. Well, it's not Montgomery County. It's south of Montgomery County. I think it's one or two counties down.  Q. Okay. And Englewood, Ohio, Improved Sale No. 3?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Chipotle and the success of Chipotle?  A. Well, you just asked me if I talked to any of the buyers, so I can't get into their minds, so I don't know the answer to that question.  Q. Okay. Would you agree that a buyer of a property which is subject to a lease or leased to a national fast-food restaurant would take into consideration the creditworthiness of the national fast-food restaurant?  A. One of the factors, yes.  Q. And would also take into consideration the strength of the sales at the restaurant?  A. Strength of its sales?  Q. Sales, gross revenues.  A. Possibly.  Q. Okay. So with respect to the sales, two, three, four, which were restaurants being operated as Chipotle restaurants, those all occurred in 2012 or 2014; correct?  A. Yes.  Q. And that was before Chipotle suffered a nationwide Listeria outbreak in its restaurants; correct?

	Page 177		Page 179
1	buyer of a property that's subject to a ground lease	1	2 is. Sale 3 is. Sale 4 is. Sales 1, 6, and 7 are
2	take into consideration the Listeria let me ask	2	within a mile of the interchange.
3	the question a different way, so let me withdraw it,	3	Q. Okay. So on Sale 6, in the description
4	if I may.	4	where you originally wrote it's "located just north
5	Do you think that Sales 2, 3, and 4	5	of the State Route 72/I-70 interchange," now you're
6	would have achieved the same sales price had they	6	changing that to be located within a mile?
7	occurred in 2015, after Chipotle had suffered its	7	A. Well, it is within a mile, isn't it?
8	Listeria outbreak?	8	Q. "Just north" suggests much closer to me.
9	A. I don't know the answer to that. I can	9	A. Okay.
10	only tell that you that based on financial	10	Q. And what about Improved Sale No. 7,
11	parameters, they would have sold at a lower	11	where the description says that it's "located on the
12	capitalization rate.	12	west side of Hilliard-Rome Road just north of I-70,"
13	Q. A lower capitalization rate?	13	do you want to change that description now, too?
14	A. Yes, because rates continue to drop as	14	A. Well, I didn't change
15	investors were looking were looking to purchase	15	MS. FOX: Objection.
16	properties. There was more money available to them	16	A the first one.
17	in the market, so continued capitalization rates	17	Q. Well, how far is it located from
18	continued to drop based on national averages.	18	ATTORNEY EXAMINER HIGGINS: Wait. What
19	Q. Okay. And so these investors, in your	19	was the basis of the objection?
20	opinion, would be more heavily influenced by the	20	MS. FOX: My basis for the objection was
21	national drop in capitalization rates than who the	21	that he was misstating what Mr. Sprout had said, but
22	tenant is and fact that the tenant has been affected	22	Mr. Sprout responded in that way, also; so it's fine.
23	with a Listeria outbreak and its sales had dropped	23	We can go on.
24	precipitously?	24	ATTORNEY EXAMINER HIGGINS: Okay.
25	A. I didn't say that. I don't know I	25	1111011 21 211 211 211 210 01 10 0 0 my,
	Page 178		Page 180
4	Page 178	1	Page 180
1	said I don't know what they would consider. All I	1	BY MR. BLUESTONE:
2	said I don't know what they would consider. All I said was that based on financial parameters in the	2	BY MR. BLUESTONE: Q. So Improved Sale No. 4 Improved Sale
2	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to	2	BY MR. BLUESTONE: Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?
2 3 4	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net	2 3 4	BY MR. BLUESTONE: Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it? A. Approximately a half a mile.
2 3 4 5	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.	2 3 4 5	BY MR. BLUESTONE: Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it? A. Approximately a half a mile. Q. And how far away is the subject property
2 3 4 5 6	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three	2 3 4 5 6	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?
2 3 4 5 6 7	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable	2 3 4 5 6 7	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the
2 3 4 5 6 7 8	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted	2 3 4 5 6 7 8	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I
2 3 4 5 6 7 8 9	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?	2 3 4 5 6 7 8	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.
2 3 4 5 6 7 8 9	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question.	2 3 4 5 6 7 8 9	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent
2 3 4 5 6 7 8 9 10	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved	2 3 4 5 6 7 8 9 10	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease
2 3 4 5 6 7 8 9 10 11	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location;	2 3 4 5 6 7 8 9 10 11	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through
2 3 4 5 6 7 8 9 10 11 12	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question.  Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?	2 3 4 5 6 7 8 9 10 11 12 13	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?
2 3 4 5 6 7 8 9 10 11 12 13 14	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct? A. Yes, it is.	2 3 4 5 6 7 8 9 10 11 12 13 14	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed
2 3 4 5 6 7 8 9 10 11 12 13 14 15	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales	2 3 4 5 6 7 8 9 10 11 12 13 14 15	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location? A. You refer to an interstate location	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document? Q. Yes. A. Is that what you're asking?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location? A. You refer to an interstate location meaning easy on, easy off?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.  A. Is that what you're asking? Q. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location?  A. You refer to an interstate location meaning easy on, easy off? Q. Well, Sale No. 2, for example, is at the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.  A. Is that what you're asking? Q. Yes.  A. I looked at the lease document for Rent
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location?  A. You refer to an interstate location meaning easy on, easy off? Q. Well, Sale No. 2, for example, is at the intersection of State Route 63 and I-75.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.  A. Is that what you're asking?  Q. Yes.  A. I looked at the lease document for Rent Comparable No. 5 because we appraised the property.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location? A. You refer to an interstate location meaning easy on, easy off? Q. Well, Sale No. 2, for example, is at the intersection of State Route 63 and I-75. A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile.  Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.  A. Is that what you're asking?  Q. Yes.  A. I looked at the lease document for Rent Comparable No. 5 because we appraised the property. I looked at extensive offering memorandums, as I
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location? A. You refer to an interstate location meaning easy on, easy off? Q. Well, Sale No. 2, for example, is at the intersection of State Route 63 and I-75. A. Yes. Q. Okay. How many other of your improved	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.  A. Is that what you're asking? Q. Yes.  A. I looked at the lease document for Rent Comparable No. 5 because we appraised the property. I looked at extensive offering memorandums, as I indicate in my verification, for Rent Comparables 1,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location?  A. You refer to an interstate location meaning easy on, easy off? Q. Well, Sale No. 2, for example, is at the intersection of State Route 63 and I-75.  A. Yes. Q. Okay. How many other of your improved sales are located at an interstate or an interchange	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.  A. Is that what you're asking? Q. Yes.  A. I looked at the lease document for Rent Comparable No. 5 because we appraised the property. I looked at extensive offering memorandums, as I indicate in my verification, for Rent Comparables 1, 2, 3, 4 I take that back. I did look at the lease
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	said I don't know what they would consider. All I said was that based on financial parameters in the marketplace, capitalization rates dropped from '14 to '15 on average, based on average sales of global net leases, so I can't answer your question.  Q. Would you agree with me that these three properties became less attractive and less valuable because of the Listeria outbreak that afflicted Chipotle?  A. I told you I can't answer that question. Q. Okay. I'm going to move on. Improved Sale No. 4, that's at an interstate location; correct?  A. Yes, it is. Q. And how many of the other improved sales are at an interstate location? A. You refer to an interstate location meaning easy on, easy off? Q. Well, Sale No. 2, for example, is at the intersection of State Route 63 and I-75. A. Yes. Q. Okay. How many other of your improved	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	BY MR. BLUESTONE:  Q. So Improved Sale No. 4 Improved Sale No. 7, Mr. Sprout, how far north of I-70 is it?  A. Approximately a half a mile. Q. And how far away is the subject property from the nearest major interchange?  A. I believe it's several miles to the north of the 675 interchange with Wilmington Pike, I believe.  Q. Okay. Let me turn to your rent comparables. Did you actually review the lease agreements themselves for Rent Comparables 1 through 8 or any of them?  A. You're talking about the actual executed lease document?  Q. Yes.  A. Is that what you're asking? Q. Yes.  A. I looked at the lease document for Rent Comparable No. 5 because we appraised the property. I looked at extensive offering memorandums, as I indicate in my verification, for Rent Comparables 1,

Page 183 Page 181

approach.

the brokers, because they're all from a national basis. These are all triple net leases, basically where expenses are paid by the tenant, so --

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. Now, Mr. Sprout, in my 30 years as a real estate attorney I've looked at offering memorandums prepared by brokers such as Marcus & Millichap, CBRE, and other brokers, and while the offering memorandum may be extensive, the discussion of the actual lease terms is generally very succinct. Isn't that, in fact, the case with the offering memorandums that you looked at?

A. The offering memorandums that I looked at on the other four indicated rents on an annual basis, when the step-ups would occur, what options were available to the tenant, what expenses would be reflective of who pays what; so that's the general financial data of a lease. As far as all the other items, as far as if it goes dark or those types of items, no, those items were not, but from the standpoint of what the actual rent was, what the terms of that rent was, how long they were in place for and if there were any step-up or options, all that information which is at the crux of a lease, in my opinion, that I'm looking at as a real estate appraiser, I felt comfortable in utilizing that

O. Did you ask any of the people that you talked to and verify with your rent comparables whether a portion of the rental rate being paid by the tenant included reimbursement for special-tenant improvements that were constructed by the landlord or for furniture, fixtures, and equipment that were

provided by the landlord to the tenant?

A. I did some additional homework on that, concerning the FF&E. Typically FF&E is not included in the lease, and the reason for that is the tenant will purchase their furniture, fixtures, and equipment, and then they'll have the general contractor install those items within the building. The reason for that is because the tenant can take a large tax deduction based on that FF&E because the tax laws are such that allows that to happen, so that isn't -- an unusual situation is when the FF&E is built into the lease, very unusual situation, and when we get into a turnkey situation where they're just handing the keys over to a tenant, the tenant has purchased the FF&E themselves, the tables and chairs, the equipment and that sort of thing, and has the general contractor install them as part of the overall construction process; so it's not built into

Page 182

1 the lease rate.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Page 184

Q. Okay. And three out of the four cases where you looked at offering memorandums, you only looked at the document itself, correct, in one situation, and that's in Rent Comp 1, 2, 3, and 4?

MS. FOX: I don't understand the question, so I'm --

- Q. Okay. In Rent Comp No. 1, 2, 3, and 4, your verification was through the offering memorandum?
  - A. Correct.

information in my report.

- Q. And then it says CoStar?
- A. Yes.
- Q. Did you -- were you able to view the entire offering memorandum?
  - A. Yes. I have it in my work file.
- Q. And in only one situation did you actually call a broker to confirm information in the offering memorandum, and that's sale -- Rent Comp No. 2; correct?

A. No, that's not correct. I confirmed --I confirmed Sale No. -- I confirmed the sale of 175 Senate Drive and I confirmed the sale of 9208 North Main Street, so that information would have been verified with whoever I talked to in the sales

Q. Okay. Do you know if any of the rent comps were leased to the tenant in what I'm going to describe as a cold dark box? And do you know what that term means, Mr. Sprout?

A. I'm assuming you're referring to a vanilla box where they go in and -- they include the tenant improvements themselves.

Q. Right.

A. When you refer to tenant improvements, what are you -- when you say vanilla box, to me a vanilla box includes the floor. It includes the HVAC. It includes the drywall. It includes the glass. It includes the basic interior improvements. Your reference to a cold dark box, are you referring that there's no HVAC in it?

Q. Right, that it's just the shell.

A. No. That's atypical. The only time you see a situation like that is in a larger storeroom where -- where a -- not in this situation, but you see a larger storeroom where the developer still hasn't determined what tenants are going to go in line, so they leave it wide open so they can partition it based on what the tenant's needs are that they're looking to --

	Page 185		Page 187
1	Q. Okay. Are you familiar with the Dublin	1	A. The Independent Council of Shopping
2	Green Shopping Center that's recently been	2	Centers.
3	constructed?	3	Q. And do you have that, the materials with
4	A. Dublin Green. You're going to have to	4	you today?
5	tell me its location.	5	A. I do not.
6	Q. Near Post Road.	6	Q. If the sales were less than the amounts
7	A. Dublin Green, are you talking about	7	indicated on your chart, does that mean that the
8	where Dewey's Pizza is and Starbucks?	8	value of the property will go down?
9	Q. Where the new Costco just opened up.	9	A. That's just one piece of the puzzle, but
10	A. Oh, Dublin Green. I'm familiar with	10	that brings into play what are the sales at this
11	where the Costco is and I know that they're	11	specific location.
12	attempting to sell or lease outlots.	12	Q. Okay. So let me ask you this, our
13	Q. And a client of mine just leased an	13	charge and the Board's charge is to determine the
14	outlot for use as a Tim Hortons store, and it was	14	value of the subject property as of the January 1st
15	leased to them in a cold dark box scenario. Are you	15	tax lien date. Assume for the sake of this question
16	saying that that's not typical of the market?	16	that McDonald's is closed on New Year's Day and there
17	A. From what I've seen. I mean, I'm just	17	are no sales. Does that mean that the value of the
18	telling you from my my experience.	18	restaurant is zero?
19	Q. Mr. Sprout, can I ask you	19	A. These sales are based on annual sales,
20	A. No.	20	not one day.
21	Q. If I was to look at before I get	21	Q. And if a restaurant chain were to be
22	there, actually, in terms of your Sales Breakpoint	22	afflicted with a Listeria problem, such as Chipotle,
23	Analysis which appears on Page 41 of your report, you	23	and the sales plummet, does that mean that the value
24	testified that you consulted with one of your clients	24	of the land and the building goes down as well?
25	who owns, I think, 40 some odd	25	A. No, because that would be a unique or
	Page 186		Page 188
4			
1	A. I said about 14 Wendy's.	1	unusual situation.
2	Q. 14 Wendy's. A. I believe it's 14.	2	Q. Which sometimes happens?
3		3	A. Well, once again, we get back to the
4	Q. Thank you. Is there any other support		
-	for this tyme of analysis?	4	highest and best use analysis where the location
5	for this type of analysis?	5	would dictate a national single-tenant user.
6	A. Actually, when I in property	5 6	would dictate a national single-tenant user.  Q. And what is it that generates these
6 7	A. Actually, when I in property management, in discussions with property managers and	5 6 7	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?
6 7 8	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food	5 6 7 8	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.
6 7 8 9	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple	5 6 7 8 9	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner
6 7 8 9 10	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a	5 6 7 8 9 10	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales
6 7 8 9 10 11	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I	5 6 7 8 9 10 11	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?
6 7 8 9 10 11	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it	5 6 7 8 9 10 11 12	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They
6 7 8 9 10 11 12 13	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the	5 6 7 8 9 10 11 12	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to
6 7 8 9 10 11 12 13	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications	5 6 7 8 9 10 11 12 13	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact
6 7 8 9 10 11 12 13 14	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.	5 6 7 8 9 10 11 12 13 14	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only
6 7 8 9 10 11 12 13 14 15	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption?	5 6 7 8 9 10 11 12 13 14 15	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases
6 7 8 9 10 11 12 13 14 15 16	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?	5 6 7 8 9 10 11 12 13 14 15 16	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all
6 7 8 9 10 11 12 13 14 15 16 17	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?  A. Well, you would have brought those to	5 6 7 8 9 10 11 12 13 14 15 16 17	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all been in that five to eight percent range.
6 7 8 9 10 11 12 13 14 15 16 17 18	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?  A. Well, you would have brought those to the table, I think, if they were.	5 6 7 8 9 10 11 12 13 14 15 16 17 18	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all been in that five to eight percent range.  Q. And the gross sales revenues are
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?  A. Well, you would have brought those to the table, I think, if they were.  Q. Well, no request was made of me for that	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all been in that five to eight percent range.  Q. And the gross sales revenues are generated by the land and the building; correct?
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?  A. Well, you would have brought those to the table, I think, if they were.  Q. Well, no request was made of me for that information, Mr. Sprout.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all been in that five to eight percent range.  Q. And the gross sales revenues are generated by the land and the building; correct?  A. Yes.
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?  A. Well, you would have brought those to the table, I think, if they were.  Q. Well, no request was made of me for that information, Mr. Sprout.  A. Okay.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all been in that five to eight percent range.  Q. And the gross sales revenues are generated by the land and the building; correct?  A. Yes.  Q. And the equipment and the supplies and
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?  A. Well, you would have brought those to the table, I think, if they were.  Q. Well, no request was made of me for that information, Mr. Sprout.  A. Okay. Q. Do you have any national publications	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all been in that five to eight percent range.  Q. And the gross sales revenues are generated by the land and the building; correct?  A. Yes.  Q. And the equipment and the supplies and the inventory that are inside; correct?
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Actually, when I in property management, in discussions with property managers and when we're doing leases for restaurants, fast food and regular restaurants, in my review of multiple lease documents you see that sales breakpoint in a lot of those, so that's that's why when I requested sales information with McDonald's, and it wasn't forthcoming, I made the assumption that the sales must have been higher than what my indications were.  Q. And that's just an assumption? Theoretically, they could be less?  A. Well, you would have brought those to the table, I think, if they were.  Q. Well, no request was made of me for that information, Mr. Sprout.  A. Okay.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	would dictate a national single-tenant user.  Q. And what is it that generates these gross sales volumes that you've put in your chart?  A. The market.  Q. Well, how does the property owner what do they use to generate these gross sales volumes?  A. They use their historical numbers. They use their experiences. I'm sure that if we talked to McDonald's, they would probably tell you the exact same thing from a breakpoint standpoint. I can only speak from Wendy's standpoint as well as other leases that I have reviewed over the years, which have all been in that five to eight percent range.  Q. And the gross sales revenues are generated by the land and the building; correct?  A. Yes.  Q. And the equipment and the supplies and

	Page 189		Page 191
1	This is just one piece of the puzzle in determining	1	those things, and on a capitalization rate basis, and
2	rent.	2	that's a going concern that you're talking about.
3	Q. But I want to understand how does an	3	This isn't a going concern. A golf course is a going
4	owner generate, for example, \$4,386,100 in revenues.	4	concern.
5	It comes from a lot more than just the land and the	5	Q. I want to ask you, if I may, on Page
6	building. It's the furniture, the fixtures, the	6	44 excuse me. I'm sorry. It's Page 43 in this
7	equipment, the labor, the goods the goods that are	7	report. What's the average rental for those
8	provided to the customers, from the trademark, and	8	restaurants?
9	from the goodwill of the business; correct?	9	A. Well, I don't are you talking each
10	A. All those are a part of it, but it still	10	individual rent, I can I can calculate each
11	comes down to location, location, location as far as	11	individual rent for you on those based on the
12	rental rates are concerned and how those sales are	12	capitalization rates. A sample size of seven would
13	generated. Once again, it's part of the whole	13	not generate a credible average.
14	puzzle.	14	Q. Okay. Well, if I told you that the
15	Q. Okay. But to understand your analysis	15	average rental of these seven restaurants was
16	don't you need to consider the cost of the of	16	\$85,000, does that sound approximately correct to
17	those items, the cost of advertising, the cost of	17	you?
18	building the trademark, the cost of equipment, the	18	A. I'd have to do the calculation, but
19	cost of labor, the cost of goods? Where is that	19	\$85,000 and I believe all seven of those stores
20	shown in your analysis?	20	are significantly smaller than the subject property.
21	A. It's not.	21	So did you do it on a price per square foot price
22	Q. Okay. And your analysis assumes, does	22	rent basis or did you just do a gross annual?
23	it not, that these purported gross sales would	23	Q. I did the calculation I came up with
24	continue ad infinitum?	24	an average rental of \$85,000. Do you have a
25	A. One more time.	25	calculator in front of you?
			·
		1	
	Page 190		Page 192
1	-	1	
1	Q. It assumes that the gross sales will be	1 2	A. So you did not do a rent-per-square-foot
2	Q. It assumes that the gross sales will be constant year after year after year.	2	A. So you did not do a rent-per-square-foot basis, is what you're telling me?
2	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.	2 3	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No.
2 3 4	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that	2 3 4	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're
2 3 4 5	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor,	2 3 4 5	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data.
2 3 4 5 6	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may	2 3 4 5 6	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you;
2 3 4 5 6 7	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?	2 3 4 5 6 7	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct?
2 3 4 5 6 7 8	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the	2 3 4 5 6 7 8	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do.
2 3 4 5 6 7 8 9	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.	2 3 4 5 6 7 8 9	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do. Q. And if you look what I'm going to tell
2 3 4 5 6 7 8 9	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each	2 3 4 5 6 7 8 9	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do. Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these
2 3 4 5 6 7 8 9 10	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you	2 3 4 5 6 7 8 9 10	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do. Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.
2 3 4 5 6 7 8 9 10 11	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising	2 3 4 5 6 7 8 9 10 11	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do. Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap. What valuation would that suggest?
2 3 4 5 6 7 8 9 10	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?	2 3 4 5 6 7 8 9 10	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do. Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap. What valuation would that suggest? A. That would suggest that we don't have
2 3 4 5 6 7 8 9 10 11 12	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising	2 3 4 5 6 7 8 9 10 11 12 13	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do. Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap. What valuation would that suggest?
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.	2 3 4 5 6 7 8 9 10 11 12 13	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.  What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.  Q. I have no recollection of ever seeing a	2 3 4 5 6 7 8 9 10 11 12 13 14	A. So you did not do a rent-per-square-foot basis, is what you're telling me? Q. No. A. Okay. Well, then you then you're skewing the data. Q. You have a calculator in front of you; correct? A. I do. Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap. What valuation would that suggest? A. That would suggest that we don't have all the data, because \$85,000? So let's look at the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.  Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.  What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.  Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so I'm wondering why use it now?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.  What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.  Q. Right, all the buildings are smaller.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.  Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so I'm wondering why use it now?  A. I never appraised a restaurant for you.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap. What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.  Q. Right, all the buildings are smaller.  A. Yes, all the buildings are smaller.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.  Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so I'm wondering why use it now?  A. I never appraised a restaurant for you.  Q. Why wouldn't you use a Sales Breakpoint	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap. What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.  Q. Right, all the buildings are smaller.  A. Yes, all the buildings are smaller.  Some are in better locations. Some are in worse
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct. Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece. Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes. Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so I'm wondering why use it now?  A. I never appraised a restaurant for you. Q. Why wouldn't you use a Sales Breakpoint Analysis in appraising a golf course, for example,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.  What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.  Q. Right, all the buildings are smaller.  A. Yes, all the buildings are smaller.  Some are in better locations. Some are in worse locations or worse condition. I believe the average
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct. Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece. Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes. Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so I'm wondering why use it now?  A. I never appraised a restaurant for you. Q. Why wouldn't you use a Sales Breakpoint Analysis in appraising a golf course, for example, like Dublin like Dublin the Golf Club of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.  What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.  Q. Right, all the buildings are smaller.  A. Yes, all the buildings are smaller.  Some are in better locations. Some are in worse locations or worse condition. I believe the average rental rate would be somewhere around \$34 to \$35 a foot.  Q. But you didn't answer my question. If
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.  Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so I'm wondering why use it now?  A. I never appraised a restaurant for you.  Q. Why wouldn't you use a Sales Breakpoint Analysis in appraising a golf course, for example, like Dublin like Dublin the Golf Club of Dublin? Remember we rode around in a golf cart I think last year?  A. A sales analysis is done based on a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.  What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.  Q. Right, all the buildings are smaller.  A. Yes, all the buildings are smaller.  Some are in better locations. Some are in worse locations or worse condition. I believe the average rental rate would be somewhere around \$34 to \$35 a foot.  Q. But you didn't answer my question. If the average rental here was 85,000 and you used,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. It assumes that the gross sales will be constant year after year after year.  A. Or if not yes, that is correct.  Q. Because and don't you recognize that food trends and companies come in and out of favor, and, therefore, the gross sales of a restaurant may significantly fluctuate from year to year?  A. And that's why it's a part of the puzzle, not the whole piece.  Q. Mr. Sprout, you and I have known each other many years, and, in fact, I have engaged you and Mr. Barnes to assist my clients in appraising different types of properties; correct?  A. On a couple of occasions, yes.  Q. I have no recollection of ever seeing a Sales Breakpoint Analysis in any of those reports, so I'm wondering why use it now?  A. I never appraised a restaurant for you.  Q. Why wouldn't you use a Sales Breakpoint Analysis in appraising a golf course, for example, like Dublin like Dublin the Golf Club of Dublin? Remember we rode around in a golf cart I think last year?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. So you did not do a rent-per-square-foot basis, is what you're telling me?  Q. No.  A. Okay. Well, then you then you're skewing the data.  Q. You have a calculator in front of you; correct?  A. I do.  Q. And if you look what I'm going to tell you is the average \$85,000 annual rental for these stores and you let's say you used a seven cap.  What valuation would that suggest?  A. That would suggest that we don't have all the data, because \$85,000? So let's look at the average size of each one of these, which I believe is going to be somewhere around 2,500 square feet.  Q. Right, all the buildings are smaller.  A. Yes, all the buildings are smaller.  Some are in better locations. Some are in worse locations or worse condition. I believe the average rental rate would be somewhere around \$34 to \$35 a foot.  Q. But you didn't answer my question. If

Page 195 Page 193 1 ATTORNEY EXAMINER HIGGINS: -- relevant 1 suggest? 2 2 to the case and leave adjectives alone for now. A. Well, it would suggest no value. It 3 3 MR. BLUESTONE: I'll withdraw the would just be a straight calculation. The number 4 would be 1,214,285. 4 question. Thank you, Miss Higgins. 5 Q. Thank you. 5 BY MR. BLUESTONE: 6 A. So there's -- there's no value there. 6 Q. So it's not inappropriate in appraising 7 7 the subject property to compare it to other Q. In your report, looking at the rent 8 8 comparables, how many of those do not have -- of the restaurant properties that do not have a 9 9 eight do not have drive-through lanes? drive-through? 10 A. I believe all but Chipotles do not have A. Mr. Weis did not utilize fast-food 10 drive-through lanes because that's their food 11 11 restaurants. His restaurant uses in his sales and 12 concept. So that would be three of those. 12 his rent comps were sit-down restaurants. They 13 Q. Okay. Steak 'n Shake? 13 weren't fast-food restaurants, and I've talked about A. Steak 'n Shake has a drive-through. 14 Chipotles having a -- is a fast-food restaurant that 14 15 15 Q. And what about -has a specific floor plate for their building. Now, A. Krispy Kreme does, too. 16 16 it doesn't have a drive-through, so that is a 17 Q. So three out of the eight don't have 17 disadvantage. McDonald's and Wendy's and Burger King drive-throughs? 18 18 and all these national fast-food restaurants, over 50 19 A. The Chipotle restaurants. 19 percent of their sales come through drive-throughs, 2.0 Q. Okay. And yet you used them in -- as 20 maybe even significantly more than that. That's why part of your analysis even though they don't have a 21 if you've noticed they've gone to the two 21 22 drive-through concept to generate more traffic, and I 22 drive-through? 23 A. Yeah. I believe I talked about the fact can tell you when I was out at this property at 2:00 23 that they are fast-food restaurants and because of 24 in the afternoon, a steady stream of cars in the 24 their concept where they are -- basically you walk 25 25 middle of the day on an afternoon, steady stream of Page 194 Page 196 1 through the line in order to tell them what you want 1 cars. 2 2 on your burrito or your bowl or whatever, that it's Q. And do you have any knowledge of what 3 3 kind of an exception to the rule. percentage of a fast-food restaurant's sales come 4 4 Q. Okay. And in looking at the improved from the drive-through? 5 5 sales, which of those don't have drive-throughs? A. I believe you indicated to me that 6 6 A. Two, three, four, and seven. they're well over 50 percent of their sales when you 7 Q. Okay. 7 were questioning me in the last McDonald's that we 8 A. And I believe I discuss that on Page 29. 8 had discussed, but I also know that based on the 9 9 Q. Okay. And even though they don't have franchisees that I've talked to as well as 10 drive-throughs, you used them as part of your report? 10 franchisees that I still have stayed in touch with A. Yes. And I would have adjusted them 11 11 over the years that was a franchisee of McDonald's. 12 downward for an economic disadvantage. 12 Q. And the subject property contains over 13 13 Q. Okay. Earlier this morning Miss Fox 4,600 square feet of space; correct? 14 criticized Mr. Weis for using a small number of 14 A. Yes. 15 15 restaurant properties in his reports that did not Q. And if I told you that 70 percent of the have drive-throughs, so was that criticism 16 typical McDonald's sales volume comes from the 16 well-founded? You didn't use them. 17 17 drive-through, would that refresh your memory of what 18 MS. FOX: I'm going to object to the 18 19 characterization of me criticizing Mr. Weis. I may 19 A. I wouldn't be surprised -- I wouldn't be have questioned Mr. Weis about his choices of his 20 20 surprised by that at all, no. 21 sales. 21 Q. And so if 70 percent of the sales are 22 22 MR. BLUESTONE: I'll -coming from a drive-through, isn't there functional 23 ATTORNEY EXAMINER HIGGINS: I agree. 23 obsolescence in the fact that the building is almost 24 Please stick with the facts and circumstances --24 4.700 square feet? Couldn't they actually utilize a MR. BLUESTONE: Thank you. 25 25 much smaller building such as Chipotle?

	Page 197		Page 199
1	A. No. They let me tell you something,	1	faster nationally than McDonald's?
2	these guys utilize every inch of their building.	2	A. I can't answer that question. I can
3	McDonald's is a gold standard for a reason. They're	3	tell you that McDonald's used to own Chipotle.
4	absolute geniuses in what they do. They utilize	4	Q. Correct, it did. But have you done any
5	every square foot of that building. There's a reason	5	research on the number of Chipotle restaurants being
6	why their floor plate is bigger, because they use	6	built compared to McDonald's restaurants that are
7	they use space in there for all of their foodthat	7	being built?
8	they have, which is breakfast and lunch. They use it	8	A. Well, McDonald's is has been in
9	for storage of buns, which they are continually	9	business a lot longer than Chipotle has.
10	rolling through. They use it for a break room for	10	Q. No. I'm talking the last let's say
11	their employees. They use it for a cash office.	11	the last five years. Have you done any research
12	They use it for restrooms. They also have a lobby	12	let me ask you a question, in the last five years, do
13	area for their customers that are coming inside. So	13	you know which chain has built more new restaurants,
14	they utilize every inch of that building. That's why	14	McDonald's or Chipotle?
15	they developed their longer building. It works great	15	A. Well, that's easy, because Chipotle has
16	for their drive-through and allows the drive-through	16	put more in because they're a newer company; so of
17	traffic to stack easier than some of the shorter	17	course they're going to have more absorption because
18	ones.	18	McDonald's already has all the restaurants and they
19	Q. And I just want to touch on one other	19	are building some more, but they already have a
20	topic. You said there was a prior McDonald's	20	larger market presence than Chipotle does.
21	restaurant on this site and it was there from	21	Q. I would agree with that, but isn't it
22	approximately 1979 to 2004, 2005?	22	true that one of the reasons why all the Chipotle
23	A. Yes.	23	sales referenced in your report sold at such high
24	Q. Okay. And then it was tore down and a	24	values is because the investors were excited about
25	new restaurant was built in its place?	25	the rapid growth of this new chain?
	new restaurant was ounten as place.		the rapid grown of this new chair.
	Page 198		Page 200
1	A. Yes.	1	A. I can tell you that if McDonald's where
2	<ul><li>A. Yes.</li><li>Q. So that restaurant had an approximate</li></ul>	2	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are
2	A. Yes. Q. So that restaurant had an approximate useful life around 25 years?	2 3	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than
2	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair.	2 3 4	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.
2	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his	2 3 4 5	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't
2 3 4	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food	2 3 4 5 6	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.
2 3 4 5	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25	2 3 4 5 6 7	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.
2 3 4 5 6 7 8	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range?	2 3 4 5 6	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you. Any redirect?
2 3 4 5 6 7 8 9	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15	2 3 4 5 6 7 8	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.
2 3 4 5 6 7 8 9	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So,	2 3 4 5 6 7 8	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.
2 3 4 5 6 7 8 9 10	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts.	2 3 4 5 6 7 8 9 10	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION
2 3 4 5 6 7 8 9 10 11	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25	2 3 4 5 6 7 8 9 10 11	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:
2 3 4 5 6 7 8 9 10	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a	2 3 4 5 6 7 8 9 10	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION  BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned
2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree?	2 3 4 5 6 7 8 9 10 11 12 13	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?
2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food restaurants.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION  BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that difference, would you be making an upward or a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food restaurants. A. Uh-huh.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION  BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that difference, would you be making an upward or a downward adjustment to, for example, the sale or a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food restaurants. A. Uh-huh. Q. And I want to thank you for that. I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that difference, would you be making an upward or a downward adjustment to, for example, the sale or a rental rate of a property without a drive-through?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food restaurants. A. Uh-huh. Q. And I want to thank you for that. I would agree. McDonald's is a mature fast-food	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that difference, would you be making an upward or a downward adjustment to, for example, the sale or a rental rate of a property without a drive-through?  A. Well, on Page 29 I address that, and it
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food restaurants. A. Uh-huh. Q. And I want to thank you for that. I would agree. McDonald's is a mature fast-food restaurant chain?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that difference, would you be making an upward or a downward adjustment to, for example, the sale or a rental rate of a property without a drive-through?  A. Well, on Page 29 I address that, and it would be an upward adjustment because it's an
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food restaurants. A. Uh-huh. Q. And I want to thank you for that. I would agree. McDonald's is a mature fast-food restaurant chain? A. As is many others.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that difference, would you be making an upward or a downward adjustment to, for example, the sale or a rental rate of a property without a drive-through?  A. Well, on Page 29 I address that, and it would be an upward adjustment because it's an economic disadvantage.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. So that restaurant had an approximate useful life around 25 years? A. Yeah. That's fair. Q. And so when Mr. Weis states in his report that a useful life of a McDonald's fast-food restaurant building is somewhere between 20 to 25 years, that's a reasonable range? MS. FOX: Objection. His report says 15 to something, maybe 15 to 30. He didn't say 20. So, again, you're misrepresenting the facts. Q. If I if I were to ask you is 20 to 25 years a reasonable range of a useful life of a McDonald's fast-food building, would you agree? A. Yes. Q. Okay. You said many times that McDonald's is the gold standard of fast-food restaurants. A. Uh-huh. Q. And I want to thank you for that. I would agree. McDonald's is a mature fast-food restaurant chain?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I can tell you that if McDonald's where coming up available for sale, their ground leases are selling for even a lower capitalization rate than what Chipotles are selling for.  MR. BLUESTONE: Miss Higgins, I don't have anything further. Thank you.  ATTORNEY EXAMINER HIGGINS: Thank you.  Any redirect?  MS. FOX: Yes. Thank you.  REDIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, I believe that you mentioned the absence of a drive-through would be a detriment as compared to the subject property; is that correct?  A. Yes.  Q. Okay. So if you were to adjust for that difference, would you be making an upward or a downward adjustment to, for example, the sale or a rental rate of a property without a drive-through?  A. Well, on Page 29 I address that, and it would be an upward adjustment because it's an

	Page 201		Page 203
1	versus Chipotle and just to be clear, you do not	1	properties would that include?
2	consider Chipotle to be a full-service restaurant, do	2	A. Inline retail space, big boxes. So like
3	you?	3	a big box could be a \$2 or \$3 a foot rent and have a
4	A. No.	4	huge amount of square footage, 100,000 feet. Most of
5	Q. You consider them to be a fast-food	5	the situation here would reflect second-generation
6	restaurant?	6	space, where a tenant has moved out, so that's why
7	A. Yes.	7	those are typically always going to be lower within
8	Q. Okay. And is their eat-in area or space	8	this chart.
9	similar to what you find in a Wendy's or a McDonald's	9	Q. Okay.
10	or a Steak 'n Shake?	10	I think that's all I have.
11	A. Yes. It would be an open eating area.	11	ATTORNEY EXAMINER HIGGINS: All right.
12	Q. And the customers have to serve	12	Let's go off the record for a brief second.
13	themselves at the counter?	13	(Discussion off the record.)
14	A. Yes.	14	ATTORNEY EXAMINER HIGGINS: Let's go
15	Q. There are no waiters or waitresses?	15	back on the record. Now that we've finished Mr.
16	A. Well, at Steak 'n Shake they have	16	Sprout's examination on the property that is the
17	waiters and	17	subject of 2015-2328, we'll move on and discuss the
18	Q. No. I'm sorry. At Chipotle.	18	property that is the subject of 2015-2331.
19	A. At Chipotle. That's yes, Chipotle,	19	Miss Fox, I'll let you either do a brief
20	Wendy's, Taco Bell, yes, those are	20	opening or launch into your examination.
21	Q. All right.	21	MS. FOX: I thought I would launch. I
22	A. Burger King.	22	would like to launch, if that's all right.
23	Q. Okay. You were asked you were asked	23	ATTORNEY EXAMINER HIGGINS: I appreciate
24	lots and lots of questions about your Sales	24	launching.
25	Breakpoint Analysis, and I just want to be clear, is	25	MS. FOX: Okay.
	1 7 7 3		•
	Page 202		
			Page 204
	Page 202		Page 204
1	this the primary analysis that you relied upon in	1	
2	this the primary analysis that you relied upon in your income approach?	2	THOMAS D. SPROUT, MAI, CPA,
2	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the	2 3	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law,
2 3 4	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.	2 3 4	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as
2 3 4 5	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the	2 3 4 5	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:
2 3 4 5 6	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro	2 3 4 5 6	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION
2 3 4 5 6 7	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in	2 3 4 5 6 7	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:
2 3 4 5 6 7 8	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your proforma, is the sale are the gross sales included in that analysis down there at all?	2 3 4 5 6 7 8	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX: Q. Mr. Sprout, you have already identified
2 3 4 5 6 7 8 9	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.	2 3 4 5 6 7 8 9	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's
2 3 4 5 6 7 8 9	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based	2 3 4 5 6 7 8 9	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the
2 3 4 5 6 7 8 9 10	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate	2 3 4 5 6 7 8 9 10	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX: Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?
2 3 4 5 6 7 8 9 10 11	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?	2 3 4 5 6 7 8 9 10 11	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.
2 3 4 5 6 7 8 9 10 11 12 13	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real	2 3 4 5 6 7 8 9 10 11 12 13	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for
2 3 4 5 6 7 8 9 10 11 12 13	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would	2 3 4 5 6 7 8 9 10 11 12 13	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this
2 3 4 5 6 7 8 9 10 11 12 13 14 15	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions	2 3 4 5 6 7 8 9 10 11 12 13 14 15	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX: Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct? A. Yes, correct. Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014? A. \$2,055,000.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar Vacancy Survey, and with respect to the information	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and redirect about the all of the details contained
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar Vacancy Survey, and with respect to the information contained on that chart, to be clear, that included	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and redirect about the all of the details contained within your first report, and a lot of those details
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar Vacancy Survey, and with respect to the information contained on that chart, to be clear, that included all currently vacant retail space within a two-mile	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and redirect about the all of the details contained within your first report, and a lot of those details are probably similar for this report; is that true?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar Vacancy Survey, and with respect to the information contained on that chart, to be clear, that included all currently vacant retail space within a two-mile radius; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and redirect about the all of the details contained within your first report, and a lot of those details are probably similar for this report; is that true?  A. Yes. There's a lot of similarities
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar Vacancy Survey, and with respect to the information contained on that chart, to be clear, that included all currently vacant retail space within a two-mile radius; correct?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and redirect about the all of the details contained within your first report, and a lot of those details are probably similar for this report; is that true?  A. Yes. There's a lot of similarities here, and I'll just touch on the differences.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar Vacancy Survey, and with respect to the information contained on that chart, to be clear, that included all currently vacant retail space within a two-mile radius; correct?  A. Yes.  Q. So that would include not only	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and redirect about the all of the details contained within your first report, and a lot of those details are probably similar for this report; is that true?  A. Yes. There's a lot of similarities here, and I'll just touch on the differences.  Q. That would be fantastic. Thank you.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	this the primary analysis that you relied upon in your income approach?  A. As I indicated, it was one piece of the puzzle.  Q. And, in fact, when we're looking at the chart at the bottom of Page 41, which was your pro forma, is the sale are the gross sales included in that analysis down there at all?  A. No, they are not.  Q. Okay. So that analysis is based strictly upon a base flat market rental rate irrespective of sales?  A. The rental rate reflects what the real estate, that would be land and building, would generate.  Q. Okay. And you were asked many questions as well regarding the chart on Page 17 of your report, which I believe you indicated was a CoStar Vacancy Survey, and with respect to the information contained on that chart, to be clear, that included all currently vacant retail space within a two-mile radius; correct?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THOMAS D. SPROUT, MAI, CPA, being previously duly sworn, as prescribed by law, was examined and testified in Case 2015-2331 as follows:  DIRECT EXAMINATION BY MS. FOX:  Q. Mr. Sprout, you have already identified for the record what's been marked as Appellant's Exhibit B, which is your appraisal report for the Wilmington Pike property; correct?  A. Yes, correct.  Q. All right. Could you please state for the record what your opinion of value was for this property as of January 1st, 2014?  A. \$2,055,000.  Q. Okay. Now, we have gone into already a lot of detail through direct, cross, and recross and redirect about the all of the details contained within your first report, and a lot of those details are probably similar for this report; is that true?  A. Yes. There's a lot of similarities here, and I'll just touch on the differences.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

4

5

6

7

8

9

10

11

14

15

16

17

18

19

20

21

22

23

24

25

Page 207

Page 208

two miles north of the Stroop Road property. It is 1 on a 1.7 acre site on Wilmington Pike more or less. 2 It was built in 2012. It was -- I think they tore 3 down the previous McDonald's and built a new one. 5 Once again, we get into a situation where McDonald's 6 felt it was a viable location, so they did that. 7 This property exits out to a -- to a traffic light. So it does have a signalized intersection to get in 8 and out of there. Wilmington Pike is a busy road. I 9 appraised the center directly across the street from 10 this property subsequent to writing this report. 11 There is a Skyline Chili across the street, so that 12 13 was built around -- I think built around 2004, 2003, so it's an older property. It doesn't have a 14 15 signalized situation as the subject property does here in this case. 16 17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Once again, if you look at the aerial, fortunately Google had updated their aerial maps to show the new McDonald's on this location. Once again, you see the long, narrow building type which accommodates their drive-through traffic. As you can also see to the left there on Page 1 the significant amount of parking that this property has. It not only has access to the top there, where you can see where the traffic light is, it also has access -- it

also see the average asking rents, so we're going to have a similar type discussion from the Stroop Road as far as the asking rents are concerned.

The sales, I utilized all the same sales. The primary adjustments here, as you can see by the chart on Page 29, when we get into land ratio, all of the sales are smaller building plates, but if you look at the site size, the subject's site size is larger than the subject -- or, excuse me, larger than the sales by 20, 30, 50, 70 percent. Now, the land ratios might be a little skewed there just because the subject's size is so large, but it has a lot of parking, which is a big part of a restaurant use.

My conclusion in the sales approach was about I think \$50 less on a square footage basis. That kind of comes into play based on this location isn't as good as the Stroop Road property, and it has a slightly larger floor plate than the Stroop Road property, I think was -- so it would be about 10, 15 percent larger. Some consideration was given -- that was built in 2012 versus 2006, but overall you get to the thing I keep talking about, location, location, location. And on Page 30, in the conclusion, I apologize, I obviously was using boilerplates here -or the same floor print as far as my appraisal is

concerned. That should say \$400 a square foot on

2 Page 30 instead of \$450 a square foot. 3 Q. I'm sorry, where are you looking at?

> A. Page 30, Conclusion, in the narrative, the second to last sentence. So, obviously, you can see I did the Stroop Road report before I did this report.

> Q. Okay. So the second line from the bottom, in the last paragraph should be 375 square feet and \$400 square feet?

A. That's correct.

O. Okav.

12 13

A. And that's what's indicated down below there.

Q. Okay.

A. I still haven't written the perfect appraisal yet with no typos. I'll keep working at

The rent comps would be the exact same. Once again, my conclusion of rent for this property was \$35 versus \$38 on the Stroop Road property. That goes to location. I can tell you that the Skyline Chili across the street renegotiate their lease in 2014 to approximately \$20 per square foot. That's an older building and not in as good a location, and it

Page 206

really should be right turn in, right turn out, but I'm sure people make that left turn across those highway lines there, so -- so it does have two access points, but the signalized section is very important. I don't think this property's location is as good as the Stroop Road property. It's still a very good location. I just don't think it's as good, and with it's slightly larger size there's some mitigating factors why my rental rate for this property, even though it's a newer building by six years, is slightly less than the Stroop Road property, so that being -- keeping that in mind, this site is about 40 percent larger, more or less, than the Stroop Road property, so that kind of comes into play as well. The larger site allows for more parking as well. So the floor plate and the interior of this building, I have the color pictures of the interior on Page 5. A lot of similarities to the Stroop Road property except this property also has a large outdoor eating area that you can see on Page 5, in the bottom corner.

Vacancy, I utilized 11-percent vacancy for this property, did a two-mile radius. You can see on Page 18 you have a similar type of vacancy rate, vacancy drop over the past five years. You can

Page 209 has a smaller acreage site size, so that kind of ties into this property having a larger site, signalized interchange, newer building, at \$35 a foot; so that kind of all ties together. My cap rate for this thing, once again, same discussion. A seven cap rate is above all of my cap rates, but that's consistent with what the

national average is and goes back to my highest and

best use, which would be the same thing, a national,

single-tenanted, freestanding user. So I think I hit

all the high points. Vacancy-weighted tax additur, we could go through the same process, we're going to get the same answer. Income approach is the primary indication of value. Sales approach is secondary. My conclusion of value for this property as of January 1st, 2014, is \$2,055,000. And I'm sure that the School Board's counsel will hit me for something that I might not have picked up in my quick analysis of this property in comparison to the Stroop Road property. I'm done.

Q. Okay. I think we've covered everything. Did you get to see the interior of this -- obviously, because you have pictures, and you visited them all in the same day?

O. I want to ask you to turn to Page 40 in this report, and again, I just want to ask you about this question one more time, the average rents, if I've the calculations correctly, is around 85 or 86,000 a year. Looking at the nine -- I'm sorry, the eight -- the eight properties that you list at the top of Page 40, as I understand your report, you're suggesting that McDonald's can afford \$100,000 more

A. Well, if you also look at the comps, you're talking about a floor plate that is larger than all eight of those as well, so it has more square footage to spread the rent over as well as the larger site size. So you can't look at it on an annual basis. You need to look at it on a rent-per-square-foot basis.

in terms of rent for this property?

Q. And would you agree with me that a larger restaurant would typically rent for less on a per-square-foot basis than a smaller restaurant?

A. No.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

25

Q. Why not?

A. Based on my experience, I've even seen smaller restaurants lease for less because they desire larger spaces, so it goes back to the floor plate that's built and the first generation of the

Page 210

Page 212

A. That's right, the same conversation. Right, I think this -- was this one -- I can't remember the order. This might have been -- this was the second of the four. I believe.

O. All right. Very well.

Nothing more from me at this point on

7 direct.

1

2

3

4

5

6

7

8

9

10

11 12

13

14

15

16

17

18

19

20

21

22

23

2.4

25

1

2

3

4

5

6

8

9

10

13

14

15

16

17

18

19

20

21

22

23

24

25

ATTORNEY EXAMINER HIGGINS: All right. Well, thank you very much.

Mr. Bluestone.

11 12

**CROSS-EXAMINATION** 

BY MR. BLUESTONE:

Q. Mr. Stroop, if I was to ask you the same questions --

MS. FOX: Mr. Sprout.

MR. BLUESTONE: I apologize. Thank you.

MS. FOX: It's been a long day.

MR. BLUESTONE: I apologize.

BY MR. BLUESTONE:

Q. Mr. Sprout, if I was to ask you the same questions as I did in my cross-examination with regard to the Stroop Road report, would you give the same answers?

A. Yes. I think that's fair.

space. So Wendy's has their floor plate. Chipotle has their floor plate. Burger King has their floor plate. Taco Bell has their floor plate. McDonald's has their floor plate. That goes to that special-use scenario as far as the layout of each different national user that's in place.

MR. BLUESTONE: I have nothing further of Mr. Sprout.

ATTORNEY EXAMINER HIGGINS: All right. Thank you.

Any redirect?

MS. FOX: Yes, just because I'm confused. Mr. Bluestone, you mentioned \$85,000, but you said Page 40. Previously, when you were discussing that figure, you were talking about the Page 44 cap rate properties, I thought. Is that true or was I confused?

MR. BLUESTONE: I was talking --THE WITNESS: The first one was Page 44 with the cap rate analysis.

MS. FOX: Okay. So is that -- because Page 40 is actually the rent comparables, I believe.

23 24

53 (Pages 209 to 212)

Page 215 Page 213 1 REDIRECT EXAMINATION 1 STEPHEN J. WEIS, MBA, MAI, 2 BY MS. FOX: 2 being previously duly sworn, as prescribed by law, 3 3 was examined and testified further as follows: Q. Is that correct, Mr. Sprout? 4 A. Yes. So I guess we just have to 4 DIRECT EXAMINATION 5 determine was Mr. Bluestone talking about the rent 5 BY MR. BLUESTONE: 6 comparable averages or was he talking about cap rate? 6 Q. Mr. Weis, I want to remind you that 7 MR. BLUESTONE: I was talking about the 7 you're under oath from earlier today. 8 rent comparable averages, so in the first case if I 8 A. Yes. Q. Focusing first on the property at 1872 9 was not clear. 9 East Stroop Road, I provided you with a copy of the 10 10 THE WITNESS: You were talking about cap rate in the first case, so in the first case you appraisal report prepared by Brian W. Barnes and 11 11 Thomas D. Sprout; correct? 12 really were talking about the rent comparables? 12 13 MR. BLUESTONE: Yes, exactly, and so if 13 A. Yes. 14 there's some confusion, I apologize. 14 Q. And have you had a chance to look at it, 15 MS. FOX: Okay. 15 look it over? 16 MR. BLUESTONE: I meant --A. Yes. 16 Q. And you've given some thought to Mr. 17 THE WITNESS: You meant the rent comps 17 Sprout's valuation analysis? for Stroop and for -- and my answer would be the same 18 18 A. Yes. 19 about the sample size, the average, you would have to 19 20 talk about a rent-per-square-foot basis, not an 20 Q. Can I ask you to share your thoughts, 21 annual rent basis. 21 please, with the Board? 22 MR. BLUESTONE: Okay. I have nothing A. Sure. I guess from inference and from 22 previous cases we had, talking about special-use 23 further. 23 properties, where I believe this is not a special-use 24 Thank you for the clarification, Mr. 2.4 25 property and Mr. Sprout believes it's a special-use Sprout. 25 Page 216 Page 214 1 ATTORNEY EXAMINER HIGGINS: Any 1 property, I believe -- hopefully, I'm not putting 2 additional redirect? 2 words into his mouth -- but on Page 15 of his report, 3 the summary says, you know, in general the property 3 MS. FOX: No. ATTORNEY EXAMINER HIGGINS: Okay. Thank 4 physically "can accommodate numerous commercial uses. 4 5 5 In general, the building should continue to be a you. 6 functional property for restaurant use so as long as 6 (Witness excused.) 7 ATTORNEY EXAMINER HIGGINS: Let's go 7 it is...maintained." 8 off the record for -- are we going to have a 8 So commercial users in restaurant uses, 9 9 rebuttal? it doesn't say fast food, so basically you can --10 10 MR. BLUESTONE: (Nods head.) what he's saying here is that it could be used for a ATTORNEY EXAMINER HIGGINS: Let's go off 11 variety of different uses that would be commercial 11 12 record. 12 and permitted under the zoning, which he talks about 13 13 (Discussion off the record.) on the next page, Page 16. 14 ATTORNEY EXAMINER HIGGINS: We're back 14 On Page 16, in terms of financially 15 15 on the record, and, Mr. Bluestone, has recalled Mr. feasible, financial feasibility analysis, he uses an Weis for rebuttal testimony. 16 overview of retail buildings within a two-mile radius 16 MR. BLUESTONE: Yes. 17 to see if it's feasible, so there he's obviously 17 ATTORNEY EXAMINER HIGGINS: Okay. And 18 18 considering this retail and not special use. He's 19 Mr. Bluestone will ask his questions relevant to each 19 going out to the market in general for retail for -property and make it clear, so I'll turn it over to 20 20 to make his application to highest and best use for 21 you. 21 the property, so it's not necessarily special use 22 MR. BLUESTONE: Thank you very much, 22 from that standpoint. 23 Hearing Officer Higgins. 23 And I'm just kind of trying to go in 24 24 order in terms of what I've got flagged he talked 25 25 about, but on the next page, on Page 17 of his

Page 217

1

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

report -- it looks like getting ahead of ourselves here a little bit, but he does have a survey of retail properties in the area, and the triple net rents in the area in the survey says the average triple net rent in the area within a two-mile radius of the subject property is \$10.30 a square foot. He concludes later on in his report that this property is a rent of \$38 a square foot triple net. That's almost 3.8 times higher than the average rent, is what he's concluded from in the market standpoint.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 2

3

4

5

6

7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22 23

24

25

Q. And I asked Mr. Sprout about the fact that, on the chart on Page 17, the vacancy rate has fallen precipitously but the net -- triple net asking rent per square foot has also fallen, which seems to be odd to me. Can you perhaps explain what may be happening in the market?

A. Well, if you're asking less, more people they can afford less -- more for rent with the lower rent; therefore, they're occupying more buildings, therefore, the vacancy rate is going to drop. So if you were to market the property for \$2 a square foot for -- it would be a hundred percent occupied, no vacancy. The higher rents, you have a much higher vacancy rate for the market. Also --

Q. Excuse me. I asked Mr. Sprout -- I

percent of his comps, four out of seven comps don't

2 have drive-throughs. So to me it's not a big deal,

3 and it's probably not a big deal to Mr. Sprout.

4 We're not required to have drive-throughs. It's kind

5 of a trade-off. If you have a drive-through, you're

6 basically taking up parking spots. So sit-down

7 restaurants, you're going to have more parking and

8 not a drive-through lane, and vice versa; so there's some sort of offset there in terms of that. So using 9 10 properties with or without drive-throughs, if they're

restaurant properties, is probably going to be, you 11 know, from a comparability standpoint pretty decent. 12

13 Both of us have used properties with and without. 14

On Page 27, one of his comparable properties, and this kind of relates to, you know, alternative uses, this was a sit-down restaurant, Ruby Tuesday, that's converted to two retail tenants. so there's other uses for the property that can be converted. Obviously, economically they've done it and sold the property.

Q. Many of the improved sales are near highway interchanges.

A. I think we talked about this a little bit in my testimony earlier, about linkages, linkages to highways and employment centers and restaurants

Page 218

Page 220

pointed out to Mr. Sprout that in some of the data in the addendum to the report the number of households within the two mile -- the one mile and I think three-mile radius was declining. Could that also be impacting the asking price for rents?

A. It could be.

O. Thank you.

A. On Page 17 -- 19 of his report, in terms of the approaches to value that he uses, he, like me, did not use the cost approach, which is, you know, similar. He does talk about when you do a cost approach, you need to measure the physical depreciation, functional obsolescence, and the lack of desirability for any reason of the building, the economic obsolescence outside the property, and he goes on to say, "Considering properties similar to the subject are purchased based on their income potential, this approach to value is not pertinent," which basically is saying that it's not a special use because there are other properties with income potential similar to the property in the market that you'd rely upon.

The sales that he does use, the -- Miss Fox has hammered me on, asking me my sales in terms of whether they have drive-throughs or not, and 57

that -- especially in the Miller Lane area I think we talked about specifically have access to the highways. They can draw from a much wider range of potential clients. They can get there in the same amount of time as to driving through the back roads or through city streets, so the population of who you draw from is much larger; therefore, it's much superior when you have interchange access and exposure.

The sales that he uses versus the sales that I used, they were, you know, in most part considerably further away than the local sales in my report, and it was, you know, a little bit pause for concern, not that you can't use them that's out there, but the adjustments are difficult to make and to be reliable on those differences. And I think the major impact or differences that I see in this -this report that he uses, he concludes to his rental rate at \$38 a square foot triple net for the subject property, and he corroborates that with -- well, the rental rates were from outside the market, obviously, but he corroborates that with an analysis of gross sales in the property, and he uses a 6 1/2 percent of gross sales as something that is reflective of being -- supporting that rental rate, and that

	Page 221		Page 223
1	basically will get you a \$38 a square foot rental	1	MS. FOX: explain how you where
2	rate, and I guess the question is he also puts in his	2	you're getting that?
3	report that his value would change if he was provided	3	THE WITNESS: On Page 31, where he has
4	with the sales in the in the store, so it could go	4	comparable rent. It is the 9208 North Main Street in
5	up or down based on what his sales are, and real	5	Englewood, Englewood, Ohio. It is a Chipotle
6	estate doesn't do that, based on sales.	6	restaurant, and the rental rate he has is at \$38 per
7	He also has the all his rental	7	square foot. \$38 times 2,240 square feet
8	comparables, they average about \$86,000 in annual	8	MS. FOX: Okay. So let me just stop you
9	rent for the stores, and on Comparable 1, on	9	right there. What you're doing is you're comparing
10	Comparable 1 on his Page 31 of the report, it is a	10	the total annual rate rather than breaking it down to
11	Chipotle on North Main Street, and he calls it	11	a per-square-foot rate; is that correct?
12	"Inglewood." There is no Inglewood, Ohio. It's	12	THE WITNESS: That is correct.
13	Englewood, with an "E," so I'm not sure if he	13	MS. FOX: Okay. All right. Go ahead.
14	understands the market if he doesn't know the name of	14	You don't need to go through that. I was just trying
15	the town it's in, but with that said, the rental rate	15	to
16	that he has in there, the total rental rate of	16	THE WITNESS: So the calculation is
17	\$85,125 a year triple net. In 2010, Chipotle's	17	\$85,000 a year.
18	average store volume was \$1.4 million. This equates	18	MS. FOX: Right. But you're
19	to a percentage of gross sales on an average store,	19	THE WITNESS: Chipotle
20	and you hope that they're building new stores that's	20	MS. FOX: comparing apples to
21	more than average, but this 4.3 4.73 percent of	21	oranges.
22	sales, much lower than the 6 1/2 percent of sales	22	THE WITNESS: No.
23	that he has for McDonald's. With that, the rent in	23	MS. FOX: All right.
24	this particular property has a total rent of \$85,120.	24	THE WITNESS: We're comparing apples to
25	For Stroop Road, which we're talking about, the	25	apples, because Chipotle is a competitor of
	Tot bitoop reduct, which were tuning about, the	20	appress, because empone is a compensor or
	Page 222		Page 224
1	Page 222 amount of total net rentable rent, and he has it	1	Page 224  McDonald's, and their profits are based on what they
1 2		1 2	
	amount of total net rentable rent, and he has it		McDonald's, and their profits are based on what they
2	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This	2	McDonald's, and their profits are based on what they sell something for less their expenses, and this is
2	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to	2	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209
2 3 4	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their	2 3 4	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor.
2 3 4 5	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable	2 3 4 5	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to
2 3 4 5 6	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're	2 3 4 5 6	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something
2 3 4 5 6 7	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only	2 3 4 5 6 7	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So
2 3 4 5 6 7 8	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed	2 3 4 5 6 7 8	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this
2 3 4 5 6 7 8 9	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was	2 3 4 5 6 7 8 9	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its
2 3 4 5 6 7 8 9	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed	2 3 4 5 6 7 8 9	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable
2 3 4 5 6 7 8 9 10	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent	2 3 4 5 6 7 8 9 10	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent
2 3 4 5 6 7 8 9 10 11	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent	2 3 4 5 6 7 8 9 10 11	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent
2 3 4 5 6 7 8 9 10 11 12	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be	2 3 4 5 6 7 8 9 10 11 12 13	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a
2 3 4 5 6 7 8 9 10 11 12 13 14	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.	2 3 4 5 6 7 8 9 10 11 12 13	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109
2 3 4 5 6 7 8 9 10 11 12 13 14 15	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not	2 3 4 5 6 7 8 9 10 11 12 13 14 15	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.  THE WITNESS: Okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50 percent. It's just kind of an overall adjustment,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.  THE WITNESS: Okay.  MS. FOX: Is that a number that's in Mr. Sprout's report?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50 percent. It's just kind of an overall adjustment, and when you do that, his value conclusion on this particular property was \$426 a square foot. Because his rent is overstated by 200 or 100 percent or
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.  THE WITNESS: Okay.  MS. FOX: Is that a number that's in Mr.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50 percent. It's just kind of an overall adjustment, and when you do that, his value conclusion on this particular property was \$426 a square foot. Because his rent is overstated by 200 or 100 percent or 209 percent, depending on your math there, a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.  THE WITNESS: Okay.  MS. FOX: Is that a number that's in Mr. Sprout's report?  THE WITNESS: It is a number that's calculated from Mr. Sprout's report.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50 percent. It's just kind of an overall adjustment, and when you do that, his value conclusion on this particular property was \$426 a square foot. Because his rent is overstated by 200 or 100 percent or
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.  THE WITNESS: Okay.  MS. FOX: Is that a number that's in Mr. Sprout's report?  THE WITNESS: It is a number that's calculated from Mr. Sprout's report.  MS. FOX: Can you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50 percent. It's just kind of an overall adjustment, and when you do that, his value conclusion on this particular property was \$426 a square foot. Because his rent is overstated by 200 or 100 percent or 209 percent, depending on your math there, a 50-percent downward adjustment would put this property at \$213 a square foot. That's just some
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.  THE WITNESS: Okay.  MS. FOX: Is that a number that's in Mr. Sprout's report?  THE WITNESS: It is a number that's calculated from Mr. Sprout's report.  MS. FOX: Can you  THE WITNESS: You want me to go through	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50 percent. It's just kind of an overall adjustment, and when you do that, his value conclusion on this particular property was \$426 a square foot. Because his rent is overstated by 200 or 100 percent or 209 percent, depending on your math there, a 50-percent downward adjustment would put this property at \$213 a square foot. That's just some math that's there. I'm at \$162 a square foot. So
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	amount of total net rentable rent, and he has it for \$38 a square foot, is \$178,000 \$178,065. This is 209 percent more rent that he's charging to McDonald's because they can support it with their sales than the Chipotle would be on a comparable basis. Now, granted, the store is larger and you're going to have a larger rent, but the store is only 109 percent larger than the Chipotle, and he has a rent that's 209 percent higher. So if everything was apples to apples and no other adjustments were needed except for the size, you'd be 109 percent higher rent on the exact thing, so that's basically a 50-percent reduction in the amount of rent that he should be able to charge on a price-per-square-foot basis here.  MS. FOX: I need to stop because I'm not understanding what you're referencing when you say the \$85,000.  THE WITNESS: Okay.  MS. FOX: Is that a number that's in Mr. Sprout's report?  THE WITNESS: It is a number that's calculated from Mr. Sprout's report.  MS. FOX: Can you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	McDonald's, and their profits are based on what they sell something for less their expenses, and this is basically saying that McDonald's has to incur 209 percent higher rental expense than a competitor. They're not going to do that. They're going to compete with their competitor and pay something commensurate with what other people are paying. So from that example, the rent being applied in this case here is 209 percent higher than one of its competitors, Chipotle, which doesn't seem reasonable considering that the store is only 109 percent larger; so at 109 percent larger, that's 100 percent lower than the 200 percent you were having. So a downward adjustment, from 209 percent down to 109 percent is a 50-percent downward adjustment, so you adjust the rent down 50 percent or the value down 50 percent. It's just kind of an overall adjustment, and when you do that, his value conclusion on this particular property was \$426 a square foot. Because his rent is overstated by 200 or 100 percent or 209 percent, depending on your math there, a 50-percent downward adjustment would put this property at \$213 a square foot. That's just some

Page 225

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

14

15

16

17

18

19

20

21

22

23

24

25

and some of those adjustments would need to be made as well for age, condition, and quality. This is a newer building. So, you know, that's -- 209 percent more is on a newer building, so you have to adjust that down. So there was a lot of adjustments that would need to be made from that standpoint, and this is not the only one.

1

2

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13 14

15

16

17

18

19

20

21

22

23

24

25

The other one -- this is -- and it's four -- I'm starting this as being 4.73 percent of the gross sales of your average Chipotle store as a reference to his 6 1/2 percent, so it should be lower. If, you know, Chipotle is doing it at 4.73 percent, McDonald's should be able to do 4.73 percent or maybe even better.

I also looked at all of the rental comps that he has, and the rental comps, except for No. 7 and No. 8, because those were on a gross -- modified gross basis, so the first six that he has on Page 39, I multiplied the rental rate on a price per square foot times the square footage, added it up, divided by the six triple net leases that he has there, and the average rental, annual rental rate of these rent comparables is \$86,358. So that tells me that the market is saying on average we can operate restaurants and compete with our competitors if we

And this particular property is about a mile away

from both subject properties we're talking about here today. So that's \$12 a square foot when you make those adjustments.

Q. The former Krispy Kreme?

A. Yes.

Q. About a mile away?

A. Yes. So -- and he has another gross rent in here. It was a former -- it's No. 8 -excuse me. No. 7. a former Taco Bell that's in the market. It's in the Moraine -- Kettering and Moraine share the same school district, very similar type demographics, and they're at \$12.30 modified gross. When I made the adjustment to the Krispy Kreme, it came to \$12.40 triple net, so this would even be lower than that, so -- these are the most local, and the rents are significantly lower than what he concludes to. He's using outside the market. He's applying the rents on an overall annual basis, 209 percent higher than some of these comparables. It just leads you to question whether or not those were actually -- the comparables, whether or not those rents included FF&E or personal property, turnkey operations, incentives for the developer to develop the property for them, and they're brand new rental

Page 226

Page 228 rates. So I think for that property -- let me go

ahead and see if I had anything else, if there were

major differences or issues. Going back to special use, I'm not sure how hard we need to go on this, but on page -- on Page 6 of the report he defines fee simple versus leased fee. I guess this is really just a fee simple versus leased fee argument here, and he defines it, "Absolute ownership" -- fee simple, "Absolute

ownership unencumbered by any other interest or 10 estate, subject only to the limitations imposed by 11 12 the governmental powers of taxation, eminent domain, 13 police power, and escheat."

With a -- typically the sales being leased fee, those aren't fee simple transactions, and you'd have to make the proper adjustments to get from leased fee back to fee simple. He defined it as unencumbered, and the way we did the report, we were looking at it as if it was one seller, one buyer per sale, and you could have 100 percent ownership of the property, or on the rental rate you have all the rights to occupied or lease the property, what it would lease for at that particular point if you owned all those rights. So that's an important differentiation in terms of how these things are

pay about 80 -- 80 to \$90,000 a year in rental. The \$86,000 average divided by the 4,686 square feet of the subject property is \$18.43 a square foot triple net. He's at \$38. I believe I was at \$15.50 a square foot on mine, so other adjustments would need

to be made. So from that standpoint he's adjusting all of these rents an average upward of 106 percent versus the average for the McDonald's, the subject property.

The other issue that I had was that on Page 38 of his report he has a rent comparable and he has modified gross rent, and the rental rate is \$25 a square foot.

The expenses that he uses on Page 41 of his report, he uses two columns of expenses, and the expenses that would be triple net reimbursed are either going to be \$21.72, if you use property taxes at its high value of \$14.72 of property taxes, or at the current tax assessed rate, which is higher than my appraised value, but he's got it at \$12.60 of reimbursable expenses, and that's on Page 41, in his chart. Well, taking \$12.60 a square foot of reimbursables to make the \$25 a square foot modified gross rent, you subtract that from the \$25, and you're at \$12.40 a square foot triple net equivalent.

Page 231 Page 229 1 1 adjustments, why you're making those adjustments, and handled or not handled. Also --2 2 show the basis for it. There may be perfectly Q. On that point, can I ask you to turn to 3 3 logical reasons why it is. It's not shown here. I Page 28 and look at the table? Can you tell from the 4 table by what amount or what percentage he made an 4 have a hard time discerning what that would be, so --5 adjustment for the leased fee sales? 5 they're also such a large percentage adjustment that 6 A. Because he reconciled his -- and he did 6 you ask the question is it -- are they comparable. 7 a sales comparison approach between \$425,000 -- \$425 7 BY MR. BLUESTONE: 8 8 a square foot and \$450 a square foot, but he Q. Delaware County is the fastest growing 9 9 reconciled his final value at \$425 a square foot. county in the State of Ohio; correct? 10 10 A. I believe that's accurate. You make the assumption that when he's making these 11 11 adjustments to Sale No. 1, which was sold at \$436 a Q. And are you familiar with the location 12 square foot, that he made a \$10 downward adjustment 12 of Sales Comp No. 5? 13 to get to 426. 13 A. I am. 14 14 Q. But my question, Mr. Weis, is from the Q. Okay. And how would you describe that 15 15 table that's contained within his report, can you location? 16 16 tell what adjustments he specifically made, each of A. It's a good location, growing location. 17 the sales for the different factors? 17 There has been some good road improvements in the 18 18 A. Well, all the factors, you can't tell area, and growth of the population out into the 19 19 specifically what they are. Powell, southern Delaware County area that has been 20 Q. In contrast, in your report you can 20 growing pretty rapidly. 21 21 Q. All right. Thank you. Anything else? actually tell because you put percentages in? 22 A. Yes. 22 A. Yeah. I'm not sure I mentioned this, 23 23 Q. Thank you. That's what I wanted to ask but on Page 15 he stated that functional 24 24 you. obsolescence -- has good functional utility as a 25 25 A. Okay. Now I wanted to expand upon that single-tenant restaurant, not necessarily fast Page 232 Page 230 1 and talk about Sale No. 5, which was a fee simple 1 food --2 2 sale. It was \$180 a square foot. That sale, in MS. FOX: I think you --3 order to get it to the 425 has to be upward adjusted 3 A. I already talked about it. I already 4 of over 100 percent. Now, Miss Fox has grilled me on 4 talked about that. I apologize. I think that's --5 it on cross-examination about --5 from that report, I think that's basically everything 6 6 ATTORNEY EXAMINER HIGGINS: Okay. Stop, that kind of jumped off the -- no, it's not. There's 7 Mr. Weis, with the characterizations of being asked 7 more. 8 questions; okay? 8 The Page 43, he has market derived cap 9 THE WITNESS: Okay. 9 rates, he calls "local," and there's seven of those, 10 I've been asked on cross-examination 10 and the prices are listed for these -- I'm assuming about my adjustments, and my adjustments overall on a because most of these -- a lot of these addresses are 11 11 12 sales comparison approach range from about 10 percent 12 similar to what he has in his comparables with the 13 overall adjustment to 37 1/2 percent overall 13 other restaurant properties, and the average sale 14 adjustment I believe in the reports. This is -- we'd 14 price of these properties is \$1,365,000 and change. 15 have to go over 100 percent upward --15 The average NOI for these properties is approximately 16 (Discussion off the record.) 16 85,000, \$84,000. The subject's NOI, that he uses for 17 THE WITNESS: Sale No. 2, this is a 17 the subject, is \$177,000, I believe, so it's so much 18 downward adjustment of about 50 percent. Sale No. 4 18 larger than these properties in terms of the overall 19 is a downward adjustment of about 50 percent. So 19 NOI. We talked about the size, adjustments, that 20 he's got his adjustments anywhere from, you know, a 20 sort of thing. 21 low adjustment of \$10 a square foot all the way to 21 And the other thing, in terms of rate, 22 22 100 percent adjustments on -- so fairly vast the cap rate, I know he uses a seven percent cap 23 adjustments. You can make large adjustments, but 23 rate. He tries to derive them from these cap rates, 24 when you're making such large adjustments, it's 24 which are long-term leases to credit tenants, which

25

wouldn't be necessarily appropriate, but he also uses

prudent to discuss how you're making those

25

Page 233

2.0

a national triple net lease survey which basically comes out with an average of seven percent, and that's included in his addenda, and this goes to special use and goes to the applicability of this cap rate. If you read the national net lease market where he gets his capitalization rates from, it includes capitalization rates for office buildings and for industrial buildings that are triple net leased.

2.4

You read on further, and it talks about how the people are paying -- I don't want to misuse his words, but -- it talks about how -- in the triple net investment properties for industrial, that people are paying very low capitalization rates. They're extremely low, which is going to skew his average of seven percent. The retail, if you want to talk about, would be higher. So that capitalization rate of seven percent is, in this particular case, not supported. It should be something higher than seven percent, I think eight percent or eight and a quarter or something like that in my reports. So he's deriving his market capitalization rates from various property types, which basically would indicate that this is not necessarily a special-use property. Also, with the triple net industrial property skewing

supplied to you by McDonald's, \$1,317,867, including the auditor's assessed land value. Sprout concludes to \$2,055,000 for the value of that restaurant. Anyplace in his report does he discuss the disparity between these numbers?

- A. Not that I saw, no.
- Q. Okay. And the numbers that were provided to you by McDonald's plus the auditor's land value, they really are more aligned with your final value conclusion for Wilmington Pike?
  - A. Yes.
- Q. Okay. And are there any other comments that you'd like to make about Mr. Sprout's Wilmington Pike appraisal report?

MS. FOX: Can we clarify that they're different than the comments that have already been raised? We'll assume that any problems with data that's contained in both reports has already been address? Is that --

- BY MR. BLUESTONE:
- Q. Is that correct?
  - A. That's fine. Yes, I won't go over those in detail again.
- Q. Right.
  - A. The first thing in -- that I want to

point out is that -- we talked about in my testimony

Page 234

this to a lower capitalization rate, maybe a higher capitalization rate would be appropriate for retail.

Q. In your review of Mr. Sprout's report for the Wilmington Pike property -- presumably counsel for the school district gave Mr. Sprout a copy of your report. Your report contains, on Page 15, construction cost information and using the county auditor's assessed valuation of the land, indicates that the total cost of -- for the restaurant was \$1,317,867. Mr. Sprout, in his report for Wilmington Pike, concludes to a final reconciliation of \$2,055,000. He's about \$700,000 above what you've indicated was the actual construction costs plus the land value.

A. Are we switching properties at this particular point? Because we were doing Stroop Road and now you're talking about Wilmington.

- Q. We are. Yeah, we are. We're going to switch.
  - A. We're going to switch.
  - Q. We're going to switch.
- A. And go back through -- back and forth. Okav.
- Q. So switching to Wilmington Pike, you gave in your report the construction cost information

Page 236

- the size of the building being 5,118 square feet, which is based on my field measurements and based on a survey provided by McDonald's. Public records has 5,381 square feet, and I was talking about how our number was accurate. Mr. Sprout uses 5,381 square feet, so he uses -- it's a larger building, five percent difference. So when you're applying it to
- 9 the square footage, you immediately have to take off 10 five percent basically from the value type stuff. I 11 don't necessarily fault him from having that
- information. It's from the public information, but if he did have my report and looked at my report, you hope that -- we try to reconcile those things --

MS. FOX: I'm going to object. Nobody has established that Mr. Sprout had anybody else's report.

ATTORNEY EXAMINER HIGGINS: That's true. Has anybody --

A. I would hope -- I would hope that he didn't have my report actually, because if he looked at it, he doesn't have mention of the costs that were in here in --

ATTORNEY EXAMINER HIGGINS: Okay. A. -- the history section and --

59 (Pages 233 to 236)

Page 237 Page 239 1 1 ATTORNEY EXAMINER HIGGINS: All right. testimony that it's based on facts that are not in 2 2 Since it hasn't been established that Mr. Sprout saw evidence. 3 3 Mr. Weis' testimony, I'm going to ask that we move ATTORNEY EXAMINER HIGGINS: I'm going to 4 on -- saw Mr. Weis' appraisal report. Sorry about 4 overrule your objection, and the Board will afford 5 that. 5 this portion of Mr. Weis' testimony as to weight. 6 THE WITNESS: That's okay. 6 Continue. 7 BY MR. BLUESTONE: 7 A. And so basically he concluded the \$35 a 8 8 Q. Does not measuring the building suggest square foot rent or \$38 a square foot rent for 9 to you a lack of due diligence? 9 properties. At 6 1/2 percent of gross sales would 10 MS. FOX: Okay. Objection. He stated 10 have -- would be appropriate based on a \$2.7 million in his testimony that he did measure and that he 11 11 in sales. Well, the average store -- and let's say 12 found the measurements to be close enough to the 12 the average store or above average store is 13 auditor's records to rely upon, which is exactly what 13 next-door, the Wendy's, at \$1.4 million. That 14 Mr. Weis testified to last week. 14 property can only support, if the square footage was 15 MR. BLUESTONE: I'll withdraw the 15 the same, would be \$91,000 in annual rent. He's 16 question. affording these properties 177,000 -- \$170,000 and 16 17 ATTORNEY EXAMINER HIGGINS: Okav. 17 change, I think it is; so it's, you know, 200 percent 18 A. Differences, this particular property of 18 higher, and so, you know, as a support -- I realize 19 Wilmington is a newer constructed building, and yet 19 he does it as a support, but his report is saying 20 he has a lower rent on this one and a higher rent on 20 this is what it is. That lends you to say well, what 21 an older building. That kind of threw me a little 21 if the sales are \$1.4 million, the support would only 22 22 be at \$15 a square foot or \$20 a square foot, where 23 The average rental rate in this two-mile 23 I'm at on my properties. So the Wendy's property 24 radius, he shows it as being \$9.51 triple net, yet 24 right next-door, based if they can sell more he's at \$35 a square foot, over 3 1/2 times higher 25 25 hamburgers or less hamburgers shouldn't be valued --Page 238 Page 240 1 1 than the average. Market participants are going to it shouldn't be valued more or less than the other 2 2 look at why would I pay 3 1/2 times more than that if property that's very similar to it next-door. I can get on average -- an average building for a lot 3 I believe that from that standpoint all 3 less, and I'll pay more than the average to build it 4 4 the other information basically is carried back and 5 nice, but I'm not going to pay 3 1/2 times more, is 5 forth between the two reports, is very similar. I 6 what their market is going to come back with. 6 don't have any other comments. All the comments I 7 Same with the sales. I think all his 7 would have made about the Stroop Road property will 8 sales I think were all the same as he used before, so 8 basically carry over to the Wilmington Pike property. 9 with the adjustments and everything, similar 9 O. Thank you. 10 testimony I would give. The rental rates, again at 10 I have nothing further. the percentage of -- percentage of average gross 11 11 ATTORNEY EXAMINER HIGGINS: Any sales, and I'd like to be able to back up just a bit 12 12 cross-examination? 13 because I didn't talk about this, on the Stroop 13 MS. FOX: Yes. 14 property. The Stroop property is located right next 14 15 to a Wendy's. The Wendy's has average sales of \$1.4 15 **CROSS-EXAMINATION** million. 16 BY MS. FOX: 16 17 MS. FOX: Objection. Do you have 17 O. You talked a lot about total rent rather something that shows that? You keep talking about 18 18 than looking at it as far as a per-square-foot-rental 19 average sales with regard to Chipotle or Wendy's. Is 19 basis when it comes to -- well, primarily the sales that evidence that's in the record? break analysis, but with respect to Page 39, the rent 20 20 THE WITNESS: I don't believe it's in 21 21 comparables in Mr. -the record. It's my research that -- from quick 22 22 A. Which report are we on? 23 service restaurants, they rank and provide data on 23 Q. Mr. Sprout's report. the average sales for the major competitors and --MR. BLUESTONE: Stroop Road? 24 24 MS. FOX: Okay. I'm objecting to his 25 Q. Either one, because the comps are the 25

60 (Pages 237 to 240)

	Page 241		Page 243
-1	_		
1	same.	1	ago.
2	A. The pages are different.	2	ATTORNEY EXAMINER HIGGINS: Okay.
3	Q. Okay.	3	BY MS. FOX:
4	A. They were going by one page at one	4	Q. I just wanted to I'm just trying
5	point, but	5	to it's confusing because we're talking about
6	Q. 39 on the Stroop Road report.	6	total rent, annual rent versus a per square foot
7	A. Thank you.	7	rent, and I'm just trying to make it clear as far as
8	Q. And you're looking at the actual triple	8	the per square foot rent. That's all I'm asking.
9	net leases there. Did you calculate the average per	9	A. Sure.
10	square foot? Because you talked about the average of	10	Q. Okay. With respect to the to the cap
11	total annual income for those properties.	11	rates that were listed on Page 43 of Mr. Sprout's
12	A. I did.	12	report, which you indicated were local and he
13	Q. And what was the average per square foot	13	indicates were all fast-food restaurants, do you
14	for the ones that were triple net leases, in other	14	dispute the accuracy of the reported cap rate on that
15	words, one through six?	15	page
16	A. I calculated it, but I don't have it	16	A. No.
17	let me see if I have a note of what that average was.	17	Q for those sales?
18	I don't believe no, I don't have the that	18	A. No. They just weren't listed as being
19	calculated. I could do it pretty quick quickly.	19	restaurant sales, and I made the assumption oh
20	Q. No. That's okay.	20	Q. Up above.
21	A. The rents on the triple net help maybe	21	A. It's called fast-food restaurants at the
22	bracket it. It's between \$30 and 45 \$46 a square	22	top. And I was just basically I assumed they were
23	foot basically, and so the average is somewhere in	23	because many of them were also in the sales
24	that 30 to \$46 a square foot range, probably close to	24	comparison approach and they were fast food, so I
25	the 35, 36 that he uses.	25	assumed they all were fast food.
			Page 244
	1 dgc 2 42		
1	Q. Okay. With regard to Sale 1 that I	1	Q. Okay.
2	think it was the Chipotle that you talked about.	2	Q. Okay. A. I wasn't
2	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to	2 3	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data
2 3 4	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental	2 3 4	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that
2 3 4 5	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the	2 3 4 5	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the
2 3 4 5 6	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot	2 3 4 5 6	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food
2 3 4 5 6 7	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his	2 3 4 5 6 7	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big
2 3 4 5 6 7 8	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?	2 3 4 5 6 7 8	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct?
2 3 4 5 6 7 8	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was	2 3 4 5 6 7 8	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes.
2 3 4 5 6 7 8 9	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme	2 3 4 5 6 7 8 9	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have.
2 3 4 5 6 7 8 9 10	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a	2 3 4 5 6 7 8 9 10	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you.
2 3 4 5 6 7 8 9 10 11	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land	2 3 4 5 6 7 8 9 10 11	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any
2 3 4 5 6 7 8 9 10 11 12	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a	2 3 4 5 6 7 8 9 10 11 12	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you.
2 3 4 5 6 7 8 9 10 11 12 13	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same	2 3 4 5 6 7 8 9 10 11 12 13	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?
2 3 4 5 6 7 8 9 10 11 12 13 14 15	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax  Q. I'm going to stop you right there.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax  Q. I'm going to stop you right there.  A. The tax fee	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a recent development I think of a Target store and a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax  Q. I'm going to stop you right there.  A. The tax fee  Q. I'm going to stop you right there.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a recent development I think of a Target store and a MS. FOX: Objection. This is beyond the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax  Q. I'm going to stop you right there.  A. The tax fee Q. I'm going to stop you right there.  ATTORNEY EXAMINER HIGGINS: Mr. Weis,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a recent development I think of a Target store and a MS. FOX: Objection. This is beyond the scope of my cross.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	think it was the Chipotle that you talked about.  Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax  Q. I'm going to stop you right there.  A. The tax fee Q. I'm going to stop you right there.  ATTORNEY EXAMINER HIGGINS: Mr. Weis, I've asked you before when there's an objection	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a recent development I think of a Target store and a MS. FOX: Objection. This is beyond the scope of my cross. ATTORNEY EXAMINER HIGGINS: I agree.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax Q. I'm going to stop you right there. A. The tax fee Q. I'm going to stop you right there. ATTORNEY EXAMINER HIGGINS: Mr. Weis, I've asked you before when there's an objection THE WITNESS: Oh, I didn't hear her	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a recent development I think of a Target store and a MS. FOX: Objection. This is beyond the scope of my cross. ATTORNEY EXAMINER HIGGINS: I agree. MR. BLUESTONE: Okay. No. Then I have
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax Q. I'm going to stop you right there. A. The tax fee Q. I'm going to stop you right there. ATTORNEY EXAMINER HIGGINS: Mr. Weis, I've asked you before when there's an objection THE WITNESS: Oh, I didn't hear her object.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a recent development I think of a Target store and a MS. FOX: Objection. This is beyond the scope of my cross. ATTORNEY EXAMINER HIGGINS: I agree. MR. BLUESTONE: Okay. No. Then I have nothing further.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	think it was the Chipotle that you talked about. Again, you were discussing, I think with regard to the sales break analysis, the total annual rental rate for this property, but, in fact, the per-square-foot value is, again, \$38 per square foot is right in line with what Mr. Sprout used in his report; correct?  A. Yes, that is. And my point was talking about the total rent is there are an extreme amount of similarities in terms of developing of a rent for the property. There is the land site. Land sites are very similar in size. The cost to put in a curb cut on a 2,000 square foot building is the same to put in a curb cut on an 8,000 square foot building. The tax Q. I'm going to stop you right there. A. The tax fee Q. I'm going to stop you right there. ATTORNEY EXAMINER HIGGINS: Mr. Weis, I've asked you before when there's an objection THE WITNESS: Oh, I didn't hear her	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. A. I wasn't Q. Okay. With respect to the vacancy data on Page 17, you recognize that that data on that chart includes all of the vacant retail space in the area, which would be far more than fast-food restaurants. It could also include strip malls, big boxes, any type of retail space; correct? A. Vacancy rate, yes. MS. FOX: All right. That's all I have. Thank you. ATTORNEY EXAMINER HIGGINS: Any redirect?  REDIRECT EXAMINATION BY MR. BLUESTONE: Q. Steve, in Sprout's report he refers to a recent development I think of a Target store and a MS. FOX: Objection. This is beyond the scope of my cross. ATTORNEY EXAMINER HIGGINS: I agree. MR. BLUESTONE: Okay. No. Then I have

		1	Troccoungs
	Page 245		Page 247
1	All right. Thank you, Mr. Weis.	1	CERTIFICATE
2	THE WITNESS: Thank you.	2	I do hereby certify that the foregoing
3	(Witness excused.)	3	is a true and correct transcript of the proceedings
4	ATTORNEY EXAMINER HIGGINS: Any	4	taken by me in this matter on Thursday, October 6,
5	objection to Appellant's Exhibits A and B, Mr.	5	2016, and carefully compared with my original
6	Bluestone?	6	stenographic notes.
7	MR. BLUESTONE: Not beyond my comment	7	
8	regarding what I believe to be a misleading statement		Valerie J. Sloas, Registered
9	of qualifications.	8	Professional Reporter and
10	ATTORNEY EXAMINER HIGGINS: Okay. Well,	9	Notary Public in and for
	•		the State of Ohio.
11	noting your objection, I'm overruling it to the	10	
12	extent that I didn't previously. The Board will	11	
13	afford Mr. Sprout's appraisal reports their due	12	My commission expires June 10, 2021.
14	weight.	13	(VJS-82103)
15	(EXHIBITS ADMITTED INTO EVIDENCE.)	14	
16	ATTORNEY EXAMINER HIGGINS: Briefing	15	
17	schedule for both cases, you can file them together	16	
18	or separately, just please make it clear.	17	
19	MR. BLUESTONE: I'm sorry?	18	
20	MS. FOX: Meaning one brief or two for	19	
21	the two cases.	20 21	
22	MR. BLUESTONE: Not you guys have to get	21	
23	together and do it together.	23	
24	ATTORNEY EXAMINER HIGGINS: Right. All	24	
25	right. First brief due by on or by November 7th,	25	
_~	The state of the or of the state of the stat		
	Page 246		
1	and a reply due on or by November 21st.		
2	MR. BLUESTONE: Okay.		
3	ATTORNEY EXAMINER HIGGINS: Is there		
4	anything else that we need to take care of before we		
5	go off the record?		
6	MR. BLUESTONE: No.		
7			
	MS. FOX: No. Thank you.		
8	ATTORNEY EXAMINER HIGGINS: All right.		
9	There being nothing further, this concludes the		
10	hearing.		
11	(Thereupon, the hearing was concluded at		
12	4:13 p.m.)		
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

#### **TRANSCRIPT 4**

The subject property discussed in this transcript is a freestanding, single-user, retail building leased on a 1.209 acre lot, leased to Walgreen's.

	6.
	Page 3
BEFORE THE BOARD OF TAX APPEALS STATE OF OHIO	1 INDEX
	2 3 APPELLANT'S CASE
Bronx Park South III and :	3 APPELLANT'S CASE 4 WITNESS PAGE
Lancaster, LLC and :	5 Sara H. Coers
Fairmont Lancaster, LLC, :	Direct Examination by Mr. Anselmo 10
: Appellant, :	6 Cross-Examination by Ms. Gorry 60
Appendint, .	Redirect Examination by Mr. Anselmo 72
vs. : Case No. 2015-973	7
: :	
Fairfield County Board of:	8
Revision, et al., :	APPELLANT'S EXHIBITS IDENTIFIED ADMITTED
Appellees. :	9 1 - Appraisal by Sara H. Coers 11 75
1 Appended.	1 - Appraisar by Sara II. Cocis II /3
	2 - Tax Comp Map 58 75
DD O CEED D I CO	11
PROCEEDINGS	
before Christine Mendoza, Hearing Examiner, at the	12
Board of Tax Appeals, 30 East Broad Street, 24th	13
Floor, Hearing Room B, Columbus, Ohio, called at	14
9:00 a.m. on Monday, May 2, 2016.	15
	16
	17 18
	19
	20
ARMSTRONG & OKEY, INC.	21
222 East Town Street, Second Floor Columbus, Ohio 43215-4620	22
(614) 224-9481 - (800) 223-9481	23
Fax - (614) 224-5724	24
	25
	Page 4
Page 2	Page 4
Page 2  1 APPEARANCES:	1 Monday Morning Session,
Page 2  1 APPEARANCES: 2 Siegel Jennings	_
Page 2  1 APPEARANCES: 2 Siegel Jennings By Victor V. Anselmo, Esq.	1 Monday Morning Session,
Page 2  1 APPEARANCES: 2 Siegel Jennings	1 Monday Morning Session, 2 May 2, 2016. 3
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103	1 Monday Morning Session, 2 May 2, 2016. 3 4 (EXHIBIT MARKED FOR IDENTIFICATION.)
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.	1 Monday Morning Session, 2 May 2, 2016. 3 4 (EXHIBIT MARKED FOR IDENTIFICATION.) 5 EXAMINER MENDOZA: This is the hearing
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant. 5	1 Monday Morning Session, 2 May 2, 2016. 3 4 (EXHIBIT MARKED FOR IDENTIFICATION.) 5 EXAMINER MENDOZA: This is the hearing 6 before the Board of Tax Appeals, State of Ohio,
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC	1 Monday Morning Session, 2 May 2, 2016. 3 4 (EXHIBIT MARKED FOR IDENTIFICATION.) 5 EXAMINER MENDOZA: This is the hearing 6 before the Board of Tax Appeals, State of Ohio, 7 relative to an appeal styled Bronx Park South III and
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al.,
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq.  3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014.
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014.  This hearing is being convened in the
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq.  3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq.  3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.  On behalf of the Appellee of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at approximately 9:03 a.m., before Christine M. Mendoza,
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.  On the standard of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at approximately 9:03 a.m., before Christine M. Mendoza, Attorney-Examiner for the Board of Tax Appeals.
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq. 3 23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.  On the state of the Appellee of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at approximately 9:03 a.m., before Christine M. Mendoza, Attorney-Examiner for the Board of Tax Appeals.
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq.  23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.  On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at approximately 9:03 a.m., before Christine M. Mendoza, Attorney-Examiner for the Board of Tax Appeals.  At this time, will the Appellant's representative please enter his appearance by name,
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq.  23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.  On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at approximately 9:03 a.m., before Christine M. Mendoza, Attorney-Examiner for the Board of Tax Appeals.  At this time, will the Appellant's representative please enter his appearance by name, mailing address, and telephone number?
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq.  23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.  On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at approximately 9:03 a.m., before Christine M. Mendoza, Attorney-Examiner for the Board of Tax Appeals.  At this time, will the Appellant's representative please enter his appearance by name, mailing address, and telephone number? MR. ANSELMO: Yes. My name is Victor
Page 2  APPEARANCES: Siegel Jennings By Victor V. Anselmo, Esq.  23425 Commerce Park Drive, Ste. 103 Cleveland, Ohio 44122  On behalf of the Appellant.  Rich & Gillis Law Group, LLC By Kelley A. Gorry, Esq. 6400 Riverside Drive, Ste. D Dublin, Ohio 43017 On behalf of the Appellee, Lancaster City Schools Board of Education.  On behalf of the Appellee, Lancaster City Schools Board of Education.	Monday Morning Session, May 2, 2016.  (EXHIBIT MARKED FOR IDENTIFICATION.) EXAMINER MENDOZA: This is the hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Bronx Park South III and Lancaster, LLC, and Fairmont Lancaster, LLC, versus the Fairfield County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No. 2015-973. Through the appeal, Appellant challenges a decision of the Fairfield County Board of Revision determining the value of the subject property, Parcel No. 053-10111-00 for tax year 2014. This hearing is being convened in the offices of the Board of Tax Appeals, on the 24th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, on May 2nd, 2016, at approximately 9:03 a.m., before Christine M. Mendoza, Attorney-Examiner for the Board of Tax Appeals.  At this time, will the Appellant's representative please enter his appearance by name, mailing address, and telephone number?

Page 8

address is 23425 Commerce Park Drive, Suite 103, Beachwood, Ohio 44122.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

EXAMINER MENDOZA: Thank you. And at this time, will the Appellees' representative present her appearance by name, mailing address, and telephone number?

MS. GORRY: Thank you. May it please the Board, I'm Kelley Gorry, Rich & Gillis Law Group, business address of 6400 Riverside Drive, Suite D, Dublin, Ohio 43017, telephone (614) 228-5822. Thank vou.

EXAMINER MENDOZA: Thank you very much.

Mr. Anselmo, as you represent the Appellant in this matter, would you like to begin with an opening statement?

MR. ANSELMO: I would. Thank you. Briefly, this appeal involves the 2014 valuation of Fairfield County Permanent Parcel No. 053-10111-00, located at 909 North Memorial Drive in Lancaster, Ohio. This property consists of a 13,650 square foot freestanding, single-user retail building on a 1.209 acre lot. Property's leased to Walgreen's.

For tax year 2014, the Fairfield County Auditor assessed a fair market value for this

is effective for tax year 2014.

The requirement that real property be valued for tax purposes at the value of its unencumbered fee-simple estate applies whether the value is determined by appraisal or by reference to a recent sale. The amendment recognizes that a sale does not always represent the value of the unencumbered fee-simple estate. For that reason, the amendment also clarified that officials charged with the responsibility of determining tax value are not required to blindly accept a sale price as evidence of value in all cases. Such officials may accept a recent arm's-length sale price as evidence of value only if it represents the value of the unencumbered fee-simple estate.

The taxpayer will offer evidence to prove that the 2014 sale price did not represent the value of the unencumbered fee-simple interest of the subject property. The taxpayer will be presenting the appraisal and testimony of Sara Coers, MAI, of Pillar Valuation Group, who appraised the subject property fee simple as if unencumbered, in accordance with Ohio Revised Code 5713.03. Ms. Coers has investigated this sale, and will testify that it was the encumbrance of the above-market lease to a high

Page 6

Page 5

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

property at \$1,084,660. Board of Education filed an increase case based upon a July 11th, 2014, sale

price of the subject property recorded at \$5,641,025. At the Board of Revision hearing, Board of Education

submitted a deed and an unsigned conveyance fee statement in support of its increase complaint.

Board of Revision increased the value of the property to the sale price.

The taxpayer has appealed that decision to this Board, and challenges the increase to the \$5.641.025 value. Board of Education relies solely upon the submission of sale documents in support of its complaint. These documents create a presumption of fair market value, but this is a presumption only, which can be overcome by evidence that the sale is not representative of value.

The taxpayer will offer evidence today that will irrefutably demonstrate that the sale price of \$5,641,025 does not represent the value of the real estate subject to this appeal. Ohio law was recently amended to clarify that valuation of real estate for tax purposes must be based upon a valuation of the unencumbered fee-simple interest of that real estate. That is a standard set forth in Ohio Revised Code 5713.03 as amended. That amendment creditworthy tenant which drove the sale price in this matter. Thus, the buyer purchased the lease obligation, not just the fee-simple interest in the real estate.

All of this evidence overcomes the presumption that the sale price represents the value of the unencumbered fee-simple interest in real estate as required Ohio law. The School Board will not submit any evidence to support a finding that the sale reflects the value of the unencumbered fee-simple interest in the subject property, and in the end the evidence will demonstrate that Ms. Coers' value is the only evidence as to the value of the fee-simple interest as if unencumbered of the subject property, and the taxpayer's met its burden in rebutting the sale price and the Board of Education has failed to meet its burden. Thank you.

EXAMINER MENDOZA: Thank you very much. Ms. Gorry, do you have an opening at this time?

MS. GORRY: Yes. Very quickly. Thank you.

The Lancaster City School District filed this complaint for tax year 2014 based upon a recent arm's-length sale of the property on July 11th of

2 (Pages 5 to 8)

	Page 9		Page 11
1	2014 in the amount of \$5,641,025, which on our	1	Boulevard, Suite 1079, Indianapolis, Indiana 46268.
2	complaint we've rounded to the nearest hundred.	2	Q. Okay. Ms. Coers, we have a document
3	At the hearing before the Board of	3	marked as Appellant's Exhibit 1. Did you prepare
4	Revision, the Board of Education presented the	4	this report in connection with this matter?
5	conveyance fee statement and the limited warranty	5	A. I did.
6	deed for the subject transaction. Those have been	6	Q. Okay. You have a copy of it there?
7	attached to the Board of Education's complaint and	7	A. Yes.
8	are included in the Statutory Transcript.	8	Q. Okay. And that's marked as Appellant's
9	At such hearing, neither a	9	Exhibit 1. Thank you.
10	representative of the ownership entity or the tenant,	10	Is that a true and accurate copy of the
11	Walgreen's, appeared at the BOR hearing to rebut	11	report?
12	either the arm's-length nature or the recency of such	12	A. From what I can tell, yes.
13	sale. The Board of Revision accepted the sale price,	13	Q. Has this appraisal been certified?
14	and the Board of Education will be respectfully	14	A. I've certified to USPAP.
15	requesting that this Board affirm that decision.	15	Q. Yeah.
16	The arguments regarding the recent	16	A. Yes.
17	revisions to 5713.03 have been recently addressed on		Q. Can you turn to Page 109 of your
	a number of occasions by this Board. Perhaps the	17	
18		18	appraisal? A. I find USPAP on 104.
19	most applicable here is in the case called Oregon, as	19	
20	in the state, RA Associates v. Lucas County Board of	20	Q. 104, I'm sorry. You have certified it,
21	Revision. In that case, the Board considered the	21	correct? A. Yes.
22	sale of a Rite Aid Pharmacy subject to a long-term	22	
23	lease, and there the Board held that the recent	23	Q. Okay. Thank you. Could you briefly
24	revisions do not overrule the consistently held	24	review your qualifications for the Board?
25	directive from the Ohio Supreme Court regarding the	25	A. They are listed on page starting on
	Page 10		Page 12
1	utility of an arm's-length sale for true value	1	Page 110 of the report. I'm an MAI, which is a
2	purposes when the evidence of such sale is before it.	2	Member of the Appraisal Institute. That's the
3	Therefore, based upon Oregon RA Associates, the Board	3	designation. I am a certified general property
4	of Education would contend that the sale price here	4	appraiser in Indiana and Ohio. I have appeared
5	is the best evidence of value.	5	before this Board and numerous other boards in the
6	Thank you.	6	past. I've been appraising for approximately 12
7	EXAMINER MENDOZA: Thank you.	7	years.
8	Mr. Anselmo.	8	Q. Okay. How long have you had your MAI
9	MR. ANSELMO: Thank you. We'd like to	9	designation?
10	call as our first witness Sara Coers.	10	A. Since 2009.
11	EXAMINER MENDOZA: Please come up.	11	Q. Okay. And how many single-tenant
12	Thank you. May I have you raise your right hand?	12	commercial properties like the subject have you
13	(Witness placed under oath.)	13	appraised?
14	EXAMINER MENDOZA: Thank you very much.	14	A. Between 200 and 250.
15		15	Q. Okay. And you state your credentials
16	SARA COERS,	16	are included in the addendum of your report, correct?
17	being first duly sworn, as hereinafter certified,	17	A. Correct.
18	deposes and says as follows:	18	MR. ANSELMO: Okay. For purposes of
19	DIRECT EXAMINATION	19	this hearing, I'd ask if the Board of Education would
20	BY MR. ANSELMO:	20	stipulate to Ms. Coers' credentials?
21	Q. Could you please state your name,	21	MS. GORRY: Yes, we will.
22	occupation, employer, and address for the record?	22	MR. ANSELMO: Okay.
23	A. Sara Coers, MAI, I'm a commercial real	23	BY MR. ANSELMO:
24	estate appraiser. I'm senior vice-president of	24	Q. Was your compensation for the
25	Pillar Valuation Group. My address is 3500 DePauw	25	preparation of this report contingent in any way on
20	i mai valuation Group, iviy address is 3300 Del adw		proparation of this report contingent in any way on

Page 15 Page 13 the results of this case? 1 1 your appraisal, correct? 2 2 A. Yes. A. No. 3 Q. Okay. Have you reviewed the lease? 3 Q. Have you had the opportunity to inspect 4 the subject property and form a determination of 4 A. I have. 5 value? 5 Q. Okay. When was the lease entered into? 6 6 A. March 2003, I think March 21st, 2003. Q. Okay. Was that before the building was 7 Q. Okay. Is your analysis and 7 8 8 built? determination contained in the appraisal report marked as Exhibit 1? 9 9 A. Yes. To my knowledge, it was before the land was actually closed upon. It may have been 10 A. Yes. 10 under contract at the point. It closed at the end of 11 11 Q. Okay. What interest in the property did 12 you appraise? 12 March that year. 13 A. The fee-simple interest as if 13 Q. Okay. To your knowledge, was the lease 14 unencumbered. 14 that is encumbering the subject property ever exposed 15 Q. Okay. Can you define this interest for 15 to the open market? 16 the Board? 16 A. No. It was executed between Walgreen's 17 A. It's on Page 15 of my report. 17 and one of their preferred developers that they already had relationship with. 18 O. Uh-huh. 18 Q. How does that work there, if you can 19 A. Absolute ownership unencumbered by any 19 20 other interest or estate, subject only to the 20 explain to the Board just briefly how that works? 21 limitations imposed by the governmental powers of 21 A. They have a preferred developer network, 22 taxation, eminent domain, police power, and escheat. 22 and it's just a few people that they'll deal with in 23 Q. What was the valuation date for this 23 each area of the country. And they go to them and they say, "We want a store in this area," or perhaps 24 24 25 A. January 1st, 2014. 25 the developer comes to them and says, "We think we Page 14 Page 16 1 Q. Okay. Were there any extraordinary 1 can put a store in this area." They will agree to 2 2 assumptions, limited conditions used in this report? pay the lease based on what it's going to cost that 3 A. As related to it being a retrospective 3 person to acquire the land, to build it, and then a 4 rate of return that -- and they're willing to sign 4 date of value. these leases so that they don't have to deal with 5 O. What does that mean? 5 anybody else or ever go out to the market. 6 6 A. That means that I appraised it for a date in the past, and I inspected in the current 7 Q. And, again, this lease was entered into 7 timeframe, and I need to make an assumption that it 8 8 prior to even the building being built? 9 was the same on that date as it was when I visited 9 A. Correct. 10 Q. Okay. What are the terms of the lease? 10 the property. O. Okay. Can you briefly describe for this A. They are described --11 11 Board your process for collecting and verifying the Q. Page 85 of the appraisal. 12 12 data you used? A. 85 of my report? 13 13 14 A. Well, I use every resource that's 14 O. Uh-huh. 15 available to me, including public records, 15 A. It is a 75-year lease with a 25-year 16 subscription databases, I speak to buyers, sellers, 16 firm term, which means that they have to pay for 25 17 brokers, as many market participants that I can talk 17 years, and after which they can elect to terminate to. I try and only use sales that I've been able to 18 their lease. 18 verify with a party to the transaction, and all my It has rent fixed at \$24.18 per square 19 19 data is verified through some source such as, you foot annually for the entire 75-year term, and they 20 20 know, like the US Census or some reputable source. also have a percentage rent clause which requires 21 21 22 Q. Okay. Is the subject property 22 them to pay 2 percent of gross sales less food and encumbered by a lease? prescription items, plus 5 percent of gross sales of 23 23 24 A. It is. 24 food and prescription items. So it's a calculation, Q. And it was encumbered at the time of and that amount based on their sales over their base 25 25

	Page 17		Page 19
1	rent in excess was what they would pay. I wasn't	1	had a lot of money that they needed to place in a
2	no percentage rents were reported to me, and the	2	certain amount of time in order to conform to their
3	tenant is responsible for all expenses.	3	1031 exchange requirements, and that they based their
4	Q. Okay. In your opinion, is the term of	4	purchase price entirely on the security of the
5	the lease you said it's 75 years with 25-year	5	investment based on the tenant's creditworthiness.
6	first option, is that above market?	6	They were purchasing it based on the cap rate to buy
7	A. Yes. It exceeds the physical life of	7	this lease to this tenant for this term.
8	the building.	8	Q. Okay. Can this purchase be described as
9	Q. Okay. All right. In your opinion, the	9	a leased-fee sale?
10	lease rate what did you say it was?	10	A. Yes.
11	A. \$24.18.	11	Q. Can you define that for the Board, what
12	Q. Okay. In your opinion, is that lease	12	a leased-fee sale is?
13	rate above market?	13	A. A leased-fee sale is the sale of a
14	A. It is based on my research for market	14	property that is encumbered by a lease.
15	comparables that have been actually exposed to the	15	Q. Okay. Can the price paid in leased-fee
16	market.	16	sale of real estate ever equate to its fee-simple
17	Q. Okay. And the tenant is Walgreen's you	17	value?
18	say?	18	A. It can.
19	A. They are a high-quality tenant. They're	19	Q. And how so?
20	considered top-tier national credit.	20	A. When the terms of the lease, including
21	Q. Okay. And how did you confirm that?	21	the length of the lease, the rent, the expense who
22	A. There are different rating services,	22	pays the expenses, if all of the factors of the lease
23	Moody's and Standard & Poor's, that I consult, and in	23	relate to market, then the fee simple and the leased
24	particular I looked them up on Moody's for this	24	fee of that real estate will be the same.
25	report.	25	When that contract begins to exceed
25	report.	23	when that contract begins to exceed
	Page 18		Page 20
1			
1	Q. And you would consider them to be	1	those market terms, the contract value rises, but the
2	Q. And you would consider them to be above-market creditworthiness?	1 2	those market terms, the contract value rises, but the real estate value stays the same, but that's when the
2	above-market creditworthiness?	2	real estate value stays the same, but that's when the
2	above-market creditworthiness?  A. Absolutely. They're considered the bond	2	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.
2 3 4	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.	2 3 4	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July
2 3 4 5	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.	2 3 4 5	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the
2 3 4 5 6	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.	2 3 4 5 6	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?
2 3 4 5 6 7	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed	2 3 4 5 6 7	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.
2 3 4 5 6 7 8	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on	2 3 4 5 6 7 8	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?
2 3 4 5 6 7 8 9	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for	2 3 4 5 6 7 8	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to
2 3 4 5 6 7 8 9	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that	2 3 4 5 6 7 8 9	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove
2 3 4 5 6 7 8 9 10	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?	2 3 4 5 6 7 8 9 10	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease,
2 3 4 5 6 7 8 9 10 11	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.	2 3 4 5 6 7 8 9 10 11	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an
2 3 4 5 6 7 8 9 10 11 12 13	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?	2 3 4 5 6 7 8 9 10 11 12	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease
2 3 4 5 6 7 8 9 10 11 12 13 14	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.	2 3 4 5 6 7 8 9 10 11 12 13	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to
2 3 4 5 6 7 8 9 10 11 12 13 14 15	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate	2 3 4 5 6 7 8 9 10 11 12 13 14 15	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?  A. I contacted the buyer. He referred me	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were very clear that they were driven solely to purchase
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?  A. I contacted the buyer. He referred me to his attorney who had brokered the sale and was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were very clear that they were driven solely to purchase this as an investment based on the quality of the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?  A. I contacted the buyer. He referred me to his attorney who had brokered the sale and was intimately familiar with it, and I interviewed the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were very clear that they were driven solely to purchase this as an investment based on the quality of the tenant, the terms of the lease in place.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?  A. I contacted the buyer. He referred me to his attorney who had brokered the sale and was intimately familiar with it, and I interviewed the attorney for the buyer.  Q. What did you learn?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were very clear that they were driven solely to purchase this as an investment based on the quality of the tenant, the terms of the lease in place.  Q. And you say you spoke that you called the you spoke with the owner who referred you to
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?  A. I contacted the buyer. He referred me to his attorney who had brokered the sale and was intimately familiar with it, and I interviewed the attorney for the buyer.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were very clear that they were driven solely to purchase this as an investment based on the quality of the tenant, the terms of the lease in place.  Q. And you say you spoke that you called
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?  A. I contacted the buyer. He referred me to his attorney who had brokered the sale and was intimately familiar with it, and I interviewed the attorney for the buyer.  Q. What did you learn?  A. I learned that they had never been to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were very clear that they were driven solely to purchase this as an investment based on the quality of the tenant, the terms of the lease in place.  Q. And you say you spoke that you called the you spoke with the owner who referred you to Vinson Friedman, and you note that on Page 19 of your
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	above-market creditworthiness?  A. Absolutely. They're considered the bond of real estate.  Q. Okay.  A. Bond quality.  Q. In our opening statements, we discussed the sale of the subject property that took place on March or excuse me, July 11th, 2014, for \$5,641,025. You're aware of the sale; is that correct?  A. I am.  Q. Did you investigate this sale?  A. I did.  Q. What steps did you take to investigate the sale?  A. I contacted the buyer. He referred me to his attorney who had brokered the sale and was intimately familiar with it, and I interviewed the attorney for the buyer.  Q. What did you learn?  A. I learned that they had never been to the property, had never been to Lancaster before.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	real estate value stays the same, but that's when the leased fee and the fee simple appear to be unequal.  Q. Okay. In your opinion, does the July 11, '14 sale represent the fee-simple value of the subject property?  A. No.  Q. And why not?  A. Because there are multiple factors to consider. One, the high quality tenant that drove the sale, the above-market terms of the lease, including an above-market rental rate and an above-market lease term. These typically lease for retail properties typically lease for five to 10 years, 25 years firm, 75-year total lease term is well above market. And the buyer's motivations were very clear that they were driven solely to purchase this as an investment based on the quality of the tenant, the terms of the lease in place.  Q. And you say you spoke that you called the you spoke with the owner who referred you to Vinson Friedman, and you note that on Page 19 of your appraisal. He had firsthand knowledge of the terms

Proceedings Page 23 Page 21 1 1 Q. Okay. Excellent. timeframe, correct? 2 2 You address and analyze this sale on A. Right, for this property. Page 19 and Page 20, specifically Page 20 there's an 3 Q. Okay. Please continue. Sorry. 3 analysis. I'd like to bring it to the Board's A. The third table is the Adjusted Fee 4 4 5 attention here. What is the purpose of the analysis 5 Simple Allocation. So the first line is the actual 6 that you performed on Page 20 of your appraisal? 6 sale price of \$5,641,025, and I've subtracted my risk 7 A. This is to help break down the sale 7 premium from table -- the first table of \$1,758,672, price into its different components. So to show what 8 8 and then I've subtracted the indicated value of the portion of the sale price represents the risk premium above-market rent, that contract rent differential 9 9 allocated to a purchase of a Walgreen's leased 10 analysis from Table 2, of \$2,184,277, and the 10 building on a long-term lease, and then I do a second 11 fee-simple allocation is \$1,698,076. 11 analysis that shows what that portion of the sale Q. And how does that compare to your final 12 12 13 price can be attributed to the above-market rent, 13 conclusion of value for the subject for 1-1-14 fee-simple valuation? 14 them paying more than the market would command if 14 exposed to the market, and I then deduct those from 15 A. It's within a very small range, it's 15 16 the sale price to show what the fee-simple interest 16 slightly higher, but it's very close. as if unencumbered of that real property is. O. Thank you. Okay. Let's move on to your 17 17 Q. Okay. Can you take us through these valuation of the subject property. You have a 18 18 three -- through these calculations just to explain detailed location -- Neighborhood Description and 19 19 20 to the Board so we have it on the record? 20 Analysis and submarket analysis beginning on Page 21. A. At the top of Page 20 it says "Risk 21 Can you briefly take this Board through that and 21 22 Premium Analysis," and the first thing I do is I take 22 describe the -- you know, the regional summary, the the annual contract rental income. This is what 23 immediate neighborhood in the market area? 23 Walgreen's is paying, not offset by vacancy or A. Okay. This property's located within 24 24 25 expenses, which is what people buy these based on 25 the Columbus metro area. This area is generally Page 22 Page 24 1 because they're such diminished risk of nonpayment 1 growing below -- cost of living below the US average. 2 because of the tenant in place. 2 The job market has been expanding. 3 I took the market capitalization rate 3 In general, the real estate market, that I determined based on my market data and I've different areas of it, apartments have been doing 4 4 very well. Retail and office have been relatively capitalized that, and that indicated value is 5 5 6 \$3,882,353. If I subtract that from the sale price 6 soft. Industrial's done really well. Overall, this 7 region is in a stage of growth and it's stable. 7 of \$5,641,025, I've isolated a risk premium of 8 On Page 23 I identify where it's located 8 \$1,758,672 -- \$1,758,672. 9 Q. Okay. 9 within Lancaster, which is its neighborhood. On A. The next table is Market & Contract Rent 10 Page 24, I have a description where it's located. 10 The Memorial Drive corridor runs through the length Differential Analysis. This is, again, where I take 11 11 the annual contract rental income of \$330,000, and I 12 of Lancaster. Further north and west of the subject 12 deduct my market-based net operating income. So I've is the River Valley Mall, which is sort of the center 13 13 taken my market rent less a market vacancy less of retail development for this area. This is where 14 14 15 market expenses and arrived at a market-based NOI. 15 the newest community development has occurred. 16 This difference is \$185,664. 16 If you go further southeast, the subject 17 Again, I take my market capitalization 17 is located in an older area of Lancaster at the rate and I capitalize the difference, and it results intersection with Fair Ave. Most of the retail 18 18 in an indicated leased-fee value above fee simple of development in this area was developed 30-plus years 19 19 \$2,184,277. ago. This is a suburban location. Overall, it's 20 20

Q. When you say you take your market

capitalization rate, that's the market capitalization

Q. -- is appropriate for this area and

A. Correct.

rate you determine later in your income approach --

21

22

23

24

25

I've shown on Page 26 some demographics

Lancaster and Fairfield County. Those are presented

on Page 29 in very tiny, tiny little numbers, and

for the one- and three-mile radii, as well as

considered to be stable.

21

22

23

24

25

Page 25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

It has adequate parking, typical site improvements.

O. Uh-huh.

A. I've presented, you know, plat maps, aerials, et cetera, starting on Page 43.

Q. 43 is -- you've got an overhead picture here which shows the irregular shape of the plot.

A. Correct.

Q. Okay. What about the building itself?

A. This building is 13,650 square feet. It was built in 2003, 2004. It is a very typical retail box, it's concrete block, steel frame. The outside is brick and split-face concrete block. It has a flat roof.

The interior finish is commercial grade vinyl tile and wood laminate and inlaid tile ceiling, painted walls. They've got a stockroom area that is unfinished. This is by-the-book, typical retail construction.

Q. Your square footage is significantly larger than what the County has it on. I think the County has it at 9,000 square feet, I think you made a note of that. But you've got a blueprint drawing on Page 46; is that correct?

A. On Page 46, yes, I have a survey, and I also measured this building to confirm that.

then they're bigger on Page 30.

1

2

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

This just basically shows that this area is in a very slight decline, this area of Fairfield County. It's shown from 2010 to 2014 marginal decreases in population. Median household income is generally below the county and the state. Within Fairfield County, the northwest corner, Pickerington, Canal Winchester, these areas are more affluent, they've brought up the county median, but this area of Lancaster is -- was the original center of Fairfield County, and it has lower median household income levels and thereby less money to spend.

I've presented on Page 31 some data about neighborhood and community centers for the metro area, including the outside county submarket of which Fairfield County is a part. It shows that vacancy rates in this area are lower than the Columbus metro overall, but they're still quite high, close to 13 percent.

I've shown traffic counts on Page 32, and this is -- I would consider this to be a moderate traffic area. This is not high traffic by any stretch of the imagination, but this is not a low-traffic area, either.

On Page 33, starting there, I've

Page 26

presented some data from CoStar where I did a survey of retail space within the one- and three-mile radii, and you can see that vacancies have trended downward since the recession and reached stabilized levels.

Net absorption, starting on Page 35, has been good, although if you look at the numbers on the left side, we're not talking about a huge amount of square footage that has been absorbed. So this is a fairly small market with not a ton of deliveries which are shown on Page 37 and 38. But overall, this is an area where the population is fairly stagnant. It's in a slight decline. Median household incomes are on the lower side for this county, and -- but supply and demand are in balance, and it's a fairly stable area to support neighborhood goods and services.

Q. Could you briefly describe the subject property itself?

A. This is an irregularly shaped size, it's almost trapezoidal located on the corner of Memorial Drive and West Fair Ave. It has roughly 1.2 acres. It's zoned commercial general. It has quite a few variances, because this site is quite small for a building of this size. It's not in a floodplain. It has typical easements for this type of development.

Page 28

Q. So the 13,650 square feet is accurate?

A. Correct. O. Okay. Thank you.

Now, can -- you made an analysis as to the highest and best use of the subject. Can you take us through that? That's on Page 50.

A. I can. The first step in a highest and best use analysis is to look at what's legally permissible. This is an area or a zoning that is broadly permissible, it allows retail, office, heavy commercial, lodging. This doesn't eliminate a lot of potential uses.

If we go next to the physically possible, this is located on a corner, it's a very small site. Realistically we're only looking at retail and office that could fit. Considering the frontage of the property, retail is the most likely use.

I concluded that financial feasibility demonstrated that build-to-suit or owner-occupied retail was most likely, but neighborhood retail was financially feasible and was the maximally productive

Then highest and best use as improved I considered to be the existing use as a neighborhood

Page 31 Page 29 1 retail building. 1 store. 2 O. Thank you. We're going to move on to 2 Land Sale No. 3 is located at 1850 to your valuation analysis, but you spent some time 1854 North Memorial Drive in Lancaster, sold in April 3 3 taking us and this Board through your analysis on 2014, approximately .728 acres, and it sold for just 5 Page 19 of the sale. At the conclusion of that 5 under \$598,000 an acre, and it was improved with a 6 analysis or based on your finding there, did you 6 two-tenant strip center with a Five Guy's and a 7 conclude that the sale price of \$5,641,000 did not 7 Sherwin-Williams and it's an outlot to a Big Sandy represent the fee-simple value of the subject 8 8 Furniture store. property? O. Your adjustments are contained on 9 9 A. I did conclude that. 10 Page 60 and -- well, on Page 60, correct? 10 O. Okay. And did you determine that a full 11 A. Correct. 11 appraisal using market data was necessary to Q. Page 61 is an overhead view of where 12 12 13 determine what the fee-simple value of this property 13 these land sales occur as compared to where the 14 would be? 14 subject's located, correct? 15 A. Correct. 15 A. I did. 16 Q. I would like to go through that 16 Q. So you found two sales right on the same analysis. What methods of valuation did you use and 17 17 street? whv? 18 A. Right. 18 Q. Okay. What were your adjustments to 19 A. I developed a cost approach, income 19 these sales? 20 approach, and sales approach. I thought the cost 20 approach was useful for this analysis, it's not 21 A. Well, I considered multiple adjustments 21 something I would necessarily rely on. Market 22 that I didn't make such as property rights conveyed, 22 participants would not necessarily consider the cost 23 financing, et cetera. Any time I didn't make an 23 approach for a building of this age; so I didn't give adjustment, I found that they were to be comparable. 24 24 25 it as much weight in the reconciliation, but I did 25 I did consider an adjustment for Page 30 Page 32 develop it. 1 location for Sale No. 1. It's not located in 1 2 2 Lancaster, it's located inside the I-270 loop. It is I developed a sales comparison approach. 3 There are a lot of owner occupants in this submarket 3 located closer to Columbus, but it's located in an for a retail building of this size, and the sales area with less surrounding and complimentary retail 4 4 comparison approach best reflects how they view it if development. It is an area that has a much larger 5 5 population in the immediate area, but it does have a 6 they're going to buy an existing building. 6 The income approach best reflects the lower household median income. And I looked at all 7 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

view of investors and speculators who are looking at what this property could be leased at if they expose it to the market at typical vacancy, market expenses, et cetera.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22 23

24

25

O. Right. Okay. Well, let's begin with your cost approach. You do a land evaluation that begins on Page 54. Can you briefly take this Board through your land sale comparables and tell us what your conclusion of value was for land?

A. My first land sale was approximately .82 acres, located at 3349 Refugee Road in Columbus. This sold in November of 2013 for just under \$305,000 per acre. It was developed with a Dollar General store.

Land Sale No. 2 is located at 1908 North Memorial Drive in Lancaster. It sold in December of 2013. It was 1.65 acres, and it sold for just under \$361,000 per acre, and it was improved with an Aldi

of the indicated adjustments based on the different factors such as traffic count, and I made a judgment that a 30 percent upward adjustment was appropriate for Sale No. 1.

Then I looked at size as the only other income requiring adjustment, and I did this based on a paired sale between Comparables 2 and 3, and I looked at a rate of change between them and what it would indicate to adjust Sales 1 and 3 upward as sales under one acre tend to have that -- a much higher dollar per acre. So I've adjusted these based on that rate of change. Ultimately, the range of these sales was \$335- -- roughly \$335,000 per acre up to \$478,000 per acre.

I considered the two sales in Lancaster to be the best indication of value, especially Sale 2. Sale 2 is very similar to the subject. It's a larger site -- a larger site, it was very recent, it

Page 33

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

sold almost on the date of value. Although Sale 3 I did give some consideration because of its location in Lancaster, it did receive more adjustments. Ultimately I concluded a land value of \$400,000 per acre, which results in a total land value of \$480,000 per acre.

Q. Excellent. Please take us through the remainder of your cost approach.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15 16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24 25

A. The first step in a cost approach is to determine a base cost. And I used Marshall Valuation Service and I used their Drug Stores Cost Tables. This exact building is the prototype, the example that they gave for the average drug store in Marshall Valuation Service.

So I used the average drug store base cost, which is \$98.55 per square foot. I applied a -- an upward adjustment of \$3.07 for the presence of sprinklers, which results in a subtotal base cost of \$101.62, and then I looked at a series of multipliers.

There is an area of perimeter multiplier which looks at the relationship between the total square footage of the building and the length around it. This is interpolated from the factors directly from Marshall Valuation Service. I looked at the

The next thing I considered was soft costs. These would be appraisal fees, excessive engineering and architectural fees, leasing

commissions, et cetera. I determined that 5 percent was appropriate for this location.

I next looked at entrepreneurial profit, or otherwise known as entrepreneurial incentive. Developers' general expectations range from typically 10 to 20 percent. The riskier the project, the higher their return. This is considered, you know, a pretty small project. You know, a large, huge development with condos and retail, et cetera, would be a very risky project. This is a fairly nonrisky project. And I went to the lower end of 10 percent, and found that to be appropriate to attract a developer.

The next thing I did was I estimated depreciation. And I did the breakdown method, so I've looked at short-lived and long-lived depreciation, functional obsolescence, and external obsolescence separately. So on Page 67, my short-lived item, which is the incurable physical deterioration, I don't have any physical -- curable physical deterioration, which would be deferred maintenance.

Page 34

Page 36

story height multiplier based on the story height that I measured at this property, multi-story, which is one, and then I've got current costs, which brings it up to the date of writing of the report, which is one, and then the local cost, which the closest available was Newark, of .99 and this brings it up to \$101.08 as of the writing of the report.

I then have to trend it back to the date of value of January 1st, 2014, by dividing it by that trend factor of 1.021, and I get a total base cost per square foot of \$99 even.

Q. Please move on. I'm sorry. Feel free to flow here, Sara, but please let the Board know what page you're on when you're on your appraisal.

A. Sorry, that was on Page 65. At the bottom of Page 65 going on to Page 66, I looked at site improvements. Again, I'm using these based on my measurements or counts in the case of the paying. which is based on a dollar per parking space and the unit cost from Marshall Valuation Service. The first table on Page 66 is the site cost new, and then I've done an age/life depreciation based on my estimated effective age of these improvements and their useful life from Marshall Valuation Service, and develop a total depreciated value of these of \$60,995.

I've broken down these costs, and determined that there's \$118,100 of incurable short-lived deterioration. And then I've looked at long-lived deterioration, which takes the replacement cost new of just the building, plus the soft costs for just the building and the entrepreneurial profit for just the building and deducts the depreciation already allocated to short-lived items, which is the full cost of those items up above, and then I depreciate the long-lived items on an age/life basis, and concluded to \$346,000 of long-lived physical deterioration.

- Q. Let me ask you this: Did you conclude that there was any functional obsolescence?
  - A. No.
- Q. Did you conclude that there was any external obsolescence?
  - A. No.
- Q. So the only depreciation you're using is age/life, correct?
  - A. Just physical deterioration, correct.
- Q. Physical, okay.

Your conclusions of your cost approach 23 24 are on Page 68? 25

A. Correct.

9 (Pages 33 to 36)

	Page 37		Page 39
1	Q. So why don't you take us through that.	1	sales comparison approach beginning on Page 69?
2	A. On Page 68 there is a table, and it	2	A. I can. My first sale is on Page 70.
3	shows that initial calculation of the based on the	3	This is a freestanding retail building at 6225 East
4	base cost that I developed and the size of the	4	Main Street in Columbus. It sold in December 2013.
5	property. I've added in my depreciated site	5	The purchase price was for \$675,000, and they
6	improvements. I've calculated soft costs based on	6	according to the buyer, they did approximately
7	that total of those two items. I've calculated	7	\$500,000 in improvements to this building, and
8	entrepreneurial profit on the total of those two	8	they it became a Family Dollar. It's
9	items, site improvements and the building. I	9	approximately 8,100 square feet, built in 2004, on
10	deducted the total of those two physical incurable	10	about .86 acres. It was formerly an auto repair
11	depreciation estimates that I just talked about. I	11	shop. It is a metal building.
12	arrive at a depreciated value of the site and the	12	Sale No. 2 starts on Page 72, and this
13	building improvements, and then I add in the land	13	is the subject. This is shows the leased fee sale
14	value. The value indicated is \$1,650,000 rounded.	14	price, and we've already discussed what the subject
15	Q. Okay. Ms. Coers, just a point I would	15	is.
16	like you to make, or an illustration for this Board.	16	Q. So you've let me just save you time
17	Can you tell us what the term "all-in costs" mean?	17	and save this Board time. Your adjustments to this
18	A. All-in costs are typically used to	18	sale price are all included on Page 19 of your
19	describe what it costs to acquire the land and	19	appraisal
20	building, the building new without any offset for	20	A. Correct.
21	depreciation, obsolescence, anything, it's the total	21	Q when you went through it?
22	cost to produce the property.	22	A. Correct.
23	Q. Okay. You've already given us the	23	Q. Okay.
24	background of it. So you determined it was \$480,000	24	A. Sale 3 is a former Borders Books & Music
25	to buy this land. What would it cost to build it,	25	that was converted to a multi-tenant retail property,
	Page 38		Page 40
1	soft costs, entrepreneurial profits, add that into	1	it's located at 4545 Kenny Road in Columbus. It sold
2	it, what are the total all-in costs?	2	in September 2012 for \$1,710,000. It's just over
3	A. Well, it would be this total cost of	3	21,000 square feet, on 2.17 acres, and was built in
4	\$1.6 million, and you'd have to add back about 50,000	4	1989.
	for the site costs that have been depreciated.	5	Sale 4 on Page 76 is located at 2014
5 6	for the site costs that have been depreciated.  O. So what would that number be, the total	5 6	Sale 4 on Page 76 is located at 2014 Baltimore-Revnoldsburg Road in Revnoldsburg, It sold
6	Q. So what would that number be, the total	6	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold
6 7	Q. So what would that number be, the total all-in costs, if you can make that calculation?	6 7	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000
6 7 8	Q. So what would that number be, the total all-in costs, if you can make that calculation? A. About \$1,680,000 before the land.	6 7 8	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.
6 7 8 9	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land.  Q. Okay.	6 7 8 9	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road,
6 7 8	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly.	6 7 8	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's
6 7 8 9 10	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly. Q. So if I can if someone can buy the	6 7 8 9 10	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road,
6 7 8 9 10 11	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly.	6 7 8 9 10 11	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it
6 7 8 9 10 11	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay.  A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's	6 7 8 9 10 11	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.
6 7 8 9 10 11 12 13	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14?	6 7 8 9 10 11 12 13	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what
6 7 8 9 10 11 12 13 14	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14? A. Correct.	6 7 8 9 10 11 12 13	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when
6 7 8 9 10 11 12 13 14 15	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14?  A. Correct. Q for 2.2 million, why would they pay	6 7 8 9 10 11 12 13 14	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?
6 7 8 9 10 11 12 13 14 15 16	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay.  A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14?  A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6?	6 7 8 9 10 11 12 13 14 15	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar
6 7 8 9 10 11 12 13 14 15 16 17	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay.  A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14?  A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6?  A. Well, the sale has nothing to do with replacing utility for the property. They're not purchasing real estate, they're purchasing a bond.	6 7 8 9 10 11 12 13 14 15 16	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar properties. I was looking for a sales where I knew
6 7 8 9 10 11 12 13 14 15 16 17	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay.  A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14?  A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6?  A. Well, the sale has nothing to do with replacing utility for the property. They're not purchasing real estate, they're purchasing a bond. Essentially they're purchasing the rights to receive	6 7 8 9 10 11 12 13 14 15 16 17	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar properties. I was looking for a sales where I knew that the fee-simple interest had transferred or that I could quantify the difference between the leased-fee and the fee-simple interest to make sure
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14? A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6? A. Well, the sale has nothing to do with replacing utility for the property. They're not purchasing real estate, they're purchasing a bond. Essentially they're purchasing the rights to receive rent from Walgreen's, a high-quality tenant, for a	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar properties. I was looking for a sales where I knew that the fee-simple interest had transferred or that I could quantify the difference between the leased-fee and the fee-simple interest to make sure that they were either the same or that I could make
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay.  A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14?  A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6?  A. Well, the sale has nothing to do with replacing utility for the property. They're not purchasing real estate, they're purchasing a bond. Essentially they're purchasing the rights to receive rent from Walgreen's, a high-quality tenant, for a long period of time with very little risk of default.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar properties. I was looking for a sales where I knew that the fee-simple interest had transferred or that I could quantify the difference between the leased-fee and the fee-simple interest to make sure that they were either the same or that I could make an adjustment. I wanted them to be within a certain
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14? A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6? A. Well, the sale has nothing to do with replacing utility for the property. They're not purchasing real estate, they're purchasing a bond. Essentially they're purchasing the rights to receive rent from Walgreen's, a high-quality tenant, for a long period of time with very little risk of default. This is a case where contract value greatly exceeds	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar properties. I was looking for a sales where I knew that the fee-simple interest had transferred or that I could quantify the difference between the leased-fee and the fee-simple interest to make sure that they were either the same or that I could make an adjustment. I wanted them to be within a certain size range, I wanted them to be single-user
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay.  A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14?  A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6?  A. Well, the sale has nothing to do with replacing utility for the property. They're not purchasing real estate, they're purchasing a bond. Essentially they're purchasing the rights to receive rent from Walgreen's, a high-quality tenant, for a long period of time with very little risk of default. This is a case where contract value greatly exceeds the value of the actual real estate.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar properties. I was looking for a sales where I knew that the fee-simple interest had transferred or that I could quantify the difference between the leased-fee and the fee-simple interest to make sure that they were either the same or that I could make an adjustment. I wanted them to be within a certain size range, I wanted them to be as close as
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. So what would that number be, the total all-in costs, if you can make that calculation?  A. About \$1,680,000 before the land. Q. Okay. A. And about two-million-two roughly. Q. So if I can if someone can buy the land and build this building brand new and that's as of tax lien date 1-1-14? A. Correct. Q for 2.2 million, why would they pay 5.64? Why would it sell for 5.6? A. Well, the sale has nothing to do with replacing utility for the property. They're not purchasing real estate, they're purchasing a bond. Essentially they're purchasing the rights to receive rent from Walgreen's, a high-quality tenant, for a long period of time with very little risk of default. This is a case where contract value greatly exceeds	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Baltimore-Reynoldsburg Road in Reynoldsburg. It sold in October 2011 for \$975,000. It's just under 10,000 square feet, on 1.2 acres, built in 2007.  Sale 5 is located at 2644 Taylor Road, it's a Gander Mountain, sold in June 2014. It's approximately 31,000 square feet, on 3.19 acres, it was built in 2000 and renovated in 2014.  Q. Before we get into your adjustment, what parameters did you use for your comparable sales when you looked for your approach?  A. I was looking for physically similar properties. I was looking for a sales where I knew that the fee-simple interest had transferred or that I could quantify the difference between the leased-fee and the fee-simple interest to make sure that they were either the same or that I could make an adjustment. I wanted them to be within a certain size range, I wanted them to be single-user

Page 41

Q. Okay. You use both leased-fee sales and fee-simple sales. What adjustments become necessary when using a leased-fee sale in a fee-simple appraisal?

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A. I need to make sure that I can equate the leased-fee interest to the fee-simple interest. So if there are considerations for tenant quality such as there are with the subject sale, above-market rent such as with the subject sale, or if there's no consideration of market vacancy or market expenses, which was the case with not only the subject, but Sale 5, I need to be able to make adjustments for that to equate the leased-fee interest to the fee-simple interest.

Q. Thank you. Your adjustments are contained on Page 80 of your appraisal. Can you briefly take the Board through those adjustments?

A. The first adjustment was for property rights conveyed. For Comparable No. 2, which is the subject, I have that negative 69.9 percent adjustment, which is based on that analysis I did on Page 19. So I basically have taken the portion I've allocated to the leased-fee interest and the risk premium and used it to adjust this to the fee-simple interest.

on the interstate.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

The next item I considered was building size. The only sale that I considered requiring adjustment -- because within a certain range within retail there's no inverse relationship between sale price and size -- but with one as large as Comparable 5, 31,000, I felt that there was some inverse relationship, and I estimated a 15 percent upward adjustment.

I've done an age and condition adjustment based on my estimated effective age for each of these properties. And that age and condition percentage of 1.75 percent is based on a 40-year life with 70 percent of the value attributed to the improvements. So this is an annual depreciation rate essentially. So any property that had an older effective age would be adjusted upward to the subject, anything with a newer effective age would be adjusted downward to the subject.

Ultimately, I ended up with a range of about \$75 to around \$124 per square foot.

Q. And what was your final conclusion for the subject?

A. I concluded to \$120 per square foot, which resulted in a value of \$1,640,000.

Page 42

In Sale 5 they purchased it without consideration for market vacancy or market expenses. And so I have deducted those, and this is -- equates to that amount that this price would be adjusted downward if that were factored in. I didn't have any other items above that that were considered except for market conditions.

Sale 4 sold in October 2011. This market really started to turn around in mid 2012, and that's when it really became comparable to the conditions as of January 1st, 2014. Looking at changes in pricing and demand, I estimated an upward adjustment of 5 percent for Comparable 4.

For the location adjustment, I did consider the same types of things that I considered in the land sales. I looked at traffic counts, area development, area demographics such as population in the one- and three-mile radii, I looked at median household income, at buying power, and I looked at what all of those factors indicated and I estimated adjustments.

Comparable 1, I estimated a negative 10 percent adjustment; Comparables 3 and 4, I estimated a negative 15 percent adjustment; and negative 20 percent for Comparable 5 because it was located right Page 44

- Q. And you have a detailed writeup of all your adjustments on Pages 82 and 83, correct?
  - A. That's correct.
- Q. Okay. Why don't you take us through your income approach. I believe it begins on Page 85.
- A. I have the decision of the lease that we've already gone through on Page 85.
  - O. Uh-huh.
- A. My next step was to establish market rent, and so I look at comparables. Those comparables are presented on Pages 86 and 87.
- Q. Before we get there, though, you do address the lease in place.
  - A. Uh-huh.
- Q. And you've testified this property is encumbered by a lease. In conducting a fee-simple appraisal, though, how do you determine what rental rate to use?

A. Well, I'm looking for leases that were exposed to the market that have had an opportunity to be based on a negotiation between a willing tenant and a willing landlord, just like a sale -- a market sale would be a willing buyer and a willing seller. So these are properties where they are existing

Page 45

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

buildings that were exposed to the market and they were able to negotiate a lease at market terms.

Q. What parameters did you use in gathering your lease comparables?

A. Well, I was looking for them to be negotiated around the time of my date of value. I wanted them to be as recent as possible. I wanted them to be newer buildings. I wanted them to be freestanding and larger, and I wanted them to be as close to the subject as possible.

I scoured the area, and I end up with a funnel process. You start with every property in this area, and then you have to funnel it down to what's had actual transactions and what meets your parameters of physical features, and then what are you able to get confirmed, good data for, and this is what you end up with essentially.

Q. Okay.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

1

2

3

4 5

6 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

A. And I feel like they're all really pretty good. They're located in similar markets, they are similar properties, they're recent transactions.

Q. Okay. Pages 86 and 87 have your five lease comparables.

A. Correct.

afterwards.

metal building, but it has a lease executed in 2014 for \$15.61, and this did include the amortized cost of \$500,000 to renovate the building.

On Page 87, Rental 4, with OhioHealth is one of my sale comparables, 2014 Baltimore-Reynoldsburg Road, just under 10,000 square feet, built in 2007. This is a former Cord Camera building. They performed \$300,000 in improvements, the tenant did, with an allowance from the landlord to convert this to a -- it's kind of like a clinic -a medical clinic, you know, where you can just stop in. It's leased for 17.50 a square foot net, and the lease date was 2012.

Rental 5 is Gander Mountain, lease at 2644 Taylor Road, also one of my comparables, 31,000 square feet, built in 2000, and this is, again, a modern building. The lease was from 2014 and was for \$11.35 per square foot net, and this was a new lease for an existing tenant.

Q. And your adjustments are on Page 88?

A. Yes.

22 Q. Okay. 23

A. The first thing I did was I removed any amortized tenant improvements that were built into that rate, which is the second line where on Rental 3

Page 46

Q. So why don't you take the Board through those briefly, and then discuss your adjustments

A. Rental No. 1 is a Family Dollar that's subleasing a Rite Aid. It's located at 2136 Bethel Road in Columbus. It's just over 11,000 square feet, built in 1997. It's a modern design building. This lease was negotiated in February 2012 for \$8.05 per square foot net, and the tenants took the space as is.

Rental 2 is an Auto Zone at 3520 Gender Road in Canal Winchester. This is a former Blockbuster. It's just over 6,500 square feet when it was leased. They did add 1,500 square feet, but the lease rate was based on the original square footage because the tenant paid for the addition themselves. This is a 2004 modern building, and it was leased in September 2014 for \$15 a square foot net. When I say "net," it means that the tenant is paying directly or reimbursing expenses.

Family Dollar on Page 3 is my -- one of my sale comps. This is the lease that was executed with Family Dollar after they purchased that building and renovated it. It's just over 8,000 square feet, built in 2004, renovated in 2014. It is alow-cost

Page 48

I've subtracted \$6.17, and Rental 4 I have subtracted \$3.01 to get to what it would be to lease the building as is.

I've looked at market conditions adjustments. Again, for those early 2012 leases I have two of them, Rentals 1 and 4. I've estimated that 5 percent upward adjustment like I did with the sales, because that was prior to the market really turning upward, then I've adjusted for location using the same methods that I've used in the past two analyses that I've discussed.

I did do an upward adjustment for construction for Rental 3, which is based on the difference in cost between that style of building, this is the metal building and the style of building that the subject is. Then I've done an age and condition adjustment, again, based on those same parameters I discussed before, and I've done some size adjustments.

Again, I adjusted Rental 5, which is one of my sales, upward 15 percent, and I also adjusted Rental 2 downward 10 percent, because it's such a small building it would have an inverse relationship between rent and square footage.

The range I ended up with was just under

12 (Pages 45 to 48)

Page 51 Page 49 1 \$8 all the way up to \$12 a square foot. 1 results in a 22 cents per square foot expense which 2 2 O. What did you -- well, you have some is at the low end of what I see in the market. 3 pictures of your comps on Page 90 to 91. 3 Q. So take us through your pro forma on 4 A. Correct. 4 Page 97 of your report, and tell us how you conclude 5 Q. But what conclusion did you make from 5 a net operating income. 6 market rent? 6 A. Okay. My -- at the top is base rent, 7 7 which is based on that \$11.50 per square foot times A. I concluded that Comparables 1, 2, and 4 8 8 had the best market exposure and were the most the 13,650 of square footage of the subject, and it 9 physically similar, and I ultimately concluded to a 9 results in a potential gross income of \$156,975. 10 I've added in that insurance that I've reimbursed at 10 rent of \$11.50 per square foot net. Q. Okay. Is there any additional revenue 11 \$3,413. I ended up with a total potential gross 11 12 that you add to that in your income approach? 12 income of \$160,388. 13 A. I reimburse the insurance expense so 13 I deduct my vacancy and collection loss 14 that a vacancy can be deducted from it, because it 14 of 6 percent, which is \$9,623, and I come up with an 15 would have to be paid by a landlord in times of 15 effective gross income of \$150,764. Then below I 16 vacancy. So there's a small deduction there, but 16 have deducted that same insurance expense of \$3,413 and the management fee of \$3,015. Total operating 17 that is the additional income. 17 18 18 expenses of \$6,428 deducted results in a net O. Okay. And what did you determine for operating income of \$144,336. 19 vacancy and collection loss? 19 20 A. Well, I cited the REIS data that I had 2.0 Q. Okay. And just briefly take the Board 21 21 through how you determine a capitalization rate that talked about in my neighborhood approach for you're going to use against that net operating 22 neighborhood and community shopping centers, and then 22 23 23 income. I looked at my CoStar surveys of vacancy and 24 24 A. Okay. I have quite a bit of experience availability. 25 appraising properties like this, and I've interviewed 25 Around this time, they both within a Page 52 Page 50 1 one- and three-mile radii strongly supported a range 1 a lot of brokers and talked to them about what plays 2 of 6 to 7 percent, which is a stabilized vacancy and 2 into some of these cap rates. One of the most 3 important things is the lease terms, how long they 3 collection loss, and I concluded to 6 percent. 4 have remaining on their lease. 4 O. Okay. All right. So any other expenses that you threw on here? 5 So I tried to focus on leased-fee sales. 5 6 A. Well, I considered market expenses. 6 because inevitably they're leased fee if there is a 7 Like I said, the lease terms in the market are net; 7 cap rate derived of similar properties where the 8 so these tenants would be paying directly a lot of 8 tenant is as close to market levels. It's not a expenses, but the landlord would be responsible for vastly superior tenant necessarily, but if it is that 9 9 fixed expenses in times of vacancy. So I included 10 they have a closer-to-market term remaining. 10 insurance, which is a fixed expense, and as I said If you have, for example, one of my 11 11 before, reimbursed it. I based this on the typical comparables, Sale 3 is a Walgreen's with only eight 12 12 years remaining on its lease. The lower the lease range I see within all of the data within my files of 13 13 25 cents per square foot. 14 14 term gets when it gets within the market range, then the cap rate tends to gravitate towards the market, 15 Then the only other expense would be the 15 landlord's management expense. And single-tenant too. So I have looked at sales that I can 16 16 properties tend to have a lower management burden, 17 comfortably see where they relate to the market.

18

19

20

21

22

23

24

25

13 (Pages 49 to 52)

especially if the tenant's paying a lot of their own

expenses or reimbursing them. However, there is

compensated or would pay someone to manage this

property to do the accounting, handle if the property

needs to be leased or if something needs to be done

applied a 2 percent management fee, which is --

still -- a prudent owner would still want to be

and billed back to the tenant, et cetera. So I

17

18

19

20

21

22

23

24

25

So Sale 1 is obviously the subject, and

we've already discussed the terms of this sale. It

was a 1031 exchange. There have been empirical

studies that say that sometimes they pay up to 15 to

20 percent more for these. I've already interviewed

the buyer, I know -- and have done the analysis, so I

know that there was some above-market terms there

that they were considering.

Page 55 Page 53 1 Sale 2 is a Family Dollar in 1 A. \$1,680,000. 2 Reynoldsburg. It had a lease -- a nine-year lease 2 O. Okav. Excellent. That's on Page 101? 3 3 that it was three years into, so it had six years A. Correct. 4 remaining, and it sold at 8.15 percent based on gross Q. Okay. So your reconciliation of your 5 rents, no consideration for vacancy or expenses. 5 three approaches is included on Page 102. Can you 6 Family Dollar is an unrated tenant, but they are 6 take us through that? 7 considered to be of good quality. They're sort of 7 A. I reported all of the values. They were 8 the next tier down from a Walgreen's. 8 in a fairly narrow range from one-million-six-forty to one-million-six-eighty. Ultimately, I think the 9 Sale 3 is a Walgreen's, at 6320 East 9 Main Street in Reynoldsburg, and this sold with eight 10 cost approach would not be considered very relevant 10 years remaining on its initial lease term for 8.94 by market participants because of the age of the 11 11 12 percent based on gross rents. 12 building. 13 Sale 4 is Page 100, is the resale of one 13 Sales comparison approach has good data, 14 of my sale comps on a leased-fee basis once it was 14 good quantity and quality of data and represents how leased to OhioHealth with a 10-year lease in place to owner occupants, who are at least half of this 15 15 16 a medical tenant, high-quality medical tenant for market, would view this. 16 7.65 percent based on gross rents. The income approach represents how even 17 17 Sale 5 is another one of my sales, the visitors, speculators would view this property, 18 18 they'd be looking at what can I get for this property 19 Gander Mountain, that sold on a cap rate of 8.13 19 20 percent based on gross rents. This was a sale that 20 if I lease it at market levels, market vacancy, had been flipped. The people who sold it had 21 market expenses. So ultimately I relied on both the 21 purchased it when there was little remaining time in sales and the income approaches, and concluded to a 22 22 the lease, negotiated a new lease with Gander retrospective market value of the fee-simple interest 23 23 Mountain and then resold it. as of January 1st, 2014, of 1,660,000. 24 2.4 Sale 6 was a Family Dollar, also one of 25 Q. What was your land/building breakdown of 25 Page 56 Page 54 1 my earlier comparables that resold leased fee, and it 1 that? 2 sold 8.22 percent based on gross rents. And this was 2 A. Well, the land is \$480,000 of that based for a newly executed lease that had an above-market 3 3 on my land valuation, leaving 1,180,000 for the component. 4 4 building. 5 I also looked at -- on the bottom of 5 Q. Okay. Ms. Coers, does that -- what is 6 Page 100, I looked at different market surveys, 6 that final breakdown, if you take your conclusion of 7 Realty Rates, RERC, PwC, formerly known as the Corpus 7 value, a-million-six-sixty, what does that equate to 8 Report. And I looked at the range that they 8 as a per-square-foot value land and building merged? indicated, and ultimately concluded to an overall 9 A. It's around 100 and I think 21, 22 9 10 rate of 8.5 percent was appropriate for this property 10 dollars a square foot. Q. Okay. 121.61 as I have. Does that 11 in this location. 11 12 Q. And you included a tax additur? 12 sound accurate to you? 13 A. Okay. That sounds correct. A. I did, because I had not included a tax 13 Q. Okay. Did you investigate the submarket 14 expense. 14 15 Q. Okay. 15 of the subject property to see how your conclusion of 16 A. So I have taken the tax rate, multiplied it 16 \$121.61 a square foot compared to other commercial by the assessment ratio of 35 percent, and then 17 properties in the area? 17 18 multiplied it by the landlord's portion of the taxes 18 A. Yes. 19 during times of vacancy, which would be 6 percent of 19 Q. How does it compare? that, and it results in a tax additur of 0.0934 20 20 A. It's assessed much higher than the other 21 that's added to that cap rate. So ultimately I end 21 properties that are similarly assessed. So they're 22 assessed as retail stores, they're newer properties, 22 up with a loaded cap rate of 8.95 percent. 23 Q. When you apply that cap rate to the net 23 or they're in the immediate area. They tend to be 24 assessed well below half of what the subject is operating income you determined, what did you come in 24 25 25 assessed at. for a value conclusion?

Page 57 Page 59 1 O. When you're saving what the subject's 1 market for assessments. 2 assessed at, what is the subject assessed at 2 There's a Pier 1 Imports of about 9,000 3 3 currently? It's on a -- the auditor's assessment square feet, 1994 construction, at \$104 a square 4 based upon the Board of Revision's conclusion is 4 foot; a Mattress Firm, again, around 4,500 square 5 \$5,641,125. What does that come to per square foot 5 feet, 2012 construction, at \$138 a square foot; an 6 land and building merged? 6 Aldi, just under 17,000 square feet, 2014 7 A. It's -- I think it's about \$388 a square 7 construction, at \$90 a square foot; and then if you 8 foot. go down to the bottom of the map near the subject, 8 there's a Goodwill right by it, it's a much older 9 Q. Do you want to make that calculation? 9 10 building but it's been renovated, and it's at \$45 a 10 Do you have a calculator? A. No. Let me get my calculator. 11 square foot for around 14,650 square feet; then 11 12 O. Okay. 12 there's a Payless Shoe Stores which, again, is quite 13 A. Oh, it's \$413 a square foot. 13 small, under 4,000 square feet, 1970 construction, at 14 Q. Okay. So based on a valuation of the 14 \$90 a square foot. sale price, the per-square-foot value is \$413 a 15 15 Q. So is it a fair statement to say that square foot? 16 the Fairfield County's Board of Revision's conclusion 16 A. Correct. of value of \$413 a square feet for the subject puts 17 17 Q. How does that compare to other 18 it at significantly higher than surrounding 18 19 commercial properties in the area? 19 properties in this area? 20 A. Well, I looked at some of the newer 2.0 A. That's true. properties, there's a Mattress Firm and a Verizon, an 21 MR. ANSELMO: Okay. I don't have any 21 Aldi, they're all assessed in the same category, 22 further questions for Ms. Coers. 22 newer properties. They're --23 EXAMINER MENDOZA: Thank you. 23 O. One second here. I'm going to ask you 24 Do you have any cross-examination for 2.4 25 to mark this. 25 this witness? Page 58 Page 60 1 (EXHIBIT MARKED FOR IDENTIFICATION.) 1 MS. GORRY: Yes, just a couple. Thanks. 2 2 BY MR. ANSELMO: 3 Q. I'm sorry to cut you off. 3 **CROSS-EXAMINATION** A. That's okay. 4 BY MS. GORRY: 4 5 Q. I'm handing you a document marked for 5 Q. Let's turn to the highest and best use purposes of identification as Appellant's Exhibit 2. 6 6 analysis on Page 50. Okay. So according to the 7 Do you recognize this document, Ms. Coers? 7 definition of the highest and best use by the 8 A. Yes. 8 Appraisal Institute, you cited it there at Page 50, 9 when you're doing an improved highest and best use 9 Q. Okay. What is this document? analysis, won't you necessarily have to consider 10 A. It's a tax comp map that I made. It 10 potential alternative uses of the property so that just shows -- it's kind of an aerial shot of the area 11 11 you are able to determine which achieves the highest 12 that shows the assessments on a 12 13 dollar-per-square-foot basis of some of the different 13 value? 14 retail properties immediately surrounding the 14 A. That's the process of highest and best subject, although the two that I found are much older 15 15 use, yes. 16 because this is in an older area, and then some newer Q. Okay. 16 17 A. You start with everything possible and properties more similar in age up by the River Valley 17 18 Mall. 18 go from there. 19 Q. Okay. And so on Page 51, tell me what Q. Okay. Can you tell the -- take us 19 through the ones and what the per-square-foot values your highest and best use is as improved. 20 20 A. The existing use. 21 21 Q. Okay. And so did the -- the recent sale 22 A. If you go to the top of the map, there's 22 23 a Verizon that's 4,500 square feet, 2009, so this is 23 of the property -- of the property as it existed, did 24 a newer smaller building, it's assessed at \$214 a that figure at all into your highest and best use 24 25 square foot. This is pretty much the high end of the analysis? 25

Page 64

Page 61 A. Well, when I'm looking at highest and best use, I'm looking at the use of the property, not necessarily user, and so this is -- my conclusion is that this should be neighborhood retail. This should be essentially the building that it is, which could serve a number of users. And, of course, the user that sold in place with the tenant in place, I've had to consider its above-market factors in my analysis. Q. Okay. So you are -- you're determining that it would be converted to a different use, then,

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

right now.

for your highest and best use analysis? A. No. This is a neighborhood retail building that's used by a neighborhood retail tenant

Q. Okay. And so the fact that your valuation is \$123 a square foot, but the property recently sold for \$413 a square foot, that's no problem for your highest and best use analysis?

A. Well, I'm appraising the fee-simple interest, and I have to be able to differentiate between contract value and real property value, which is what my highest and best use is based on. My highest and best use is for a use, not a user. So I'm looking at if they could put anything on the site, what would they put on it, probably something

don't get burned. So they tend to be inflated costs that these leases are negotiated based on.

O. Okay. And so when Walgreen's negotiates with its preferred developers, it doesn't matter what the actual cost of the construction is, it doesn't make a business decision to attempt to reduce its bottom line?

A. They never consider what it's going to cost for anyone else to build this property. They never look at what the -- the market might pay for rent. This is -- there's no real negotiation.

The preferred developer basically comes to them and gives them a number, and they look at their business analysis and see if they can afford to pay it. They are not in the business of making prudent real estate decisions, they're in the business of operating a retail store. So if they can afford the rent within their business analysis, they're willing to pay it because they want to be in that location.

Q. Okay. I'm sorry. So you're suggesting that Walgreen's is not a sophisticated real estate owner?

MR. ANSELMO: Objection. That's not what she's stating.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10 11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

MS. GORRY: She just said Walgreen's isn't a prudent real estate investor. I'm sorry.

Where does that come from?

EXAMINER MENDOZA: I'll overrule the objection.

THE WITNESS: What I said was that they're not in the business of making prudent real estate decisions. So they're not worried about whether they get the best rent, they're worried about getting into the location they want to be in and making sure they can afford the rent.

So, you know, if they had said, well, we think we can pay X amount for this property, it's amazing how the developers tend to come in right at that maximum dollar because Walgreen's is willing to pay it. So there's not a lot of negotiation involved.

Now. I've seen a lot of these properties when they are leased at market levels and they do get exposed. You know, if Walgreen's were to go into an existing building, there would be a negotiation involved and there would be market exposure, but this is -- they basically have a -- one relationship with one person. There is no exposure.

It's not like when municipal entities

Page 62

close to this building that could be used by any number of retail users.

O. Okay. But any number of retail users, excluding a first-generation national pharmacy,

A. Well, they would be in the pool of users, but they are -- some of them, such as Walgreen's, have a certain credit rating and terms on their leases that place them well in excess of the fee-simple interest as if unencumbered.

O. Okay.

A. So I have to factor that in.

Q. So the rent, for example, that a Walgreen's or a CVS or a Rite Aid is willing to pay, that's not relevant to market rent?

A. No, because it's never exposed to the market. It's based on what they're willing to pay for -- essentially turnkey. They have these preferred developers build them a building that they can walk into and start operating. Sometimes it includes personal property in their lease rates. And I know from interviewing a lot of these developers that these costs are developed beforehand, before the building is even constructed, so they've estimated on the high side what these costs will be so that they

	Page 65		Page 67
1	build a building and they have to expose it to	1	A. Can you tell me what page?
2	multiple contractors. This is just a one-to-one	2	Q. Oh, I'm sorry. I'm on Page 80 and 81.
3	relationship with people that they know.	3	Were you not able to locate any sales in
4	BY MS. GORRY:	4	Lancaster?
5	Q. Okay. And then so you made a comment	5	A. No. This is like that funnel process I
6	that Walgreen's would never consider what someone	6	was talking about. Lancaster's a fairly small
7	else's costs would be to build the building. What	7	market, and if you look at what has sold and what
8	someone else's are you referring to?	8	fits my parameters of being freestanding that has
9	A. I'm saying a different contractor.	9	sold, you know, where I can quantify what the
10	Q. Okay.	10	fee-simple allocation is or that sold fee-simple
11	A. So they would go out into the market and	11	interest, and it sold within a specific timeframe,
12	say, "Our preferred developer says they can build it	12	there was just nothing that fit my physical
13	for us. Who can beat their price?" They don't do	13	parameters.
14	that.	14	Q. Okay. But you did search in Lancaster
15	Q. Okay. But Walgreen's in selecting a	15	first?
16	developer, let's go to page I think you have a	16	A. Exhaustively.
17	real nice discussion of this on what did I do with	17	Q. Okay.
18	it? Okay. On Page 67. Tell us about the unique and	18	A. I drove up and down and wrote down every
19	special features involved in the in specifically	19	building I thought might be a possibility and then
20	this property.	20	tried to track everything down and, yeah, I spent a
21	A. They properties like this can have	21	lot of time
22	awnings, glass atriums that's at their front, they	22	Q. Okay.
23	might have a special brick design. This one doesn't.	23	A trying to find something there.
24	They might have, you know, functional utility only	24	Q. Okay. I'm curious as to your cap rate,
25	for that user.	25	Sale 3 on page sorry yes, on Page 99, the one
23	for that user.	23	Sale 3 on page sorry yes, on rage 55, the one
	Page 66		Page 68
1	Page 66 In this case, this matched the prototype	1	Page 68 that's out on Main Street in Walgreen's I'm sorry,
1 2	-	2	
	In this case, this matched the prototype		that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?
2	In this case, this matched the prototype for the costs that I was using, so I didn't consider	2	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you
2 3	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.	2	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a
2 3 4	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a	2 3 4	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought
2 3 4 5	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them	2 3 4 5	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a
2 3 4 5 6	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?	2 3 4 5 6	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a
2 3 4 5 6 7	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other	2 3 4 5 6 7	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.
2 3 4 5 6 7 8	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in,	2 3 4 5 6 7 8	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to
2 3 4 5 6 7 8 9	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then	2 3 4 5 6 7 8 9	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or
2 3 4 5 6 7 8 9	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little	2 3 4 5 6 7 8 9	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little
2 3 4 5 6 7 8 9 10	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then	2 3 4 5 6 7 8 9 10	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between
2 3 4 5 6 7 8 9 10 11	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic	2 3 4 5 6 7 8 9 10 11	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.
2 3 4 5 6 7 8 9 10 11 12 13	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.	2 3 4 5 6 7 8 9 10 11 12 13	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per
2 3 4 5 6 7 8 9 10 11 12 13 14	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the	2 3 4 5 6 7 8 9 10 11 12 13	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?	2 3 4 5 6 7 8 9 10 11 12 13 14	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.  Q. Okay. And then so, I'm sorry, the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.  A. It's in my file.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.  Q. Okay. And then so, I'm sorry, the so you're concluding here that this Walgreen's	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.  A. It's in my file.  Q. Okay. And, I'm sorry, by fee simple,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.  Q. Okay. And then so, I'm sorry, the so you're concluding here that this Walgreen's with this statement on the bottom of Page 67, you're	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.  A. It's in my file.  Q. Okay. And, I'm sorry, by fee simple, you mean vacant?  A. Well
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.  Q. Okay. And then so, I'm sorry, the so you're concluding here that this Walgreen's with this statement on the bottom of Page 67, you're concluding that this doesn't have any of those	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.  A. It's in my file.  Q. Okay. And, I'm sorry, by fee simple, you mean vacant?  A. Well  MR. ANSELMO: Objection. I don't can
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.  Q. Okay. And then so, I'm sorry, the so you're concluding here that this Walgreen's with this statement on the bottom of Page 67, you're concluding that this doesn't have any of those special features?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.  A. It's in my file.  Q. Okay. And, I'm sorry, by fee simple, you mean vacant?  A. Well
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.  Q. Okay. And then so, I'm sorry, the so you're concluding here that this Walgreen's with this statement on the bottom of Page 67, you're concluding that this doesn't have any of those special features?  A. I said there was no functional obsolescence from them.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.  A. It's in my file.  Q. Okay. And, I'm sorry, by fee simple, you mean vacant?  A. Well  MR. ANSELMO: Objection. I don't can you I don't think that's a clear question.  BY MS. GORRY:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	In this case, this matched the prototype for the costs that I was using, so I didn't consider any functional obsolescence, but it can occur.  Q. Okay. And do these buildings have a typical layout? Does Walgreen's construct them all or lay them out all the same?  A. It's built like almost every other freestanding retail store I've ever been in, Walgreen's or not. It's an open floor, and then they've got a the Walgreen's will have a little desk area at the back for the pharmacy, and then they've got a storeroom, but it's a fairly generic building.  Q. Okay. Does it have a drive-thru for the pharmacy?  A. Yes.  Q. Okay. And then so, I'm sorry, the so you're concluding here that this Walgreen's with this statement on the bottom of Page 67, you're concluding that this doesn't have any of those special features?  A. I said there was no functional	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	that's out on Main Street in Walgreen's I'm sorry, that's a Walgreen's out on Main Street. Why did you not use that sale in the sales comparison approach?  A. I was looking at sales that I thought were more appropriate. I know that there is a component here of risk premium because it was a Walgreen's. There is a lower remaining lease.  For my sales approach, I was trying to use primarily fee-simple sales if I could or leased-fee sales where there was very little difference or a difference I could quantify between the leased-fee and the fee-simple interest.  Q. Okay. What was the sale price per square foot of that Walgreen's?  A. I don't have it in front of me.  Q. Okay.  A. It's in my file.  Q. Okay. And, I'm sorry, by fee simple, you mean vacant?  A. Well  MR. ANSELMO: Objection. I don't can you I don't think that's a clear question.

	Page 69		Page 71
1	occupying the premises, they would have vacated it,	1	(Pause.)
2	and thus it would be selling to a party in the open	2	Q. Then, I'm sorry, one final question: On
3	market as vacant, correct?	3	Page 100, the tell me about, for example, the
4	A. Can I just clarify what you're asking?	4	Realty Rates Investor Survey, freestanding, national
5	Q. Sure.	5	cap, what's included in those?
6	A. I'm not following whether you're I	6	A. That is their survey of all freestanding
7	thought you were asking about the comps, and then now	7	buildings that have sold either with a cap rate or a
8	it sounds like you're asking about the subject.	8	cap rate expectation that through their survey it's
9	Q. Yes. I'm sorry. But in selecting	9	national, it does not distinguish between different
10	A. I was looking for sales	10	tiers.
11	Q your comparable sales?	11	Q. Okay. So that would include, let's say,
12	A for the sales that were the	12	for example, both a Walgreen's and a Family Dollar?
13	fee-simple transfer, which for an owner occupant who	13	A. Yes. It would include the full range of
14	would give the most consideration a building that	14	investment quality; so it would range from the top to
15	they could occupy, the physical features, they	15	the very bottom.
16	wouldn't be necessarily looking to buy a building	16	Q. Okay. And then the second one there,
	that they can't occupy for 20 years. So if I were		the Winter 2014, first-tier neighborhood, does that
17	going to value this as vacant, I'd have to do an	17	refer to does the first tier and I'm not
18		18	familiar with this does that refer to the
19	adjustment to account for leasing or selling costs.	19	
20	This is just the sale price being able to purchase	20	community location or the tenant?
21	that building, so to me that equates to market levels	21	A. This, as defined by RERC, it's actually
22	of the fee-simple interest.	22	footnoted, it's new or newer quality construction in
23	Q. Okay. And then shoot, I had a	23	prime to good locations.
24	follow-up, but I forgot it.	24	Q. Okay.
25	Okay. Let's move on. Let's go to the	25	A. This is a national rating, so these are,
	Page 70		Page 72
1	Page 70	1	Page 72
1	income approach on 86. I can't remember, was that	1	like, the very best locations.
2	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long	2	like, the very best locations.  Q. Okay. And then so second tier, again,
2	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that	2 3	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?
2 3 4	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and	2 3 4	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former
2 3 4 5	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?	2 3 4 5	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.
2 3 4 5 6	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?	2 3 4 5 6	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.
2 3 4 5 6 7	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.	2 3 4 5 6 7	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have. Thank you.
2 3 4 5 6 7 8	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.	2 3 4 5 6 7 8	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have. Thank you.  EXAMINER MENDOZA: Thank you.
2 3 4 5 6 7 8 9	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was	2 3 4 5 6 7 8	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have. Thank you.  EXAMINER MENDOZA: Thank you. Do you have any redirect?
2 3 4 5 6 7 8 9	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had	2 3 4 5 6 7 8 9	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have. Thank you.  EXAMINER MENDOZA: Thank you.
2 3 4 5 6 7 8 9 10	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.	2 3 4 5 6 7 8 9 10	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.
2 3 4 5 6 7 8 9 10 11	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:	2 3 4 5 6 7 8 9 10 11	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.
2 3 4 5 6 7 8 9 10	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease	2 3 4 5 6 7 8 9 10 11 12 13	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:
2 3 4 5 6 7 8 9 10 11 12 13 14	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was	2 3 4 5 6 7 8 9 10 11 12 13 14	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have. Thank you.  EXAMINER MENDOZA: Thank you. Do you have any redirect? MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION BY MR. ANSELMO: Q. I just want to make this clear, Page 67
2 3 4 5 6 7 8 9 10 11 12 13	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?	2 3 4 5 6 7 8 9 10 11 12 13	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have. Thank you.  EXAMINER MENDOZA: Thank you. Do you have any redirect? MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION BY MR. ANSELMO: Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined
2 3 4 5 6 7 8 9 10 11 12 13 14	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was	2 3 4 5 6 7 8 9 10 11 12 13 14	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting
2 3 4 5 6 7 8 9 10 11 12 13 14	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that  Q. Okay.  A. Maybe the time had come for a new	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?  A. Correct.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that  Q. Okay.  A. Maybe the time had come for a new like, the next term or whatever.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?  A. Correct.  Q. Okay. You you were asked the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that  Q. Okay.  A. Maybe the time had come for a new like, the next term or whatever.  Q. An extension perhaps?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?  A. Correct.  Q. Okay. You you were asked the question about I can't remember exactly how it
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that  Q. Okay.  A. Maybe the time had come for a new like, the next term or whatever.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?  A. Correct.  Q. Okay. You you were asked the question about I can't remember exactly how it came across, but valuing this property as if vacant.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that  Q. Okay.  A. Maybe the time had come for a new like, the next term or whatever.  Q. An extension perhaps?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?  A. Correct.  Q. Okay. You you were asked the question about I can't remember exactly how it
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that  Q. Okay.  A. Maybe the time had come for a new like, the next term or whatever.  Q. An extension perhaps?  A. Yeah.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?  A. Correct.  Q. Okay. You you were asked the question about I can't remember exactly how it came across, but valuing this property as if vacant.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	income approach on 86. I can't remember, was that the I think Family Dollar's been there a long quite a while before that. Was that the was that a renewal of the sublease between the owner and Family Dollar?  MR. ANSELMO: No. 3?  MS. GORRY: I'm sorry, Rental 1.  MR. ANSELMO: Rental 1, okay.  THE WITNESS: From what I know, this was a like a newly executed lease, so maybe they had reached the end of their initial term.  BY MS. GORRY:  Q. Okay. So Rite Aid's original lease term I'm sorry. So it was not a sublease, it was a new lease with just the owner and Family Dollar?  A. No. It was my understanding that was still a Rite Aid sublease, but that  Q. Okay.  A. Maybe the time had come for a new like, the next term or whatever.  Q. An extension perhaps?  A. Yeah.  Q. Okay. And then, let's see actually I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	like, the very best locations.  Q. Okay. And then so second tier, again, refers to the location and condition?  A. Correct. It's defined as aging, former first-tier properties in good to average locations.  Q. Okay. That's all the questions I have.  Thank you.  EXAMINER MENDOZA: Thank you.  Do you have any redirect?  MR. ANSELMO: Just briefly.  REDIRECT EXAMINATION  BY MR. ANSELMO:  Q. I just want to make this clear, Page 67 of your report, in your cost approach, you determined there was no functional obsolescence in conducting your cost approach for the subject property; is that correct?  A. Correct.  Q. Okay. You you were asked the question about I can't remember exactly how it came across, but valuing this property as if vacant.  Did you value the subject property as if it were

			110000011125
	Page 73		Page 75
1	market terms; so market occupancy, market lease,	1	have any objection?
2	market expenses, et cetera, for the the income	2	MS. GORRY: No, none.
3	approach and for the sales approach, that it would be	3	EXAMINER MENDOZA: We will accept
4	able to essentially go from market occupancy to	4	Appellant's Exhibit 1, which is a copy of the
5	market occupancy.	5	appraisal report, and Appellant's Exhibit 2, which is
6	As I said, if I valued it as vacant, I	6	a photograph indicating other retail properties, into
7	would have to account for leasing or selling costs	7	evidence.
8	and lower the value.	8	(EXHIBITS ADMITTED INTO EVIDENCE.)
9	Q. Okay. You were asked about a you	9	EXAMINER MENDOZA: Mr. Anselmo, you
10	used a cap rate from an actual sale of a Walgreen's,	10	would like to give a closing statement?
11	but were asked why didn't you use that sale in your	11	MR. ANSELMO: I would rather are we
12	sales comparison approach. Had you used that sale in	12	going to do post hearing briefs?
13	your sales comparison approach, you would have had to	13	MS. GORRY: I would prefer.
14	make similar adjustments as you know, to that	14	MR. ANSELMO: Would it be easier if we
15	sale?	15	just skipped the closing statements and do post
16	A. Yes.	16	hearing briefs?
17	Q. Okay. That you didn't on the subject	17	MS. GORRY: I would do that.
18	then?	18	EXAMINER MENDOZA: How long are we
19	A. Correct.	19	looking for briefs?
20	Q. Finally, you were asked a question on	20	MS. GORRY: Couple weeks on my end is
21	the highest and best use regarding and I think you	21	fine, a little longer.
22	defined it as you're using it you were looking at	22	MR. ANSELMO: Yeah. If we could get
23	use, not user.	23	it I was going to ask for 60 days, but you
24	A. Uh-huh.	24	know, because you have to get the transcript in, and
25	Q. And I don't know if you were able to	25	I want to look at that. Would that work? I don't
	Page 74		Page 76
-	-	1	
1	give a full answer to that. Is there anything you	1	know how you like to do it, Your Honor, if you want
2	felt you needed to respond to on that?		
		2	to do simultaneous or back and forth.
3	A. I don't think so. I mean, the highest	3	EXAMINER MENDOZA: We could do
4	A. I don't think so. I mean, the highest and best use is for use of the building, in this case	3 4	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for
4 5	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that	3 4 5	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th?
4 5 6	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new	3 4 5 6	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you
4 5 6 7	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.	3 4 5 6 7	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?
4 5 6 7 8	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.	3 4 5 6 7 8	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.
4 5 6 7 8 9	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real	3 4 5 6 7 8	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do
4 5 6 7 8 9	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one	3 4 5 6 7 8 9	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and
4 5 6 7 8 9 10	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.	3 4 5 6 7 8 9 10	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June
4 5 6 7 8 9 10 11	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.	3 4 5 6 7 8 9 10 11	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.
4 5 6 7 8 9 10	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further	3 4 5 6 7 8 9 10	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.
4 5 6 7 8 9 10 11 12	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.	3 4 5 6 7 8 9 10 11 12 13	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.
4 5 6 7 8 9 10 11 12 13 14	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further	3 4 5 6 7 8 9 10 11 12 13	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.
4 5 6 7 8 9 10 11 12 13 14 15	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much. Do you have anything further, Ms. Gorry?	3 4 5 6 7 8 9 10 11 12 13 14 15	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.
4 5 6 7 8 9 10 11 12 13 14 15 16	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much.	3 4 5 6 7 8 9 10 11 12 13 14 15 16	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing
4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much. Do you have anything further, Ms. Gorry?  MS. GORRY: No. Thank you.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.  (Thereupon, the hearing was
4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much.  Do you have anything further, Ms. Gorry?  MS. GORRY: No. Thank you.  EXAMINER MENDOZA: Thank you very much	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.  (Thereupon, the hearing was concluded at 10:32 a.m.)
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much.  Do you have anything further, Ms. Gorry?  MS. GORRY: No. Thank you.  EXAMINER MENDOZA: Thank you very much for your testimony today.  THE WITNESS: Thank you.  EXAMINER MENDOZA: Mr. Anselmo, at this	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.  (Thereupon, the hearing was concluded at 10:32 a.m.)
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much.  Do you have anything further, Ms. Gorry?  MS. GORRY: No. Thank you.  EXAMINER MENDOZA: Thank you very much for your testimony today.  THE WITNESS: Thank you.  EXAMINER MENDOZA: Mr. Anselmo, at this time would you like to move Appellant's Exhibit 1 and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.  (Thereupon, the hearing was concluded at 10:32 a.m.)
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much.  Do you have anything further, Ms. Gorry?  MS. GORRY: No. Thank you.  EXAMINER MENDOZA: Thank you very much for your testimony today.  THE WITNESS: Thank you.  EXAMINER MENDOZA: Mr. Anselmo, at this time would you like to move Appellant's Exhibit 1 and Appellant's Exhibit 2 into evidence?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.  (Thereupon, the hearing was concluded at 10:32 a.m.)
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much. Do you have anything further, Ms. Gorry?  MS. GORRY: No. Thank you.  EXAMINER MENDOZA: Thank you very much for your testimony today.  THE WITNESS: Thank you.  EXAMINER MENDOZA: Mr. Anselmo, at this time would you like to move Appellant's Exhibit 1 and Appellant's Exhibit 2 into evidence?  MR. ANSELMO: I would.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.  (Thereupon, the hearing was concluded at 10:32 a.m.)
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I don't think so. I mean, the highest and best use is for use of the building, in this case it would be a neighborhood retail building, and that could lease to any number of tenants as a brand new building. I don't want to confuse use and user here.  Q. Okay.  A. I want to specifically focus on the real property at hand, not the real property with one specific user involved.  Q. Thank you.  MR. ANSELMO: I didn't have any further questions.  EXAMINER MENDOZA: Thank you very much.  Do you have anything further, Ms. Gorry?  MS. GORRY: No. Thank you.  EXAMINER MENDOZA: Thank you very much for your testimony today.  THE WITNESS: Thank you.  EXAMINER MENDOZA: Mr. Anselmo, at this time would you like to move Appellant's Exhibit 1 and Appellant's Exhibit 2 into evidence?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	EXAMINER MENDOZA: We could do simultaneous. I think 60 days is a little long for the Board. Could we do initial briefs by June 6th? Would that be that's just over 30 days. Do you want Monday, June 13th?  MR. ANSELMO: Yeah, that would work.  EXAMINER MENDOZA: Okay. So we'll do initial briefs will be due Monday, June 13th; and replies, if any, will be due one week later on June 20th.  MS. GORRY: Super. Thanks.  MR. ANSELMO: Thanks so much.  EXAMINER MENDOZA: There being nothing further, this hearing is now concluded.  (Thereupon, the hearing was concluded at 10:32 a.m.)

		014.431.1344 COLUMBOS, O	000:470:2431
		Page 77	
	1	CERTIFICATE	
	2	I do hereby certify that the foregoing	
	3	is a true and correct transcript of the proceedings	
	4	taken by me in this matter on Monday, May 2, 2016,	
	5	and carefully compared with my original stenographic	
	6	notes.	
	7		
	8		
	9	Carolyn D. Ross,	
		Registered Professional	
	10	Reporter and Notary	
		Public in and for the	
	11	State of Ohio.	
	12		
	13	16 10 10 10 10 10 10 10 10 10 10 10 10 10	
	1.4	My commission expires April 3, 2019.	
	14	(CDD 00074 D	
	1 -	(CDR-80874-Bronx)	
	15 16		
	17		
	18		
	19		
I	1 J		

#### **TRANSCRIPT 5**

The subject property discussed in this transcript is a freestanding building containing in excess of 50,000 square feet used as a fitness facility. This is the BTA transcript in the *Terraza 8* case, decided by the Supreme Court in *Terraza 8*, *L.L.C. v. Franklin County Board of Revision*, 150 Ohio St.3d 527, 2017-Ohio-4415.

```
Page 1
         BEFORE THE BOARD OF TAX APPEALS
                  STATE OF OHIO
Terraza 8 LLC,
        Appellant,
                       ) Case Nos. 2015-279
   VS.
Franklin County Board ) 2015-280
of Revision, et al., )
        Appellees. )
                      Hearing Room C
                      State Office Tower
                      30 East Broad Street
                      24th Floor
                      Columbus, Ohio 43215
                      Wednesday,
                      September 30, 2015
        Met, pursuant to assignment,
        at 8:55 o'clock a.m.
BEFORE:
   Carrie C. Young, Attorney-Examiner
```

	Page 2	Page 4
1	APPEARANCES:	1 PROCEEDINGS
2		2
3	ON BEHALF OF THE APPELLANT:	Wednesday, September 30, 2015
4	Todd W. Sleggs, Esq.	4 Morning Session
5	Sleggs, Danzinger & Gill Co., LPA	5
6	820 West Superior Avenue, Seventh Floor	6 Thereupon, Appellant's Exhibits 1
7	Cleveland, Ohio 44113	7 through 4 were marked for purposes
8	(216) 771-8990 Fax: (216) 771-8992	8 of identification.
9	toddsleggs@sdglegal.net	9
10		10 THE EXAMINER: This is a hearing before
11	ON BEHALF OF THE COUNTY APPELLEES:	the Board of Tax Appeals, State of Ohio, relative
12	(No appearance)	to two appeals styled Terraza 8 LLC versus
13		Franklin County Board of Revision, BTA Case
14	ON BEHALF OF THE APPELLEE HILLIARD CITY SCHOOLS	14 Nos. 2015-279 and -280.
15	BOARD OF EDUCATION:	These cases are being heard in Hearing
16	Richelle L. Thoburn, Esq.	Room C in the offices of the Board of Tax Appeals,
17	Rich & Gillis Law Group, LLC	30 East Broad Street, 24th Floor, on September 30,
18	6400 Riverside Drive, Suite D	2015, at approximately 8:55 a.m., pursuant to
19	Dublin, Ohio 43017	assignment before Carrie C. Young,
20	(614) 228-5822 Fax: (614) 540-7476	20 Attorney-Examiner for the Board of Tax Appeals.
21	rthoburn@richgillislawgroup.com	The subject cases are appeals from
22	ALSO PRESENT:	decisions of the Franklin County Board of Revision
24	Jim Williamson, Chairman	23 relating to the subject property for tax years 24 2013 and 2014.
25	Ohio Board of Tax Appeals	
23	Sino Board of Tax Appeals	25 At this time, will the property owner's
	Page 3	Page 5
1	INDEX	1 counsel please enter an appearance.
2		2 MR. SLEGGS: Thank you. May it please
3	WITNESS PAGE	3 the Board, my name is Todd Sleggs, and I am here
4	Patricia Costello	4 on behalf of Terraza 8 LLC. Our office filed the
5	Direct examination by Mr. Sleggs 11	5 notice of appeal on their behalf. Our office
6	Cross-examination by Ms. Thoburn 41	6 address is 820 West Superior Avenue, Seventh
7	Redirect examination by Mr. Sleggs 57	Floor, Cleveland, Ohio 44113, and our telephone
8	Further direct examination	8 number is (216) 771-8990.
9	by Mr. Sleggs 63	9 THE EXAMINER: Thank you.
10		10 And at this time, will the Board of
11	EXHIBITS MARKED ADMITTED	Education's counsel please enter an appearance.
12	Appellant's Exhibit 1 - 4 64	12 MS. THOBURN: Thank you. Richelle
13 14	Appraisal Report Appellant's Exhibit 2 - 4 64	Thoburn of Rich & Gillis Law Group, LLC, 6400 Riverside Drive, Suite D, Dublin, Ohio 43017;
15	Appellant's Exhibit 2 - 4 64 Lease	14 6400 Riverside Drive, Suite D, Dublin, Ohio 43017; 15 telephone number is (614) 228-5822. And I am here
16	Appellant's Exhibit 3 - 4	today on behalf of the Appellee Hilliard City
17	Ohio Revised Code 5713.03	17 Schools Board of Education.
18	Appellant's Exhibit 4 - 4	18 THE EXAMINER: Thank you.
19	Ohio Administrative Code	19 And I would just like to note for the
20	Rule 5703-25-07	20 record that there is no one present on behalf of
21		21 the County Appellees.
22		22 Mr. Sleggs, at this time, would you like
23		23 to make a brief opening statement?
24		24 MR. SLEGGS: Just very briefly.
25		This is a 2013 and 2014 tax year appeal

2 (Pages 2 to 5)

	Page 6		Page 8
1	out of Franklin County. The case originated	1	MR. SLEGGS: Thank you. I'd like to call
2	through the filing of a complaint by the Appellee	2	Patricia Costello to the stand.
3	Board of Education for the tax year 2013, which	3	MS. THOBURN: And before we start with
4	was heard by the Franklin County Board of Revision	4	the testimony, I guess I should note an objection
5	on January 6, 2015. Since the County had already	5	for the record. Since there has been no testimony
6	conducted the 2014 update, they exercised	6	rebutting the sale of the subject property, we
7	continuing jurisdiction over the tax year 2014;	7	believe it's improper to consider or present any
8	and in their decision made a determination for tax	8	appraisal evidence. The Board cannot get to
9	year 2013 in response to the School Board's	9	appraisal evidence until the sale has been
10	complaint, and then also the tax year 2014 since	10	rebutted.
11	they had already completed the update at the time	11	THE EXAMINER: Okay. Thank you.
12	that the Board of Revision heard the complaint.	12	Mr. Sleggs, any response to that?
13	We filed two notices of appeal, one from	13	MR. SLEGGS: Just very briefly.
14	the tax year 2013 determination and one from the	14	As the Board is aware, Revised Code
15	tax year 2014 determination, and the two appeals	15	5713.03
16	were consolidated by the Board for purposes of	16	Patty, you can sit down if you want.
17	this proceeding.	17	MS. COSTELLO: Okay. I wasn't sure it
18	Subsequent to the filing of the notice of	18	was okay.
19	appeal, we did file witness and exhibit lists in	19	MR. SLEGGS: Revised Code 5713.03 was
20	both of the cases, and identified Patricia	20	amended in early 2013 to direct the county auditor
21	Costello as our real estate appraiser, and	21	to assess the fee simple value of the real estate
22	subsequently filed her report with the Board and	22	as if unencumbered. And the Ohio Administrative
23	opposing counsel on August 3rd. And today we	23	Code rules under the income approach in
24	intend to submit her appraisal report and	24	5703-25-07(D)(2) direct appraisers to look at not
25	testimony in support of our appeal to the Board.	25	just contract rent, but also current economic
	Page 7		Page 9
1	THE EXAMINER: Okay. Thank you.	1	rent. And we believe that the amendment of the
2	· · · · · · · · · · · · · · · · · · ·		rent. And we believe that the amendment of the
2	Ms. Thoburn.	2	statute in 2013 and the directive in the Ohio
3			statute in 2013 and the directive in the Ohio
	MS. THOBURN: Yes, very briefly.	2	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this
3	MS. THOBURN: Yes, very briefly. We agree with opposing counsel's	2 3	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision
3 4	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the	2 3 4	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal
3 4 5	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board	2 3 4 5	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision
3 4 5 6	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a	2 3 4 5 6	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee
3 4 5 6 7	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer	2 3 4 5 6 7	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property
3 4 5 6 7 8	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance	2 3 4 5 6 7 8	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the
3 4 5 6 7 8 9	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that	2 3 4 5 6 7 8	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello
3 4 5 6 7 8 9	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with	2 3 4 5 6 7 8 9 10	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time
3 4 5 6 7 8 9 10 11	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to	2 3 4 5 6 7 8 9 10 11 12	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease
3 4 5 6 7 8 9 10 11 12	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.	2 3 4 5 6 7 8 9 10 11 12 13	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in
3 4 5 6 7 8 9 10 11 12 13	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision	2 3 4 5 6 7 8 9 10 11 12 13 14	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the
3 4 5 6 7 8 9 10 11 12 13 14	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to	2 3 4 5 6 7 8 9 10 11 12 13 14 15	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we
3 4 5 6 7 8 9 10 11 12 13 14 15	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.  We believe that, with no evidence of the record	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that was filed with the Board.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.  We believe that, with no evidence of the record with anybody with personal knowledge regarding the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that was filed with the Board.  So I understand Ms. Thoburn's objection,
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.  We believe that, with no evidence of the record with anybody with personal knowledge regarding the transfer, the transfer has not been rebutted and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that was filed with the Board.  So I understand Ms. Thobum's objection, but I believe that the evidence that we're
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.  We believe that, with no evidence of the record with anybody with personal knowledge regarding the transfer, the transfer has not been rebutted and this Board's decision should affirm the sale price	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that was filed with the Board.  So I understand Ms. Thoburn's objection, but I believe that the evidence that we're submitting today is appropriate under the change
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.  We believe that, with no evidence of the record with anybody with personal knowledge regarding the transfer, the transfer has not been rebutted and this Board's decision should affirm the sale price of the property.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that was filed with the Board.  So I understand Ms. Thoburn's objection, but I believe that the evidence that we're submitting today is appropriate under the change in the statute.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.  We believe that, with no evidence of the record with anybody with personal knowledge regarding the transfer, the transfer has not been rebutted and this Board's decision should affirm the sale price of the property.  Thank you.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that was filed with the Board.  So I understand Ms. Thoburn's objection, but I believe that the evidence that we're submitting today is appropriate under the change in the statute.  THE EXAMINER: Okay. Your comments are
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. THOBURN: Yes, very briefly.  We agree with opposing counsel's recitation of the facts; but, additionally, at the Board of Revision hearing, counsel for the Board of Education was present. Counsel did present a deed and convenance fee statement for atransfer of the subject property. There was no appearance on or behalf of the property owner at that hearing, so there was no testimony at all with someone with firsthand knowledge of the sale to rebut the sale.  As a result, the Board of Revision properly increased the value of the property to the transfer price for tax years 2013 and 2014.  We believe that, with no evidence of the record with anybody with personal knowledge regarding the transfer, the transfer has not been rebutted and this Board's decision should affirm the sale price of the property.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	statute in 2013 and the directive in the Ohio Administrative Code make it a appropriate for this Board, or any board board of revision throughout the state, to consider appraisal testimony when there's been a sale of the property to determine whether the sale reflects the fee simple value of the real estate.  And what we did in this case, and the evidence will show, is we requested Ms. Costello to look at the lease that was in place at the time of the sale and opine as to whether the lease reflected market rent as of the valuation date in the appeal. Her conclusions are contained in the report. And once that determination was made, we had her proceed with a fee simple appraisal that was filed with the Board.  So I understand Ms. Thoburn's objection, but I believe that the evidence that we're submitting today is appropriate under the change in the statute.

3 (Pages 6 to 9)

	Page 10		Page 12
1	comments and the testimony presented here today.	1	A. Yes, I do.
2	You may proceed.	2	Q on the stand there with you?
3	MR. SLEGGS: Thank you.	3	Thank you.
4	THE EXAMINER: And I need to swear you	4	Your appraisal qualifications appear as
5	in. Would you raise your right hand.	5	the very last two pages of the appraisal report
6	(Witness placed under oath.)	6	that's been marked as Appellant's Exhibit 1. Are
7	THE EXAMINER: Thank you.	7	there any changes or additions to your
8	You may proceed.	8	qualifications as they appear on those pages
9	MR. SLEGGS: Thank you.	9	between the time that you prepared the appraisal
10		10	and your testimony here today?
11		11	A. No.
12		12	Q. Okay.
13		13	MR. SLEGGS: I know that Ms. Costello has
14		14	testified before the Board in other cases. And
15		15	rather than go through her qualifications, I would
16		16	just ask for a stipulation from opposing counsel
17		17	as to her qualifications as a real estate
18		18	appraiser.
19		19	MS. THOBURN: We will stipulate to your
20		20	qualifications as they are contained in the
21		21	report.
22		22	MR. SLEGGS: Thank you.
23		23	THE EXAMINER: Thank you.
24		24	BY MR. SLEGGS:
25		25	Q. Ms. Costello, the appraisal report
			Q. Mar Costerio, the appraisal report
	Page 11		Page 13
1	Page 11 PATRICIA COSTELLO	1	Page 13 contains a summary of facts and conclusions. It's
1 2		1 2	-
	PATRICIA COSTELLO		contains a summary of facts and conclusions. It's
2	PATRICIA COSTELLO of lawful age, being first duly placed under oath,	2	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in
2	PATRICIA COSTELLO of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified	2	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.
2 3 4	PATRICIA COSTELLO of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:	2 3 4	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for
2 3 4 5	PATRICIA COSTELLO of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION	2 3 4 5	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in
2 3 4 5 6	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:	2 3 4 5 6	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the
2 3 4 5 6 7	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS: Q. Ms. Costello, I'm handing you a document	2 3 4 5 6 7	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that
2 3 4 5 6 7 8	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm	2 3 4 5 6 7 8	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?
2 3 4 5 6 7 8 9	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the	2 3 4 5 6 7 8	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on
2 3 4 5 6 7 8 9	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.	2 3 4 5 6 7 8 9	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a
2 3 4 5 6 7 8 9 10 11	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I	2 3 4 5 6 7 8 9 10	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage,
2 3 4 5 6 7 8 9 10 11 12	PATRICIA COSTELLO of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:     DIRECT EXAMINATION BY MR. SLEGGS:     Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.     A. Yes. This is an appraisal report that I prepared	2 3 4 5 6 7 8 9 10 11 12	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome
2 3 4 5 6 7 8 9 10 11 12 13	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay.	2 3 4 5 6 7 8 9 10 11 12	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned
2 3 4 5 6 7 8 9 10 11 12 13 14	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.	2 3 4 5 6 7 8 9 10 11 12 13 14	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.  MR. SLEGGS: And would you like I know	2 3 4 5 6 7 8 9 10 11 12 13 14 15	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.  MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.  MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one THE EXAMINER: Sure.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also indicate that it's a one-story structure. In
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.  MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one THE EXAMINER: Sure.  MR. SLEGGS: I did offer Ms. Thoburn a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also indicate that it's a one-story structure. In reality, it is a two-story building with extensive mezzanine space that overlooks the firstfloor.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.  MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one THE EXAMINER: Sure.  MR. SLEGGS: I did offer Ms. Thoburn a copy, as well. I have an extra copy if you'd like one to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also indicate that it's a one-story structure. In reality, it is a two-story building with extensive mezzanine space that overlooks the firstfloor. The property owner has provided 54,261 square
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.  MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one THE EXAMINER: Sure.  MR. SLEGGS: I did offer Ms. Thoburn a copy, as well.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also indicate that it's a one-story structure. In reality, it is a two-story building with extensive mezzanine space that overlooks the firstfloor.  The property owner has provided 54,261 square feet, which includes the mezzanine space, which is
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay.  A for you.  MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one THE EXAMINER: Sure.  MR. SLEGGS: I did offer Ms. Thoburn a copy, as well.  I have an extra copy if you'd like one to follow along.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also indicate that it's a one-story structure. In reality, it is a two-story building with extensive mezzanine space that overlooks the firstfloor.  The property owner has provided 54,261 square feet, which includes the mezzanine space, which is very functional. And the size is consistent with
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	PATRICIA COSTELLO of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:     DIRECT EXAMINATION BY MR. SLEGGS:     Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.     A. Yes. This is an appraisal report that I prepared     Q. Okay.     A for you.     MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one     THE EXAMINER: Sure.     MR. SLEGGS: I did offer Ms. Thoburn a copy, as well.     I have an extra copy if you'd like one to follow along.     COMMISSIONER WILLIAMSON: (Nods head.) BY MR. SLEGGS:	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also indicate that it's a one-story structure. In reality, it is a two-story building with extensive mezzanine space that overlooks the firstfloor.  The property owner has provided 54,261 square feet, which includes the mezzanine space, which is
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	PATRICIA COSTELLO  of lawful age, being first duly placed under oath, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION BY MR. SLEGGS:  Q. Ms. Costello, I'm handing you a document that's been marked as Appellant's Exhibit 1. I'm going to ask if you can identify it for the record.  A. Yes. This is an appraisal report that I prepared Q. Okay. A for you.  MR. SLEGGS: And would you like I know we filed a PDF copy, but if you want that one THE EXAMINER: Sure.  MR. SLEGGS: I did offer Ms. Thoburn a copy, as well.  I have an extra copy if you'd like one to follow along.  COMMISSIONER WILLIAMSON: (Nods head.)	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	contains a summary of facts and conclusions. It's an unnumbered page, but it's the fourth page in from the front of the report.  In order to give the Board a flavor for the property that we're going to be discussing in your appraisal, could you briefly summarize the nature of the real estate and improvements that you valued in the appraisal?  A. Yes. This is a property that's on Hilliard Rome Road in Columbus. It is on a 3.41-acre site. It has somewhat limited frontage, it's a little difficult to see from Hilliard Rome Road. It's zoned CPD, commercial planned development, and it's a legal conforming use.  The Auditor's office lists the square footage as 35,178 square feet, but they also indicate that it's a one-story structure. In reality, it is a two-story building with extensive mezzanine space that overlooks the firstfloor.  The property owner has provided 54,261 square feet, which includes the mezzanine space, which is very functional. And the size is consistent with the size indicated in the first amendment to the

4 (Pages 10 to 13)

1	Page 14		Page 16
1	A. Correct.	1	also on the second floor and pictures of the
2	Q two-sixty-one?	2	workout areas. There's a storage room. It's a
3	A. Yes. That is what was utilized in the	3	pretty typical sort of office/retail building.
4	income and the sales comparison approach.	4	Q. Okay. And in the appraisal itself, the
5	It's mostly open space on the first	5	assignment, as I understand it, was to determine
6	floor. It has carpeting and stain-sealed concrete	6	the fee simple value of the property?
7	flooring. And then the mezzanine area is accessed	7	A. Yes.
8	by several stairways. It did not have an	8	Q. Okay. Now, there was a lease in place,
9	elevator, which, frankly, I found a little	9	and I know that you discuss the lease on Page 20
10	surprising in, you know, not meeting ADA	10	in the appraisal report. Did you also review the
11	requirements. But the mezzanine area is there	11	lease that was in place at the property as part of
12	are some demised areas, but it is primarily	12	this appraisal assignment?
13	carpeted.	13	A. Yes, I did.
14	Q. You have some photographs in the addendum	14	Q. And what were your findings with respect
15	to the report, and I don't want you to spend a lot	15	to the lease that was in place at the property?
16	of time on them, but I'd like to just go there	16	A. It's my understanding that this lease was
17	very briefly since we're talking about the	17	basically a financing mechanism. It
18	description of the property, and just kind of have	18	MS. THOBURN: I just need to object to
19	you touch on what sections of the property are	19	this. I don't think she was personally involved
20	shown.	20	in the negotiation of the lease. Again, we have
21	A. There are photographs of each side of the	21	no personal or, testimony from anybody involved
22	building. There is a photograph of the parking	22	with the property owner to testify with firsthand
23	area. You can see that the asphalt is getting a	23	knowledge regarding this information.
24	little bit worn, but is still functional.	24	THE EXAMINER: Your objection is noted
25	There's, you know, the reception desk and	25	for the record. However, I will allow you to
	Page 15		Page 17
1	reception area. There is an unused room that's	1	testify as to your understanding and how that
2	next to the reception area.	2	plays out, then, within your report.
3	I apologize. When we take these	3	THE WITNESS: It is my understanding
4	pictures, we try to be very diligent and not get	4	that that this lease was negotiated back in
5	any employees or clients in them, so sometimes	5	2007, which was a vastly different economic
6	they're a little not as descriptive as we would	6	climate than we have now. That it was based on
7	like them to be.	7	the cost of constructing the property, the land,
8	There's an office office area that's	8	the improvements, and a fee to the developer.
9	on a raised platform with a couple of demised	9	I didn't do a lease analysis for 2007,
10	offices. There is the spinning room, which that	10	but it appears to me to be above market, even at
11	was kind of dark. I did not inspect the men's	11	that time. You know, we consider these leases,
12	locker room; I only inspected the women's locker	12	but they're they're not what we would consider
13	room. They have really beautiful, you know, wood	13	market rent leases, they're not negotiated in the
14	lockers. And there is a separate workout area	14	marketplace with what we consider to be a
15	for for each of these where it would be gender	15	back-and-forth I I offer you this rent, the
	specific; you know, you would be in the women's	16	landlord says no, this is what I want, I'll give
16		17	you these kind of tenant improvements if you pay
17	locker workout area or the men's.		this much rent. These are just solely based, from
17 18	And most of the rest of these are just	18	
17 18 19	And most of the rest of these are just pretty generic pictures. You can see in the	19	what I can determine, on the cost of development.
17 18 19 20	And most of the rest of these are just pretty generic pictures. You can see in the basketball court that there are some chairs	19 20	what I can determine, on the cost of development.  And I believe that some of the equipment may also
17 18 19 20 21	And most of the rest of these are just pretty generic pictures. You can see in the basketball court that there are some chairs sitting there. The manager wasn't exactly sure	19 20 21	what I can determine, on the cost of development. And I believe that some of the equipment may also have been included in this.
17 18 19 20 21 22	And most of the rest of these are just pretty generic pictures. You can see in the basketball court that there are some chairs sitting there. The manager wasn't exactly sure when the issue arose with the basketball court,	19 20 21 22	what I can determine, on the cost of development.  And I believe that some of the equipment may also have been included in this.  BY MR. SLEGGS:
17 18 19 20 21 22 23	And most of the rest of these are just pretty generic pictures. You can see in the basketball court that there are some chairs sitting there. The manager wasn't exactly sure when the issue arose with the basketball court, but there the floor is bowed where those	19 20 21 22 23	what I can determine, on the cost of development.  And I believe that some of the equipment may also have been included in this.  BY MR. SLEGGS:  Q. Now, in your appraisal, you're valuing
17 18 19 20 21 22	And most of the rest of these are just pretty generic pictures. You can see in the basketball court that there are some chairs sitting there. The manager wasn't exactly sure when the issue arose with the basketball court,	19 20 21 22	what I can determine, on the cost of development.  And I believe that some of the equipment may also have been included in this.  BY MR. SLEGGS:

5 (Pages 14 to 17)

Page 18		Page :
appraisal report different than the market would	1	Q. Now, the you know, you are you
have been back in 2007 when that lease was entered	2	familiar with the term "leased fee"?
into?	3	A. Yes, actually, I am.
A. Well, as I said, I didn't specifically do	4	Q. Okay. And what does leased fee mear
a rent study for 2007, but the economic climate in	5	A. Leased fee is when, basically, the
2007, we were still in the boom. Nobody really	6	property owner has given away a portion of hi
saw the recession seriously impacting values and	7	rights to the property, he is giving them to the
rents the way it ended up doing so.	8	person who is occupying the space, and he has
Q. Okay. Now, we'll get into it a little	9	leasehold interest and they have a leased fee
bit later in your testimony, but as part of your	10	interest.
appraisal report, did you make a study for what	11	Theoretically
market rent for the property would have been as of	12	Q. Or the landlord has the leased fee
January 1 of 2013 and January 1 of 2014?	13	interest?
A. Yes, I did.	14	A. Yes.
Q. Okay. And, again, we'll get to how you	15	Q. Okay.
got there. But as I see on Page 31, was it your	16	A. Yes.
conclusion that market rent would be \$11 a square	17	Q. And then what
foot as of those valuation dates?	18	A. They're
A. Yes.	19	Q what interest does the tenant have,
Q. Okay. Now, I want to go back and touch	20	just so the
on one other thing relative to your valuation of	21	A. Leasehold interest.
the fee simple interest of the property. You talk	22	Q. Okay. Go ahead.
about the ownership history on Page 2 in your	23	A. Theoretically, if a lease is at or near
appraisal. And as I noted to the Board in my	24	market, the value of the property should be ver
opening statement, this case came to be because of	25	similar to the fee simple value.
Page 19		Page
a February 8th, 2013, transfer of the property.	1	Q. The leased fee value?
Were you aware of that when you prepared	2	A. Yes, the leased fee value would be very
your appraisal?	3	similar to the fee simple value if everything is
A. Yes.	4	at market. The expenses are market, the lease
Q. And what weight did you give that in your	5	rate is market, if, you know, vacancy is reflected
valuation of the fee simple interest in the	6	accurately, they they should be very similar.
property?	7	Q. Okay. So since you're determining the
	8	fee simple value in your appraisal, what weight
A. I I looked at it and I looked at the		
lease. Typically, in the central Ohio market, a	9	did you give to the February 2013 sale of the
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if	10	property?
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease,	10 11	<ul><li>property?</li><li>A. If I were valuing on the leased fee</li></ul>
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If	10 11 12	<ul><li>property?</li><li>A. If I were valuing on the leased fee</li><li>basis, I would have given it weight. But I'm</li></ul>
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you	10 11 12 13	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.	10 11 12 13 14	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national	10 11 12 13 14 15	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.	10 11 12 13 14	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national	10 11 12 13 14 15	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national tenant. And most of the tenants in this market	10 11 12 13 14 15	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my analysis.
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national tenant. And most of the tenants in this market are not necessarily national retail tenants.	10 11 12 13 14 15 16 17	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my analysis.  Q. Okay.
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national tenant. And most of the tenants in this market are not necessarily national retail tenants.  There are some, but a lot of those own their own	10 11 12 13 14 15 16 17	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my analysis.  Q. Okay.  A. I considered it, but did not accord it
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national tenant. And most of the tenants in this market are not necessarily national retail tenants.  There are some, but a lot of those own their own properties.	10 11 12 13 14 15 16 17 18	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my analysis.  Q. Okay.  A. I considered it, but did not accord it great weight.
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national tenant. And most of the tenants in this market are not necessarily national retail tenants.  There are some, but a lot of those own their own properties.  So the fact that it was such a long-term	10 11 12 13 14 15 16 17 18 19 20	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my analysis.  Q. Okay.  A. I considered it, but did not accord it great weight.  Q. Okay. And did your determination of market rent later on in your appraisal affect yo
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national tenant. And most of the tenants in this market are not necessarily national retail tenants.  There are some, but a lot of those own their own properties.  So the fact that it was such a long-term lease and it was a national company, I think,	10 11 12 13 14 15 16 17 18 19 20 21	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my analysis.  Q. Okay.  A. I considered it, but did not accord it great weight.  Q. Okay. And did your determination of
lease. Typically, in the central Ohio market, a retail lease is three to five years. I mean, if you can get somebody to sign a seven-year lease, you are considered to be ahead of the game. If you can get somebody to sign a ten-year lease, you will throw anything at them to get that.  This is a 20-year lease to a national tenant. And most of the tenants in this market are not necessarily national retail tenants.  There are some, but a lot of those own their own properties.  So the fact that it was such a long-term lease and it was a national company, I think, drove that purchase price. I don't think if that	10 11 12 13 14 15 16 17 18 19 20 21 22	property?  A. If I were valuing on the leased fee basis, I would have given it weight. But I'm valuing a fee simple value and this lease rate is above market, it's on a verylong-term lease.  I I didn't accord it great weight in my analysis.  Q. Okay.  A. I considered it, but did not accord it great weight.  Q. Okay. And did your determination of market rent later on in your appraisal affect yo decision to, you know, affect the weight that yo

6 (Pages 18 to 21)

	Page 22		Page 24
1 .	where the property is located. You have a section	1	A. Correct.
	called "Economic Overview of the Market Area" that	2	Q earlier?
3	begins at Page 5. I don't want to spend a lot of	3	So when the Board is looking at this
4	time in this section of the report unless you feel	4	section of the appraisal relative to your
5 1	that there is something important in here to the	5	analysis, you're actually valuing the mezzanine
6	Board's understanding of your analysis later on in	6	space as part of the rentable area of the
7	the appraisal.	7	property?
8	A. I I guess the only comment that I	8	A. I am. It's fully functional. It's as
9	would make is that, technically, the property is	9	functional as the first-floor space, which is, you
10	located within Columbus, but it is very heavily	10	know, not always the case with mezzanine space.
11	influenced by the Hilliard market, and that's a	11	Q. Right.
12	good market. I think it enhances the value of the	12	A. But this is finished comparably to the
13	property to be associated with that market.	13	first floor.
14	Q. Okay. We have talked a little bit about	14	Q. Thank you.
15	the site. You've got a more detailed discussion	15	The next section in your report before we
16	of the site that begins at Page 10 in the	16	get into your approach of the value is your
17	appraisal and then a picture of the plat map on	17	highest and best use analysis. What were your
18	Page 11.	18	findings and conclusions with respect to the
19	I know you talked a little bit about the	19	highest and best use of the property in your
20	fact that the visibility of the site from the road	20	appraisal?
21	isn't that great. Could you just comment on that	21	A. It's basically a single-tenant building.
22	as it relates to the plat map on Page 11?	22	And it would be difficult to use it for as a
23	A. Yes. You can see the the entire	23	multi-tenant building. Additionally, there'sa
	frontage of this parcel has been developed with	24	problem with there not being an elevator. And so
25	outlots. So So it is it is difficult to see	25	the stairways are sort of in the middle of the
	Page 23		Page 25
1	the property. Additionally, I will point out	1	building, which would make it also more difficult
2	that, although the subject is a separate parcel,	2	to demise it for multi-tenant use. It's a
3	it is part of a larger structure. It is actually	3	single-tenant building and I think it has, you
4	physically attached to a Target and a strip	4	know, an equal equally as retail or office. I
5	center.	5	can see a high-tech firm going into a building
6	Q. Okay. We've talked a little bit about	6	like this and using it as office space.
7	the improvements, and you've got a more detailed	7	Alternatively, I could see somebody like, I don't
8	discussion of the improvements that begins at	8	know, maybe Dick's or somebody going in and
9	Page 12 and 13.	9	leasing space like this or owning space like this.
10	Are there any other features of the	10	Q. Okay. And that those conclusions are
11	property that you think the Board should be aware	11	summarized in your findings with respect to
12	of in order to understand your valuation of the	12	highest and best use?
13	property?	13	A. Yes.
14	A. Not particularly, other than what we've	14	Q. Okay. I want to move now into the
15	gone over. I will say that it you know, the	15	valuation section of the report.
16	property has been very well maintained. The only	16	You did an income approach that begins on
17	deferred maintenance that I noted was the bowing	17	Page 19. How did you go about valuing the
18	in the floor of the gymnasium	18	property under the income approach?
19	Q. Okay.	19	A. We utilized CoStar to and there's a
20	A the basketball court.	20	chart on Page 20 that shows the properties that
21	Q. And just I know that we have already	21	were included in this study. Itried to get
22	touched on this, but Page 14 shows the foundation	22	properties that were constructed from 2000 forward
23	sketch. And based upon your earlier testimony,	23	so that they were newer, and from 10,000 to
24	this foundation sketch doesn't capture the	24	100,000 square feet because the subject falls just
25	mezzanine space that you talked about	25	about in the middle of that.

7 (Pages 22 to 25)

	Page 26		Page 28
1	And on Page 21 you can see the asking	1	the developer of Polaris, and they constructed
2	rents. And for '13 and '14, they were just above	2	this building for Hobby Lobby.
3	\$10 a square foot. And these are asking rents,	3	There is another Hobby Lobby lease,
4	these are not actual rents.	4	Buckeye Parkway.
5	I also included leases that start on	5	Q. And that's Comp No. 4 on Page 28?
5	Page 22. I tried to, you know, do strong retail	6	A. Correct.
7	locations and newer properties. The Gander	7	Q. Okay.
3	Mountain lease on Taylor Road is the renegotiation	8	A. Again, this is a negotiated lease. This
9	of a lease. And I would point out that this is	9	is part of a larger multi-tenant building, like
10	becoming more and more common; that even though	10	the subject.
11	leases have an option price for the next five	11	Q. And that that particular property is
12	years or the five years after that, tenants almost	12	very close in size at 56,054 square feet?
13	always are renegotiating these right now because	13	A. Yes.
14	they were generally done in more favorable	14	Q. Okay.
15	economic climates.	15	A. And like the subject, it's it is
16	Q. So Gander Mountain was probably in this	16	although it's a separate parcel, it is part of a
17	property and then they renegotiated the lease that	17	larger building.
18	you're showing commencing on October 1st of 2016?	18	Q. Okay. And that's shown on Page 29?
19	A. Correct.	19	A. Yes.
20	Q. So they're in the property as we're	20	Q. Okay. Now, which just so I know, can
21	sitting here today; and what you're showing here	21	you just point out on Page 29 where the Hobby
22	is what their renegotiated lease rate will be when	22	Lobby is? I mean, my eyes are not too bad, but
23	October 1st, 2016	23	can't read the print on the middle piece there.
24	A. Correct.	24	A. On the very right-hand side of and
25	Q rolls around? Okay.	25	this is the second exhibit that's the movie
	Page 27		Page 2
1	A. Yes. The building was actually	1	theater, and then there is sort of a little
2	constructed for them originally.	2	pass-way, and then Hobby Lobby is attached to the
3	O Olvari		
_	Q. Okay.	3	larger building that's anchored by Target.
	A. Circuit City in Polaris, this is one of		larger building that's anchored by Target.  Q. Okay. So is it is it this
4		3	
4 5	A. Circuit City in Polaris, this is one of	3 4	Q. Okay. So is it is it this
4 5 6	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat	3 4 5	Q. Okay. So is it is it this A. It's the second structure from the right.
4 5 6 7	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.	3 4 5 6	<ul><li>Q. Okay. So is it is it this</li><li>A. It's the second structure from the right.</li><li>No.</li></ul>
4 5 6 7 8	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left. That's how long it took them to re-lease it. And	3 4 5 6 7	<ul> <li>Q. Okay. So is it is it this</li> <li>A. It's the second structure from the right.</li> <li>No.</li> <li>Q. Second structure from the right. So it's</li> </ul>
4 5 6 7 8	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to	3 4 5 6 7 8	<ul> <li>Q. Okay. So is it is it this</li> <li>A. It's the second structure from the right.</li> <li>No.</li> <li>Q. Second structure from the right. So it's this one?</li> </ul>
4 5 6 7 8 9	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very	3 4 5 6 7 8	<ul> <li>Q. Okay. So is it is it this</li> <li>A. It's the second structure from the right.</li> <li>No.</li> <li>Q. Second structure from the right. So it's this one?</li> <li>A. Yes.</li> </ul>
4 5 6 7 8 9 10	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a	3 4 5 6 7 8 9	<ul> <li>Q. Okay. So is it is it this</li> <li>A. It's the second structure from the right.</li> <li>No.</li> <li>Q. Second structure from the right. So it's this one?</li> <li>A. Yes.</li> <li>Q. Okay. Got that.</li> </ul>
4 5 6 7 8 9 10 11	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.	3 4 5 6 7 8 9 10	<ul> <li>Q. Okay. So is it is it this</li> <li>A. It's the second structure from the right.</li> <li>No.</li> <li>Q. Second structure from the right. So it's this one?</li> <li>A. Yes.</li> <li>Q. Okay. Got that.</li> <li>A. And then there's sort of a smaller strip</li> </ul>
4 5 6 7 8 9 10 11 12	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?	3 4 5 6 7 8 9 10 11 12	<ul> <li>Q. Okay. So is it is it this</li> <li>A. It's the second structure from the right.</li> <li>No.</li> <li>Q. Second structure from the right. So it's this one?</li> <li>A. Yes.</li> <li>Q. Okay. Got that.</li> <li>A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that</li> </ul>
4 5 6 7 8 9 10 11 12 13	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.	3 4 5 6 7 8 9 10 11 12 13	<ul> <li>Q. Okay. So is it is it this A. It's the second structure from the right. No. </li> <li>Q. Second structure from the right. So it's this one?</li> <li>A. Yes.</li> <li>Q. Okay. Got that.</li> <li>A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the</li> </ul>
4 5 6 7 8 9 10 11 12 13 14	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term	3 4 5 6 7 8 9 10 11 12 13 14	<ul> <li>Q. Okay. So is it is it this A. It's the second structure from the right. No.</li> <li>Q. Second structure from the right. So it's this one? A. Yes.</li> <li>Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit.</li> </ul>
4 5 6 7 8 9 10 11 12 13 14 15	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square	3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you.
4 5 6 7 8 9 10 11 12 13 14 15 16	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square foot?	3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you. So you looked at the asking rents and
4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square foot?  A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you. So you looked at the asking rents and then you looked at these leases. What were your
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square foot?  A. Yes.  Q. Okay.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you. So you looked at the asking rents and then you looked at these leases. What were your findings and conclusions based upon that data for
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square foot?  A. Yes.  Q. Okay.  A. Hobby Lobby is the third lease comp. It	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you. So you looked at the asking rents and then you looked at these leases. What were your findings and conclusions based upon that data for market rent as of January 1 of 2013 and January
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square foot?  A. Yes.  Q. Okay.  A. Hobby Lobby is the third lease comp. It is also in the Polaris area. Although this was	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you. So you looked at the asking rents and then you looked at these leases. What were your findings and conclusions based upon that data for market rent as of January 1 of 2013 and January of 2014?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square foot?  A. Yes.  Q. Okay.  A. Hobby Lobby is the third lease comp. It is also in the Polaris area. Although this was constructed specifically for Hobby Lobby, it was	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you. So you looked at the asking rents and then you looked at these leases. What were your findings and conclusions based upon that data for market rent as of January 1 of 2013 and January of 2014? A. I went pretty much almost to the top of
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 22 23 24	A. Circuit City in Polaris, this is one of the prime retail locations. This building sat vacant for four years after Circuit City left.  That's how long it took them to re-lease it. And they had to give \$150,000 or 4.28 a square foot to entice a tenant in there. And this is a very local company, it's a father and son, and it is a bowling lane and restaurant.  Q. And that's on Page 24?  A. Correct.  Q. And the lease rate for the initial term which started March 1st of 2013 is \$11 a square foot?  A. Yes.  Q. Okay.  A. Hobby Lobby is the third lease comp. It is also in the Polaris area. Although this was constructed specifically for Hobby Lobby, it was not the lease rate is not based on the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. So is it is it this A. It's the second structure from the right. No. Q. Second structure from the right. So it's this one? A. Yes. Q. Okay. Got that. A. And then there's sort of a smaller strip center, you can see it doesn't have the depth that the Hobby Lobby store has. And then Target is the anchor on the left of the exhibit. Q. Okay. Thank you. So you looked at the asking rents and then you looked at these leases. What were your findings and conclusions based upon that data for market rent as of January 1 of 2013 and January of 2014? A. I went pretty much almost to the top of my range at \$11 a square foot because the subject

8 (Pages 26 to 29)

Page	30	Page 32
collection loss and other expenses as part of y	our 1	rate of 9.5 percent. And this is basically the
2 income approach. What were your findings	I	transfer of the fee simple interest in the
3 conclusions with respect to those aspects of th	I	property based upon income in place at the time of
4 income approach?	4	sale. This is a lease that was almost at its end.
5 A. I utilized the same survey that I	5	The other sale, which it actually
6 referenced previously from CoStar to look at	6	occurred on the same day, although there was a
7 vacancy. And vacancy was low in this market,	7	large negotiation process that occurred between
8 even, you know, as they were coming out of the	. 8	the times that these two prices were negotiated,
9 recession. So I stabilized vacancy at	9	is an overall rate of 8.1 percent. And this
10 3-1/2 percent and I did an additional factor of	10	overall rate reflects the added value of a
2 percent for collection loss. Any ancillary	11	ten-year lease signed by the existing national
income is basically reimbursement of operating	12	tenant.
expenses, so ancillary income is equivalent to	13	Q. And that's discussed I don't want to
14 reimbursable operating expenses.	14	jump too far ahead in the report.
15 On Page 33 there is a chart with some	15	A. Yes, there's a there's a whole
expense comparables. I concluded to 3.55 a square		discussion.
foot for the reimbursable expenses, and there we	I	Q. But Comparable Sale No. 3 is discussed on
some minor expenses that were not reimbursable		Page 44 in your appraisal?
and I just stabilized those at 2 cents a square	19	A. Yes.
20 foot.	20	Q. And in the Comments section, you discuss
21 Q. So if we go to Page 34, this is your	21	the two transfers and the cap rates that are
pro forma income and expense statement for		shown
23 subject property?	23	A. Yes.
24 A. Yes.	24	Q in the two transactions?
25 Q. And just to your point about ancillary		A. Yes. And the sellers from the
Page	_	
1 age	31	Page 33
1 income, when I look at ancillary income of	1	Page 33 original well, they would have been the buyers
	1 2	original well, they would have been the buyers from the original sale had to pay the tenants
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and	1 2 3	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under	1 2 3 4	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same	1 2 3 4 5	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627?	1 2 3 4 5 6	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes.	1 2 3 4 5 6 7	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay.	1 2 3 4 5 6 7 8	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy	1 2 3 4 5 6 7 8 9	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have	1 2 3 4 5 6 7 8 9 10	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy,
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would	1 2 3 4 5 6 7 8 9 10 11	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on	1 2 3 4 5 6 7 8 9 10 11 12	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables.	1 2 3 4 5 6 7 8 9 10 11 12 13	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the	1 2 3 4 5 6 7 8 9 10 11 12 13 14	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was a	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 the 16	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becau you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was in next step in your income approach?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 the 16 17	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becaut you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables.  Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was next step in your income approach?  A. We have to select an appropriate	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 the 16 17 18	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used RealtyRates. And I concluded to an overall rate
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becaut you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was next step in your income approach? A. We have to select an appropriate capitalization rate. And first we look at sales.	1 2 3 4 5 6 6 7 8 9 10 11 12 13 14 15 the 16 17 18 19	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used RealtyRates. And I concluded to an overall rate of 9.5.
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becaut you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was next step in your income approach? A. We have to select an appropriate capitalization rate. And first we look at sales. And Sales No. 1 and 2 in my sales comparison	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 the 16 17 18 19 20	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used RealtyRates. And I concluded to an overall rate of 9.5.  Q. Okay. And that's summarized the
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becaut you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was in next step in your income approach? A. We have to select an appropriate capitalization rate. And first we look at sales. And Sales No. 1 and 2 in my sales comparison approach were bought for owner occupancy, so the	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 the 16 17 18 19 20 21	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used RealtyRates. And I concluded to an overall rate of 9.5.  Q. Okay. And that's summarized the RealtyRates and Korpacz are shown on Page 35, as
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becaut you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was in next step in your income approach? A. We have to select an appropriate capitalization rate. And first we look at sales. And Sales No. 1 and 2 in my sales comparison approach were bought for owner occupancy, so the	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 the 16 17 18 19 20 21 22	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used RealtyRates. And I concluded to an overall rate of 9.5.  Q. Okay. And that's summarized the RealtyRates and Korpacz are shown on Page 35, as well as your conclusion of 9.5 percent?
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becaut you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was in next step in your income approach? A. We have to select an appropriate capitalization rate. And first we look at sales. And Sales No. 1 and 2 in my sales comparison approach were bought for owner occupancy, so th can't provide an overall rate. Comparable Sale No. 3 transferred twice	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used RealtyRates. And I concluded to an overall rate of 9.5.  Q. Okay. And that's summarized the RealtyRates and Korpacz are shown on Page 35, as well as your conclusion of 9.5 percent?  A. Yes, but it's called Pricewaterhouse
income, when I look at ancillary income of 192,627, you know, that's kind of a wash becaut you're getting reimbursed for that up top, and then it's coming out at the bottom under reimbursable operating expenses at the same number, 192,627? A. Yes. Q. Okay. A. And to be honest with you, when vacancy and collection loss is this low, you could have thrown almost any number in there and it would have just washed out. But I tried to base it on the expense comparables. Q. Okay. So once you determined what the income and the expenses are and you came dow the net operating income on Page 34, what was in next step in your income approach? A. We have to select an appropriate capitalization rate. And first we look at sales. And Sales No. 1 and 2 in my sales comparison approach were bought for owner occupancy, so the	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 the 16 17 18 19 20 21 22	original well, they would have been the buyers from the original sale had to pay the tenants \$400,000 to sign this long-term lease. And I just think that's shows the strength that tenants have in this market currently.  Q. Okay. So you had that information. And then what other market data did you consider in determining your cap rate?  A. There is a Sale No. 4 had a cap rate of 10 percent. And the lead tenant, Golf Galaxy, had vacated the premises, but they are continuing to pay the rent.  Comparable Sale 5 provided a cap rate of 7.1 percent, but this is an office building occupied by a national tenant on a long-term lease. We also used PricewaterhouseCoopers, which used to be called Korpacz, and we also used RealtyRates. And I concluded to an overall rate of 9.5.  Q. Okay. And that's summarized the RealtyRates and Korpacz are shown on Page 35, as well as your conclusion of 9.5 percent?

9 (Pages 30 to 33)

	Page 34		Page 36
1	A. It's not called Korpacz anymore.	1	bit of a sticky wicket size-wise because we've got
2	Q. All right.	2	sales of things that are over a hundred-thousand
3	A. And then on Page 36, the tax additurs are	3	square feet and sales of things that are 10- to
4	very similar for both years, and those are just	4	30,000 square feet, but there are there are not
5	added to the 9.5 overall rate. And I didn't see a	5	a lot of sales that are in this exact size range.
6	big fluctuation in rental rates, vacancy rates, or	6	But we looked at the market. I tried to
7	values between 2013 and '14, so the value is the	7	find sales that were in good retail locations or
8	same for both years.	8	good office locations, and then they're adjusted
9	MR. SLEGGS: Okay. And I would just note	9	appropriately.
10	for the record that the County Auditor's	10	Q. Now, Page 39 you have a chart at the top
11	assessment for 2013 was the same, that will be	11	that identifies the five sales that you
12	that's reflected in the record, and the Board of	12	considered, and then also the adjustments that you
13	Revision decision was the same for both years. So	13	made. There are details of each of the sales that
14	I think Ms. Costello's approach is consistent with	14	begin at Page 40. Could you briefly touch on each
15	what's in the record with respect to the assessing	15	of the sales that you considered, and then we'll
16	authorities.	16	talk about your conclusion of value?
17	BY MR. SLEGGS:	17	A. Sure. Comparable Sale No. 1 is located
18	Q. I just want you to touch on one thing on	18	on Britton Parkway. This is a pretty strong
19	Page 36. In terms of the tax additur, are you	19	retail location that was although this is in
20	just including a provision for real estate taxes	20	Columbus, it is more influenced by the Dublin
21	for the period of vacancy, that 5.5 percent that	21	market. There are a lot of big boxes on this
22	you used in the income approach?	22	street; Wal-Mart's there, Kittle's Furniture is
23	A. Yes, only the vacancy rate is applied to	23	there. There are some restaurants. And this is a
24	that.	24	building that was constructed in 1996.
25	Q. Okay.	25	And the building was purchased for owner
1	Page 35  A. Because that's that's what the owner	1	Page 37 occupancy. They told me that there were no major
2	would be responsible for if the property were	2	repairs, but they were instituting cosmetic
3	vacant.	3	changes so that the interior will reflect their
4	Q. Okay. So the	4	own identity. And it will be occupied by Comfy
5	A. Otherwise, he's being reimbursed for	5	Couch, which also has a location on Morse Road in
6	taxes.	6	the Easton market.
7	Q. Okay. And so that's why we see the	7	Q. Okay. And that would be you've
8	calculation at the top of Page 36 where you show	8	identified that as a fee simple sale?
9	the effective rate for 2013 and '14 times	9	A. Correct.
10	35 percent, and then you're just applying	10	Q. Okay. What about Sale No. 2 on Page 42?
11		1	- •
	5.5 percent of the cap of the real estate tax	11	A. This is in a very strong retail corridor,
12	5.5 percent of the cap of the real estate tax additur in your cap rate?	11 12	A. This is in a very strong retail corridor, the corner of Powell Road and U.S. 23. It was
12 13			
	additur in your cap rate?	12	the corner of Powell Road and U.S. 23. It was
13	additur in your cap rate? A. Correct.	12 13	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be
13 14	additur in your cap rate? A. Correct. Q. Okay. So what was your conclusion for	12 13 14	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been
13 14 15	<ul><li>additur in your cap rate?</li><li>A. Correct.</li><li>Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013</li></ul>	12 13 14 15	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a
13 14 15 16	additur in your cap rate?  A. Correct.  Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013 and January 1 of 2014?	12 13 14 15 16	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a fee simple sale.
13 14 15 16 17	additur in your cap rate?  A. Correct.  Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013 and January 1 of 2014?  A. The income approach provided a value of	12 13 14 15 16 17	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a fee simple sale.  Q. Okay. The next sale is Sale No. 3 and
13 14 15 16 17 18	additur in your cap rate?  A. Correct.  Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013 and January 1 of 2014?  A. The income approach provided a value of \$5,650,000.	12 13 14 15 16 17 18	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a fee simple sale.  Q. Okay. The next sale is Sale No. 3 and the discussion appears on Page 44. Could you
13 14 15 16 17 18 19	additur in your cap rate?  A. Correct.  Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013 and January 1 of 2014?  A. The income approach provided a value of \$5,650,000.  Q. Your sales comparison approach begins on	12 13 14 15 16 17 18 19	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a fee simple sale.  Q. Okay. The next sale is Sale No. 3 and the discussion appears on Page 44. Could you briefly summarize that sale?
13 14 15 16 17 18 19 20	additur in your cap rate?  A. Correct.  Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013 and January 1 of 2014?  A. The income approach provided a value of \$5,650,000.  Q. Your sales comparison approach begins on Page 37. How did you go about valuing the	12 13 14 15 16 17 18 19 20	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a fee simple sale.  Q. Okay. The next sale is Sale No. 3 and the discussion appears on Page 44. Could you briefly summarize that sale?  A. Yes. This is the same Gander Mountain
13 14 15 16 17 18 19 20 21	additur in your cap rate?  A. Correct.  Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013 and January 1 of 2014?  A. The income approach provided a value of \$5,650,000.  Q. Your sales comparison approach begins on Page 37. How did you go about valuing the property under the sales comparison approach?	12 13 14 15 16 17 18 19 20 21	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a fee simple sale.  Q. Okay. The next sale is Sale No. 3 and the discussion appears on Page 44. Could you briefly summarize that sale?  A. Yes. This is the same Gander Mountain building
13 14 15 16 17 18 19 20 21 22	additur in your cap rate?  A. Correct.  Q. Okay. So what was your conclusion for the property fee simple as of January 1 of 2013 and January 1 of 2014?  A. The income approach provided a value of \$5,650,000.  Q. Your sales comparison approach begins on Page 37. How did you go about valuing the property under the sales comparison approach?  A. I looked for sales of properties that	12 13 14 15 16 17 18 19 20 21 22	the corner of Powell Road and U.S. 23. It was vacant at the time of purchase. It used to be occupied by Specialty Golf. And it has been converted to a cosmetology school. And this is a fee simple sale.  Q. Okay. The next sale is Sale No. 3 and the discussion appears on Page 44. Could you briefly summarize that sale?  A. Yes. This is the same Gander Mountain building Q. Okay.

10 (Pages 34 to 37)

	Page 38		Page 40
	Gander Mountain has been in the building since it	1	Q. Okay. Let's go back to Page 39, then.
	was constructed. And the details, which we've	2	How did you use the data in those sales to arrive
	gone over already, included, you know, the tenant	3	at your conclusion of value for the subject
	being offered \$400,000 to stay in the building and	4	property?
	sign a new lease. And the lease was negotiated	5	A. I made the adjustments that that you
	between the purchaser and Gander Mountain.	6	see in this chart, and I considered the age of the
	Q. Okay. And then the first sale is the	7	subject, the condition of the subject, and its
	sale that you utilize in your analysis here, the	8	location. And those those were the really
	sale on June 25th of	9	the primary concerns as far as I was concerned.
10	A. Yes.	10	I concluded to \$130 a square foot, which
11	Q 2015?	11	is kind of in the midrange. You know, the sale
12	And you have a notation there, based upon	12	I thought the sales were strong. I thought they
13	the short remaining term of the lease, that it was	13	were good sales.
L 4	a fee simple sale.	14	Q. So what was your conclusion of value for
15	A. Correct.	15	the property under the sales comparison approach
16	Q. Okay. The next sale, which is Sale	16	as of January 1 of 2013, and January 1 of 2014?
17	No. 4, is discussed on Page 46. Could you briefly	17	A. \$7,055,000. And, you know, as I said, I
18	describe this property and the sale?	18	haven't seen much movement in the market between
19	A. This sale is driven, actually, by the	19	'13 and '14, so the value applied to both years.
20	Golf Galaxy lease, which was running until 2018,	20	Q. The last section of your appraisal begins on
21	was five years, but they had been in the building	21	Page 51, which is your Summation and Final
22	for a long time. And shortly after the purchase,	22	Reconciliation.
23	they vacated the building and moved to the Easton	23	How did you go about weighting the
24	Town Center, but they continued to pay rent on	24	approaches and arriving at your final conclusion
25	their space. And they have not been able to	25	of value for the property?
	Page 39		Page 41
	re-lease that space at this point in time.	1	A. I think that most buildings like this are
	Q. Now, you identify that as a leased fee	2	generally purchased for owner occupancy. So I
	sale in your discussion.	3	accorded the most weight to the sales comparison
	A. Yes.	4	approach, but I think the income approach was
	Q. And did you take that aspect of the sale	5	supportive of that. In general, owner occupants
	in consideration when you were valuing the fee	6	will pay more than an investor will pay because
	simple interest of the subject property?	7	they have different economic considerations than
	A. Yes.	8	an investor does.
	Q. And then the last sale, which is	9	Q. Okay. So as of January 1 of 2013 and as
10	Sale No. 5, is discussed on Page 48. Could you	10	of January 1 of 2014, what is your opinion of the
11	briefly discuss that sale?	11	fee simple value of the real estate?
		1	* · · · * * · · · · · · · · · · · · · ·
	A. This is a leased fee sale. It was	12	A. My opinion is that it's 7.055.000.
12	A. This is a leased fee sale. It was purchased on the strength of the existing lease.	12 13	A. My opinion is that it's 7,055,000.  MR. SLEGGS: All right. Thank you.
12	purchased on the strength of the existing lease.		<ul> <li>A. My opinion is that it's 7,055,000.</li> <li>MR. SLEGGS: All right. Thank you.</li> <li>That's all I have for this witness.</li> </ul>
12 13	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of	13	MR. SLEGGS: All right. Thank you. That's all I have for this witness.
12 13 14	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The	13 14	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you.
12 13 14 15	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term	13 14 15 16	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you. THE EXAMINER: Thank you.
12 13 14 15 16	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term lease. They've got, like, eight more years onit.	13 14 15	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you. THE EXAMINER: Thank you. Cross-examination.
12 13 14 15	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term lease. They've got, like, eight more years onit. It's And it's a beautiful office building. But	13 14 15 16 17	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you. THE EXAMINER: Thank you.
12 13 14 15 16 17 18	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term lease. They've got, like, eight more years onit. It's And it's a beautiful office building. But it actually looks sort of like the subject, to be	13 14 15 16 17 18 19	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you. THE EXAMINER: Thank you. Cross-examination. MS. THOBURN: Yes, thank you. Just noting a continuing objection for
12 13 14 15 16 17 18	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term lease. They've got, like, eight more years onit. It's And it's a beautiful office building. But it actually looks sort of like the subject, to be honest with you.	13 14 15 16 17 18 19 20	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you. THE EXAMINER: Thank you. Cross-examination. MS. THOBURN: Yes, thank you. Just noting a continuing objection for the record to Ms. Costello's testimony. Because
12 13 14 15 16 17 18 19 20	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term lease. They've got, like, eight more years onit. It's And it's a beautiful office building. But it actually looks sort of like the subject, to be honest with you.  Q. And you considered this sale because in	13 14 15 16 17 18 19 20 21	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you. THE EXAMINER: Thank you. Cross-examination. MS. THOBURN: Yes, thank you. Just noting a continuing objection for the record to Ms. Costello's testimony. Because there was direct, we would like to cross-examine
12 13 14 15 16 17 18 19 20 21	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term lease. They've got, like, eight more years onit. It's And it's a beautiful office building. But it actually looks sort of like the subject, to be honest with you.  Q. And you considered this sale because in your highest and best use analysis you discuss the	13 14 15 16 17 18 19 20	MR. SLEGGS: All right. Thank you. That's all I have for this witness.  Thank you. THE EXAMINER: Thank you. Cross-examination. MS. THOBURN: Yes, thank you. Just noting a continuing objection for the record to Ms. Costello's testimony. Because there was direct, we would like to cross-examine the witness.
12 13 14 15 16 17 18 19 20	purchased on the strength of the existing lease. It's occupied by Mac Tools, which is a division of Black & Decker, which is a national company. The lease runs until 2022, so it's a pretty long-term lease. They've got, like, eight more years onit. It's And it's a beautiful office building. But it actually looks sort of like the subject, to be honest with you.  Q. And you considered this sale because in	13 14 15 16 17 18 19 20 21 22	MR. SLEGGS: All right. Thank you. That's all I have for this witness. Thank you. THE EXAMINER: Thank you. Cross-examination. MS. THOBURN: Yes, thank you. Just noting a continuing objection for the record to Ms. Costello's testimony. Because there was direct, we would like to cross-examine

11 (Pages 38 to 41)

	Page 42		Page 44
1	BY MS. THOBURN:	1	the beginning of '12 until almost halfway through
2	Q. Ms. Costello, am I correct that you were	2	'14.
3	not personally involved in the transfer of the	3	Q. Okay. So they didn't begin to increase,
4	subject property?	4	in your opinion, until mid-2014?
5	A. No, I was not.	5	A. Yes.
6	Q. So any conclusions that you made	6	Q. And then they increased sharply after
7	regarding the transfer would be pure speculation,	7	that?
8	correct?	8	A. Yes.
9	A. I don't know that they would just be	9	Q. Okay. Let's turn to Page 31 of your
10	speculation. I don't think that verifying the	10	report. And this is where you discuss your
11	subject sale is any different than verifying any	11	comparable leases, correct?
12	of the other sales in my report. I assume that	12	A. Correct.
13	the information I get from people is accurate.	13	Q. First, were you able to verify the terms
14	Q. Okay. And you also were not personally	14	of each lease with someone personally involved in
15	involved in negotiation of the lease at the	15	the negotiations
16	subject properties, correct?	16	A. Yes.
17	A. Absolutely not.	17	Q of the lease?
18	Q. So, again, any conclusions that you made	18	And it looks like from this page you did
19	regarding the lease, again, you had no personal	19	not make any quantitative adjustments to the lease
20	knowledge; it would be speculation on your part,	20	comparables, correct?
21	correct?	21	A. I don't do quantitative adjustments.
22	A. As in the leases that I use in the	22	Q. So we aren't able to tell from your
23	report, you know, I had a copy of the lease.	23	report exactly how much you adjusted each
24	That's actually better than I usually have for my	24	category, correct?
25	lease comps, to actually have a copy of the lease.	25	A. Correct.
1	So I guess I don't see it as speculation. Perhaps	1	Q. It looks like Comps 1 and 2 are they
2	that's a legal term.	2	older than the subject property?
3	Q. But you don't know what went into	3	A. Yes.
4	negotiating the actual terms of the lease that you	4	Q. I guess I should clarify. When was the
-	ultimately saw?	5	subject property constructed?
5	A. No.	6	A. 2007.
7	Q. On Page 21 of your report, in the middle	7	Q. And do older properties typically lease
3	of the page you say that the lease rates plummeted	8	at lower rates than newer properties?
7.0	sharply in '11 and then they began to increase,	9	A. Sometimes they do, but a lot of it
10	rising sharply at the beginning of 2015, correct?	10	depends on how well they've been kept up. These
11	A. Correct.	11	are in markets where maintenance levels are very
12	Q. Okay. If you could describe how these	12	high. I think you see more of a difference in a
13	rates were increasing from 1-1-13 to 1-1-14.	13	sale for age than you do in a lease for age.
14	Because from your statements here, it sounds like	14	Q. And so the subject property is newer than
15	they began to increase, at least.	15	those two comps. And I believe your testimony was
16	A. Well, these are asking rates. These are	16	that the only deferred maintenance you saw was
17	not actual rates.	17	some bowing in the floor in the gymnasium,
17	Q. But you took these into consideration,	18	correct?
18	49	19	A. Correct. Q. So, otherwise, it was in pretty good
18 19	correct?	20	
18 19 20	A. Yes, I did.	20	- ' ' ' ' ' ' ' '
18 19 20 21	A. Yes, I did. Q. Okay. And so were the leases or,	21	condition?
18 19 20 21 22	A. Yes, I did. Q. Okay. And so were the leases or, lease rates increasing from 1-1-13 to 1-1-14?	21 22	condition? A. Yes, it was.
18 19 20 21 22 23	A. Yes, I did.  Q. Okay. And so were the leases or, lease rates increasing from 1-1-13 to 1-1-14?  A. No, they were pretty level. It wasn't	21 22 23	condition? A. Yes, it was. Q. Comps 3 and 4 appear to be larger than
18 19 20 21 22	A. Yes, I did. Q. Okay. And so were the leases or, lease rates increasing from 1-1-13 to 1-1-14?	21 22	condition? A. Yes, it was.

12 (Pages 42 to 45)

	Page 46		Page 4
1	again.	1	much influence what actual operating expenses are
2	Well, Comparable 3 is about the same size	2	Q. In your report, do you differentiate
3	as the subject, within a couple hundred square	3	between the two, or do you lump them into one
4	feet. And Comparable Lease No. 4 is also about	4	category?
5	the same size as the subject.	5	A. No, I differentiate between them, because
5	Q. That's right. Because you're using	6	when I look at operating statements for expense
7	you're saying the building is 54,000 square	7	comparables, I pull out all the capital
3	feet	8	expenditures. And then if you look on Page 34 at
)	A. Correct.	9	the top of the page, I use a replacement
10	Q as compared to the Auditor's.	10	allowance. And that's to account for ongoing, you
11	So on the bottom of that page, you give	11	know, capital expenditures.
12	an unadjusted lease rate range, correct?	12	
13	A. Yes.	13	Q. The comps that you use in this chart on
13 14		14	Page 33, am I reading that correctly that they
	Q. You ultimately concluded to \$11 per		were constructed in 2003, 2004, 2005 and 2007? A. Yes.
15	square foot, correct?	15	
16	A. Correct.	16	Q. So the subject property would be the
17	Q. So that is on the high end of the	17	newest of those properties?
18	unadjusted range, correct?	18	A. Correct.
19	A. Correct.	19	Q. Okay. You concluded to a midrange
20	Q. Is there any sense of if there is an	20	conclusion for expenses based upon those comps,
21	adjusted range, where that would be?	21	correct?
22	A. I don't do quantitative adjustments in	22	A. Correct.
23	for leases or for sales.	23	Q. Even though the subject is on the newer
24	Q. Turning to Page 32 of your report,	24	end or newest end of those properties?
25	looking at the vacancy rate chart that you have	25	A. Well, that comparable is at 3.59 a square
	Page 47		Page 4
1	here, would you happen to know the mile radius	1	foot and I'm at 3.55 a square foot, so I think
2	that that vacancy rate covers?	2	that that's, you know, pretty consistent.
3	A. I don't have an exact mile radius, but if	3	Q. And, again, though, you don't know if
l	you look at Page 20, you can see the properties	4	that includes does that include both capital
	that are included in both the asking lease rate	5	expenditures
5	analysis and the vacancy analysis.	6	A. No. There are no capital expenditures
	analysis and the vacancy analysis.	1 ~	
,	O So the vacancy chart on Page 32 may not	7	
	Q. So the vacancy chart on Page 32 may not indicate the vacancy rate of the subject's	7 8	included in these expense comps.
3	indicate the vacancy rate of the subject's	8	included in these expense comps.  Q. Okay. Let's look at Page 35 of your
3	indicate the vacancy rate of the subject's immediate area? Because it looks like the	8 9	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.
3 ) 10	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a	8 9 10	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp
3 9 10 11	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.	8 9 10 11	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate,
3 10 11 12	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the	8 9 10 11 12	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?
3 10 11 12	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's	8 9 10 11 12 13	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.
3 ) 10 11 12 13	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this	8 9 10 11 12 13 14	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that
3 10 11 12 13 14	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.	8 9 10 11 12 13 14 15	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease.
3 9 10 11 12 13 14 15	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on	8 9 10 11 12 13 14 15 16	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?
3 9 10 11 12 13 14 15 16	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say	8 9 10 11 12 13 14 15 16 17	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?  A. Correct. That was the Mac Tool Division
10 11 12 13 14 15 16 17	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say that older properties generally have greater	8 9 10 11 12 13 14 15 16 17	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?  A. Correct. That was the Mac Tool Division of Black & Decker.
3 10 11 12 13 14 15 16 17 18	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say that older properties generally have greater expenses, they require more upkeep than newer	8 9 10 11 12 13 14 15 16 17 18	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?  A. Correct. That was the Mac Tool Division of Black & Decker.  Q. Okay. But you concluded to a cap rate
10 11 12 13 14 15 16 17 18 19	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say that older properties generally have greater expenses, they require more upkeep than newer properties?	8 9 10 11 12 13 14 15 16 17 18 19 20	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?  A. Correct. That was the Mac Tool Division of Black & Decker.  Q. Okay. But you concluded to a cap rate of, let's see, 9.5 percent
10 11 12 13 14 15 16 17 18 19	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say that older properties generally have greater expenses, they require more upkeep than newer	8 9 10 11 12 13 14 15 16 17 18	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?  A. Correct. That was the Mac Tool Division of Black & Decker.  Q. Okay. But you concluded to a cap rate
3 10 11 12 13 14 15 16 17 18 19 20 21	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say that older properties generally have greater expenses, they require more upkeep than newer properties?	8 9 10 11 12 13 14 15 16 17 18 19 20	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?  A. Correct. That was the Mac Tool Division of Black & Decker.  Q. Okay. But you concluded to a cap rate of, let's see, 9.5 percent
3 9 10 11 12 13 14 15 16 17 18 19 20 21 22	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say that older properties generally have greater expenses, they require more upkeep than newer properties?  A. In general, yes. But you have to also	8 9 10 11 12 13 14 15 16 17 18 19 20 21	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease is that correct?  A. Correct. That was the Mac Tool Division of Black & Decker.  Q. Okay. But you concluded to a cap rate of, let's see, 9.5 percent  A. Correct.
7 3 3 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	indicate the vacancy rate of the subject's immediate area? Because it looks like the chart or, the picture on Page 20 covers a fairly large area.  A. No, it covers the area that's in the chart on Page 20. But like I said, the subject's location is fairly strong, and I think this probably accurately reflects vacancy in that area.  Q. Looking at your operating expenses on Page 33 of your report, first, is it fair to say that older properties generally have greater expenses, they require more upkeep than newer properties?  A. In general, yes. But you have to also differentiate between operating expenses and	8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	included in these expense comps.  Q. Okay. Let's look at Page 35 of your report.  I believe your testimony was that Comp Sale No. 5 was at a 7 percent cap rate, approximately; is that correct?  A. Yes.  Q. And I believe your testimony was that that was a national tenant on a long-term lease; is that correct?  A. Correct. That was the Mac Tool Division of Black & Decker.  Q. Okay. But you concluded to a cap rate of, let's see, 9.5 percent  A. Correct.  Q is that correct?

13 (Pages 46 to 49)

	Page 50		Page 52
	A. It's an office building, which I think	1	THE EXAMINER: Can you verify her
	the subject has an alternative use, but it has a	2	statement?
	term it has a national tenant that's in there	3	THE WITNESS: I can't.
	on a long-term lease which I think, you know,	4	THE EXAMINER: Okay. That's fine.
	implies a lower cap rate than you would see than	5	THE WITNESS: All I have is what
	if they were in there a local tenant on a	6	THE EXAMINER: Sure.
	five-year lease, if you could get five years.	7	THE WITNESS: we saw when we looked at
	Q. So how comparable is that property to the	8	the Auditor's Web site.
	subject?	9	THE EXAMINER: Sure. That's fine.
LO	A. I think it's comparable. I mean, you	10	(Commissioner Williamson exits the
1	know, we would always like to have absolute	11	hearing room.)
L2	duplicates of our subject property that sold six	12	BY MS. THOBURN:
L3	months ago, but, you know, that's just not there.	13	Q. Let's move on to your sales comparison
L 4	Q. But you did conclude to a cap rate quite	14	approach. Let's just move straight to your chart
15	a bit above that comparable, correct?	15	on Page 39 of your report.
16	A. Correct, but consistent with I think,	16	Again, I believe your testimony was that
L7	with the other evidence.	17	you do not make quantitative adjustments, correct
18	Q. And I believe you testified that there	18	A. Huh-uh.
L9	was not a big fluctuation in cap rates from 1-1-13	19	Q. Looking at Comp Sale 3, is that property
20	to 1-1-14; is that correct?	20	older than the subject property?
21	A. I I haven't been able to see that, no.	21	A. Yes.
22	Q. Was there any fluctuation at all?	22	Q. Am I correct that you don't make any
23	A. Cap rates always fluctuate, but I don't	23	upward adjustment, however, for age or condition?
24	see that there has been a a measurable	24	A. No, I didn't. I think Let me take a
25	fluctuation that I could see in that time period.	25	look at the sale.
	Page 51		Page 53
	Q. Because you did use the same cap rate for	1	No, I didn't make an adjustment. The
	1-1-13 and 1-1-14, correct?	1 -	
		2	tenant has been there. They have maintained the
	A. Correct.	3	tenant has been there. They have maintained the property, have been in this building. It's seven
	A. Correct.  Q. Your value conclusion on Page 36 from		<del>-</del>
		3	property, have been in this building. It's seven
	Q. Your value conclusion on Page 36 from	3 4	property, have been in this building. It's seven years older than the subject, but it's very well
	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is	3 4 5	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to
	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and	3 4 5 6	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.
	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?	3 4 5 6 7	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question
	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value?	3 4 5 6 7 8	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the
	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value?  Q. Yes.	3 4 5 6 7 8	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward
LO	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value?  Q. Yes.  A. Let me look here.	3 4 5 6 7 8 9	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?
LO L1	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value?  Q. Yes.  A. Let me look here.  MR. SLEGGS: I could object as to	3 4 5 6 7 8 9 10 11	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make
L0 L1	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant	3 4 5 6 7 8 9 10 11	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what
10 11 12	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the	3 4 5 6 7 8 9 10 11 12	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make
L0 L1 L2 L3	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to	3 4 5 6 7 8 9 10 11 12 13 14	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I
10 11 12 13 14	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but	3 4 5 6 7 8 9 10 11 12 13 14	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square
10 11 12 13 14 15	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but THE WITNESS: I have that the Auditor's	3 4 5 6 7 8 9 10 11 12 13 14 15 16	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square foot, which is in the middle of your range. Was
L0 L1 L2 L3 L4 L5 L6	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but THE WITNESS: I have that the Auditor's value was 15,403,200.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square foot, which is in the middle of your range. Was that your testimony?
LO L1 L2 L3 L4 L5 L6 L7	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but THE WITNESS: I have that the Auditor's value was 15,403,200. MS. THOBURN: I think that's the Board of	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square foot, which is in the middle of your range. Was that your testimony?  A. Yes.
L0 L1 L2 L3 L4 L5 L6 L7	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but THE WITNESS: I have that the Auditor's value was 15,403,200. MS. THOBURN: I think that's the Board of Revision's value. If I'm not mistaken, the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square foot, which is in the middle of your range. Was that your testimony?  A. Yes.  Q. Can you explain why, I believe, with your rent comps you concluded to the high end of the
10 11 12 13 14 15 16 17 18 19	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but THE WITNESS: I have that the Auditor's value was 15,403,200. MS. THOBURN: I think that's the Board of Revision's value. If I'm not mistaken, the Auditor's original value was \$4.85 million. I'm	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square foot, which is in the middle of your range. Was that your testimony?  A. Yes.  Q. Can you explain why, I believe, with your rent comps you concluded to the high end of the
10 11 12 13 14 15 16 17 18 19 20	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but THE WITNESS: I have that the Auditor's value was 15,403,200. MS. THOBURN: I think that's the Board of Revision's value. If I'm not mistaken, the Auditor's original value was \$4.85 million. I'm just trying to establish that, even though we	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square foot, which is in the middle of your range. Was that your testimony?  A. Yes.  Q. Can you explain why, I believe, with your rent comps you concluded to the high end of the range based upon the condition and location of the
10 11 12 13 14 15 16 17 18 19 20 21	Q. Your value conclusion on Page 36 from your income approach, am I correct that that is above the Auditor's value for both 1-1-13 and 1-1-14?  A. That it's above the Auditor's value? Q. Yes. A. Let me look here. MR. SLEGGS: I could object as to relevance. I don't know how that's relevant THE WITNESS: I have the MR. SLEGGS: to what you have to determine, but THE WITNESS: I have that the Auditor's value was 15,403,200. MS. THOBURN: I think that's the Board of Revision's value. If I'm not mistaken, the Auditor's original value was \$4.85 million. I'm just trying to establish that, even though we don't believe this evidence is properly in the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	property, have been in this building. It's seven years older than the subject, but it's very well maintained, plus they were given \$400,000 to further improve it if they so choose.  Q. I guess I would have the same question for Sale No. 5. It appears to be older than the subject property, but you made no upward adjustment for age or condition?  A. Not for three years, no.  Q. And while we can't tell exactly what adjusted range you have, as you don't make quantitative adjustments, you did state, I believe, that you concluded to \$130 per square foot, which is in the middle of your range. Was that your testimony?  A. Yes.  Q. Can you explain why, I believe, with your rent comps you concluded to the high end of the range based upon the condition and location of th property, but for the sales comparison approach

14 (Pages 50 to 53)

	Page 54		Page 56
1	than the sale comps.	1	Q. So you didn't analyze separate data or
2	Q. In what way?	2	anything like that, is what I'm trying to get at?
3	A. The lease comps were adjusted based on	3	It was just based upon your conversations with
4	their own characteristics, whereas the sale comps	4	somebody who made their conclusion?
5	are adjusted based on their characteristics. And	5	A. Correct.
6	most of the adjustments in this chart are	6	Q. On Page 48, I just wanted to clarify
7	downward.	7	something. I don't know if I have a missing page
8	Q. And, again, you may not know the answer	8	or what, but at the bottom it says, "Black and
9	to this question based upon your previous	9	Decker has a", and then I have nothing else.
10	testimony, but your final opinion of value of just	10	A. You are absolutely right. I apologize.
11	over \$7 million, do you recall if that is above	11	And I And I can't finish that sentence for you.
12	the Auditor's originally assessed value for the	12	I don't know what I apologize, but I don't
13	property as of 1-1-13 and 1-1-14?	13	know it looks like I don't know.
14	A. I don't have any personal knowledge of	14	Q. I'm sorry to jump backwards. I just
15	what the original assessed value was.	15	realized I missed a question.
16	Q. Okay. Going into the detail of your	16	Back to the Comp Sale No. 4, there were
17	sales comps, if a comparable property was vacant	17	the two sale prices. You used the lower of the
18	at the time of purchase, would that have	18	two transfer prices; am I understanding that?
19	negatively affected its transfer price?	19	A. Yes, because that more accurately
20	A. I don't necessarily think so, no.	20	reflects the fee simple value of the property.
21	Q. Am I correct that you didn't make any	21	Q. During the course of your testimony, you
22	adjustments for market conditions for any of your	22	testified regarding some long-term leases of
23	sales?	23	properties and then properties that transferred
24	A. No, I did not. They're They are all	24	with near the lease end.
25	practically bracketing the effective dates of	25	You only referenced transfers as being
	Page 55		Page 57
1	appraisal and I simply haven't seen a big	1	fee simple if the leases were about to end
2	fluctuation in market conditions since about '12.	2	A. Or they were
3	Q. Specifically looking on Page 45 in your	3	Q would that be
4	comments section, this is the Gander Mountain	4	A. Or they were vacant.
5	comparable. You have some discussion on Page 45	5	Q. So that's your opinion?
6	regarding the difference in the sale prices and	6	A. Yes.
7	why you believe there was a difference in the sale	7	MS. THOBURN: I believe those are all the
8	prices	8	questions I have on cross. Thank you.
9	A. Yes.	9	THE EXAMINER: Thank you.
10	Q I guess. Can you tell me what	10	Mr. Sleggs, redirect?
11	information you base that conclusion upon?	11	MR. SLEGGS: Just very briefly.
12	A. Other than the information that's	12	
13	included here?	13	REDIRECT EXAMINATION
14	Q. I mean, was it just conversations with	14	BY MR. SLEGGS:
15	somebody personally involved	15	Q. Just picking up on Ms. Thoburn's last
16	A. Yes.	16	question about when you were analyzing the data if
17	Q and they said this is what happens?	17	a property was at the end of the lease, that would
18	A. Yes.	18	be considered fee simple. And I think that was
19	Q. Or did you analyze separate data to	19	your conclusion with respect to Sale No the
20	determine?	20	first sale of Sale No. 3
21	A. I spoke with the person who was the	21	A. Correct.
22	purchaser in the first transaction and would then	22	Q on Page 44.
23	have become the seller in the second transaction.	23	A. Yes.
24	And this that is where I obtained this	24	Q. Would that be Would the reason that
25	information.	25	that reflects fee simple be that the lease has
1			SALOUD AND SOUTH OF THE POWER MAD

15 (Pages 54 to 57)

very little impact at that point on the interest	I	
very near impact at that point on the interest	1	Q. Okay. And so is that one of the reasons
of the owner of the property?	2	why that sale is below the range of the other
A. Yes. When this property was purchased on	3	sales? If you believe it to be on below the
what I would consider fee simple with the short	4	range. I'm not trying to put words inyour mouth,
term, they did not know that Gander was going to	5	so
re-sign. So all they knew, they were buying a	6	A. It's within the range of the other sales.
building that was going to go dark	7	Q. Okay. Okay.
Q. Okay.	8	MR. SLEGGS: Those are my only questions.
A in a relatively short period of time.	9	THE EXAMINER: Okay. Thank you.
They were only able to negotiate by throwing	10	Thank you, Ms. Costello. You may step
\$400,000 at the tenant	11	down.
Q. Okay.	12	THE WITNESS: Thank you.
A to get them to renegotiate the new	13	(Witness temporarily excused.)
lease.	14	THE EXAMINER: Anything else, Mr. Sleggs?
Q. So at that particular point in time on	15	MR. SLEGGS: No. If we are I do have
that sale, was the leased fee value similar to the	16	a copy of the lease. I don't know if the Board
fee simple value?	17	wants it. That's the only thing I didn't do with
A. Yes.	18	Patty is
Q. Because of the fact that the lease had so	19	Do you want Do you want the lease? I
little left on it	20	had it marked as an exhibit.
A. Yes.	21	THE EXAMINER: I leave that to your
Q that it had not as big a	22	discretion. If you would like to have that
A. We kind of do this with apartments, too.	23	MS. THOBURN: Was the lease disclosed as
A lot of the units are on a year lease; the lease	24	a potential exhibit?
term is so short that we consider the leased fee	25	MR. SLEGGS: No. It was just given to
_	1	Page 61 you. I just had it marked in case we discussed it
	2	a lot today.
	3	I'd have to put her on the stand to
	4	identify it. I'll just proffer it just so that I
would have a positive impact on the leased fee	5	have done it.
value?	6	Can I put her back on the stand very
A. Correct.	7	briefly?
Q. And a very short-term lease, as you had	8	THE EXAMINER: Sure. Sure.
here on Sale No. 3, would have very little impact	9	MS. THOBURN: And, again, we would just
on the leased fee value?	10	need to note an objection
A. Correct.	11	MR. SLEGGS: Sure.
Q. Okay. And that's why in this instance it	12	MS. THOBURN: to this wasn't
was your conclusion that the leased fee value was	13	disclosed, and we are not prepared to
very close to the fee simple value?	14	cross-examine regarding an exhibit that was not
A. Yes.	15	disclosed prior to this Board's hearing.
Q. Okay. Ms. Thoburn asked you some	16	THE EXAMINER: Your objection is noted
questions about the cap rate on Sale No. 5. And	17	for the record. I don't believe, based on
the cap rate, as you report it on that sale, was	18	Mr. Sleggs' comments, he is going to ask for
7.1 percent.	19	testimony regarding the lease
A. Yes.	20	MR. SLEGGS: No.
Q. Did the fact that that was a leased fee	21	THE EXAMINER: only identification of
sale, as you describe it, to a national tenant on	22	it
a long-term lease impact the cap rate that was	23	MR. SLEGGS: Right.
derived from that particular sale?	24	THE EXAMINER: as being, in fact, the
A. Yes.	25	document that the appraiser reviewed in
	term, they did not know that Gander was going to re-sign. So all they knew, they were buying a building that was going to go dark Q. Okay.  A in a relatively short period of time. They were only able to negotiate by throwing \$400,000 at the tenant Q. Okay.  A to get them to renegotiate the new lease. Q. So at that particular point in time on that sale, was the leased fee value similar to the fee simple value? A. Yes. Q. Because of the fact that the lease had so little left on it A. Yes. Q that it had not as big a A. We kind of do this with apartments, too. A lot of the units are on a year lease; the lease term is so short that we consider the leased fee  Page 59  and the fee simple to be the same. Q. Okay. And, obviously, a we've you've already touched on this in your testimony, but a longer-term lease with an above-market rent would have a positive impact on the leased fee value? A. Correct. Q. And a very short-term lease, as you had here on Sale No. 3, would have very little impact on the leased fee value? A. Correct. Q. Okay. And that's why in this instance it was your conclusion that the leased fee value was very close to the fee simple value? A. Yes. Q. Okay. Ms. Thoburn asked you some questions about the cap rate on Sale No. 5. And the cap rate, as you report it on that sale, was 7.1 percent. A. Yes. Q. Did the fact that that was a leased fee sale, as you describe it, to a national tenant on a long-term lease impact the cap rate that was derived from that particular sale?	term, they did not know that Gander was going to re-sign. So all they knew, they were buying a building that was going to go dark Q. Okay. A in a relatively short period of time. They were only able to negotiate by throwing \$400,000 at the tenant Q. Okay. A to get them to renegotiate the new lease. Q. So at that particular point in time on that sale, was the leased fee value similar to the fee simple value? A. Yes. Q. Because of the fact that the lease had so little left on it A. Yes. Q that it had not as big a A. We kind of do this with apartments, too. A lot of the units are on a year lease; the lease term is so short that we consider the leased fee term is so short that we consider the leased fee value? A. Correct. Q. Okay. And, obviously, a we've you've already touched on this in your testimony, but a longer-term lease with an above-market rent would have a positive impact on the leased fee value? A. Correct. Q. And a very short-term lease, as you had here on Sale No. 3, would have very little impact on the leased fee value? A. Correct. Q. Okay. And that's why in this instance it was your conclusion that the leased fee value was very close to the fee simple value? A. Yes. Q. Okay. Ms. Thoburn asked you some questions about the cap rate on Sale No. 5. And the cap rate, as you report it on that sale, was 7.1 percent. A. Yes. Q. Did the fact that that was a leased fee sale, as you describe it, to a national tenant on a long-term lease impact the cap rate that was derived from that particular sale?

16 (Pages 58 to 61)

	Page 62		Page 64
1 preparation of her	report. Correct?	1	THE EXAMINER: So, Mr. Sleggs, I'm
	GS: That's correct. Right.	2	assuming you would like to offer into evidence
	MINER: Okay. Ms. Costello, I	3	Exhibits 1 and 2?
	nat you are still under oath.	4	MR. SLEGGS: That's correct.
	y proceed, Mr. Sleggs.	5	THE EXAMINER: And, Ms. Thoburn, any
	GS: Thank you.	6	response to that, other than what you've already
7		7	stated?
8		8	MS. THOBURN: Nothing beyond what I
9		9	already objected to, and just to note that I don't
10		10	believe the lease is included in the appraisal
11		11	report, so we didn't view it through that means.
12		12	THE EXAMINER: Okay. Your objections to
13		13	
			Exhibits 1 and 2 are noted for the record. And,
14		14	ultimately, the Board will determine the amount of
15		15	weight, if any, to be attributed to either of
16		16	these documents, but Exhibits 1 and 2 are received
17		17	into evidence.
18		18	
19		19	Thereupon, Appellant's Exhibits 1 and 2
20		20	were admitted into evidence.
21		21	
22		22	THE EXAMINER: Ms. Thoburn, do you have
23		23	anything on behalf of the Board of Education
24		24	today?
25		25	MS. THOBURN: We have no evidence to
	Page 63		Page 65
1 PATRICIA	A COSTELLO	1	submit today. We will just do a closing argument.
2 of lawful age, being p	previously duly placed under	2	THE EXAMINER: Okay. Thank you.
3 oath, as prescribed by	y law, was examined and	3	Mr. Sleggs, closing statement.
4 testified further as fol	llows:	4	MR. SLEGGS: Yes. As I noted in my
5 FURTHER D	DIRECT EXAMINATION	5	opening statement, this case really comes to the
6 BY MR. SLEGGS:		6	Board under the change or amendment in Revised
7 <b>O. Ms. Costello, b</b>	oefore I finish up with	7	Code 5713.03. I actually had it marked as an
	ease marked. I know that you	8	exhibit before we went on the record, so I'm going
	stensively today and	9	to offer that to the Board just because whoever
•	ome questions for you about the	10	has to decide the case will probably want a copy
11 lease.	, , , , , , , , , , , , , , , , , , , ,	11	of it, if that's all right.
	to identify a document	12	THE EXAMINER: Trust me, we have lots of
	as Appellant's Exhibit 2 and	13	them.
14 ask if you can identif		14	MS. THOBURN: We won't object to that.
_	be the copy of the lease	15	MR. SLEGGS: In any event, we believe
that I was provided.	copy of the lease	16	that the change in the statute where the Auditor
•		17	may consider a sale is tempered by the fact that
17 (). Okav.		18	the Auditor is required to value the fee simple
17 <b>Q. Okay.</b> 18 A. I will just note t	that there is no square		and received to required to relied till lot billiple
18 A. I will just note t	=		-
A. I will just note t footage in this lease;	that the square footage	19	interest of the real estate as it is identified in
A. I will just note to footage in this lease; actually occurs in the	that the square footage	19 20	interest of the real estate as it is identified in the amended statute.
A. I will just note to footage in this lease; actually occurs in the amendment.	that the square footage e lease first lease	19 20 21	interest of the real estate as it is identified in the amended statute.  In this particular instance, Ms. Costello
A. I will just note to footage in this lease; actually occurs in the amendment.  MR. SLEGGS:	that the square footage e lease first lease Okay. Thank you.	19 20 21 22	interest of the real estate as it is identified in the amended statute.  In this particular instance, Ms. Costello reviewed the lease that was in place at the time
A. I will just note to footage in this lease; actually occurs in the amendment.  MR. SLEGGS: THE EXAMIN	that the square footage e lease first lease	19 20 21 22 23	interest of the real estate as it is identified in the amended statute.  In this particular instance, Ms. Costello reviewed the lease that was in place at the time of the sale, and her findings were that the lease
A. I will just note to footage in this lease; actually occurs in the amendment.  MR. SLEGGS:	that the square footage e lease first lease Okay. Thank you. ER: Thank you. You may step	19 20 21 22	interest of the real estate as it is identified in the amended statute.  In this particular instance, Ms. Costello reviewed the lease that was in place at the time

17 (Pages 62 to 65)

Page 66 Page 68 The remainder of her analysis in the appraisal, we involved in the transfer of the subject property. 2 2 believe, supports the fact that the fee simple Therefore, we believe that the presumption has not 3 value of the property as of January 1 of 2013 and 3 been rebutted that the sale is the best indication 4 January 1 of 2014 is actually \$7,055,000, which is 4 of the property's value. 5 a little bit above what the Franklin County 5 Despite this, the property owner argues 6 6 Auditor determined for those two years at that the transfer of the subject property is a 7 \$4,850,000, but significantly below the leased fee 7 leased fee sale and should not be considered. It 8 8 sale of the property. then asks this Board to adopt the value of its 9 The other section of the Ohio 9 appraiser. 10 Administrative Code that I referenced in my 10 First, this Board cannot get to the 11 11 opening statement is Ohio Administrative Code testimony of the appraiser as the sale has never 12 Rule 5703-25-07, dealing with appraisals. And, 12 been rebutted. If the property owner had wanted 13 13 again, in (D)(2) of that section it talks about the appraisal testimony to be considered, it 14 14 the income approach. And it says that, "While the should have presented someone personally involved 15 contract rental or lease of a given property is to 15 in the sale at either the Board of Revision level 16 be considered" -- which Ms. Costello did, she 16 or at the hearing before this Board. 17 testified to that in her testimony today -- "the 17 Second, as was brought out during the 18 current economic rent should be given weight." 18 course of this Board's hearing, there are several 19 And we believe that those two provisions 19 issues as to why the appraisal may not be 20 probative of the value of the subject property. from the Revised Code and the Ohio Administrative 20 Counsel brought up the change in the statute from 21 Code make it appropriate for the Board to consider 21 22 22 Ms. Costello's appraisal, which we believe should the "may" to "shall" language. I believe that was 23 23 set the value of the real estate as of January 1 not effective until after January 1st, 2013, so we 24 believe it's not applicable anyway to that tax 24 of 2013 and January 1 of 2014. And I thank the Board for their time. 25 25 lien date. Page 67 Page 69 THE EXAMINER: Thank you very much. 1 This Board has addressed the same 2 2 I'll just note for the record, counsel scenario as presented in this case in another very 3 3 has provided the Board with copies of the recent case of this Board, the case is Oregon RA 4 4 statutory -- I'm sorry -- of the Revised Code Associates, LLC, versus Lucas County Board of 5 5 Revision, Case No. 2014-3398. Again, this was section as well as the Administrative Code Section 6 6 issued very recently, on August 3rd, 2015. and have marked those as evidence. However, we 7 In that case, the property owner made 7 will not treat those as evidence --8 very similar, if not the same, arguments that were 8 MR. SLEGGS: Right. 9 presented here today by the property owner that 9 THE EXAMINER: -- but simply just include 10 the sale was the best indication of the property's 10 those in the Board's records for reference. But 11 value as it was a leased fee sale and because of 11 certainly the Board has those particular 12 the change in Revised Code 5713.03. 12 provisions on hand at all times. 13 This Board rejected those arguments. 13 MR. SLEGGS: Thank you. 14 They found the sale to be the best indication of 14 THE EXAMINER: Ms. Thoburn, closing 15 the property's value. We request that this Board 15 statement? 16 find consistent with that decision in this case 16 MS. THOBURN: Thank you. 17 and affirm the decision of the Board of Revision 17 As indicated earlier, the Board of 18 to increase the value of the subject property to 18 Education at the Board of Revision hearing did 19 its recent arm's-length transfer price. 19 present a deed and conveyance fee statement 20 Finally, just to note, if the Board does 20 regarding the transfer of the subject property. consider additional evidence beyond the sale, all 21 21 This -- The presentation of these documents of the evidence contained in the record thus far 22 22 created a rebuttable presumption that the sale was 23 indicates that the Auditor did drastically 23 the best indication of the property's value. 24 undervalue the property for both tax lien dates. 24 There has never been testimony at any 25 And that's all we have. Thank you. 25 point in this process from anyone personally

18 (Pages 66 to 69)

```
Page 70
 1
            THE EXAMINER: Thank you both very much.
 2
       And if there is nothing further, this hearing is
 3
       concluded.
 4
 5
            (Thereupon, the hearing was concluded at
 6
             10:14 o'clock a.m. on Wednesday,
 7
             September 30, 2015.)
 8
 9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
                                           Page 71
                CERTIFICATE
 1
 2
       State of Ohio,
 3
 4
            ) SS:
 5
       County of Franklin, )
 7
             I, Linda D. Riffle, Registered Diplomate
       Reporter, Certified Realtime Reporter and Notary
 8
 9
       Public in and for the State of Ohio, hereby
10
       certify that the foregoing is a true and accurate
       transcript of the proceedings hereinbefore set
11
       forth, as reported in stenotype by me and
12
       transcribed by me or under my supervisi
13
14
15
                      Linda D. Riffle,
16
                       Registered Diplomate
                       Reporter, Certified
                       Realtime Reporter and
17
                       Notary Public in and for
18
                     the State Ohio
       My Commission Expires: July 26, 2016
19
20
21
22
23
24
25
```

### **TRANSCRIPT 6**

The subject property discussed in this transcript is a Lowe's store.

	Page 3
BEFORE THE BOARD OF TAX APPEALS	1 INDEX
Lowe's Home Centers, LLC, :	2 3 Witness Page 4 Richard Racek, Jr., MAI
Appellant, :	Direct Examination by Mr. Gibbs 9 5 Cross-Examination by Mr. Seed 64
vs. : Case No. 2017-39	Redirect Examination by Mr. Gibbs 130
Cuyahoga County Board of: Revision, et al., :  Appellees. :  PROCEEDINGS before Samantha L. Cowne, Attorney Examiner, at the Board of Tax Appeals, Rhodes State Office Tower, 30 East Broad Street, 24th Floor, Columbus, Ohio, called at 9:10 a.m. on Monday, November 13, 2017.	Name   Comparable   Comparabl
(614) 224-9481 - (800) 223-9481 	22 3 Sam's Club Comparable 124 312 23 4 Sam's Club Comparable 125 312 24 5 Limited Warranty Deed 125 312 25 6 Blosser Appraisal Report 224 312
Page 2	Page 4
1 APPEARANCES: 2 The Gibbs Firm, LPA By Ryan J. Gibbs 3 The Barrister Building 2355 Auburn Avenue 4 Cincinnati, Ohio 45219 5 On behalf of the Appellant. 6 Brindza, McIntyre & Seed, LLP By David H. Seed 7 1111 Superior Avenue, Suite 1025 Cleveland, Ohio 44114 8 On behalf of the Brooklyn Board of 9 Education. 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	1 Appellee's Exhibit Identified Admitted 2 7 Appraisal of Real Estate, 193 312 13th Edition 3 8 Dictionary of Real Estate 194 312 4 Appraisal, 6th Edition 5 9 Property Rights Adjustment 196 312 6 10 Letter dated 10/10/17 200 312 (Exhibits retained by the Attorney Examiner.) 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

	Page 5		Page 7
	Monday Morning Session,	1	the Court has required in this instance, and that the
2	November 13, 2017.	2	evidence put forth by the Brooklyn Schools does not
		3	comport, and that there are additional credibility
	THE EXAMINER: Let's go on the record.	4	issues as well with that appraisal. Thank you.
	This is a hearing before the Board of Tax Appeals,	5	THE EXAMINER: Thank you.
	State of Ohio, relative to an appeal styled Lowe's	6	Mr. Seed, any opening statement?
	Home Centers, LLC, versus Cuyahoga County Board of	7	MR. GIBBS: Yes. The School Board will
	Revision, et al., Appellees, having been assigned	8	be presenting as Appellee an appraisal of a Lowe's
	Board of Tax Appeals Case No. 2017-39.	9	prepared by Karen Blosser, MAI, who in conformance
0	This hearing is being convened in the	10	with the Supreme Court and this Board has prepared an
1	offices of the Board of Tax Appeals on the 24th floor	11	appraisal in compliance with the law including
2	of the Rhodes State Office Tower, 30 East Broad	12	undertaking any adjustments for any leased fee sale
3	Street, Columbus, Ohio, on November 13th, 2017 at	13	to account for benefits under if it's above or below
		14	
4	approximately 9:10 a.m. before Samantha L. Cowne,	15	market lease and the occupancy of the property.
5	Attorney-Examiner for the Board of Tax Appeals.	1	Further, in conformance with a prior
6	Will the Appellant's representative	16	decision regarding a Home Depot by this Board in
7	please enter an appearance by name, address and	17	Brooklyn for which this Board held in favor of
8	telephone number.	18	Miss Blosser's appraisal, the School Board will
9	MR. GIBBS: Sure. Ryan Gibbs of the	19	present evidence that the market conditions have
0	Gibbs Firm, LPA. Mailing address is 2355 Auburn	20	remained similar in this market as a desirable high
1	Avenue, Cincinnati, Ohio, 45219, phone number	21	occupancy market.
2	513-381-3890.	22	Third, through examination, the School
3	THE EXAMINER: Thank you.	23	Board will show that the appraisal presented by the
4	Will the Appellee Board of Education's	24	Appellant is not credible, competent and probative
5	representative please enter an appearance.	25	evidence of value due to the inconsistencies in the
	Page 6		Page 8
	MR. GIBBS: David Seed, Attorney,	1	
	, ,	-	report including the significant discrepancy between
	•	2	
	Brooklyn Board of Education, 1111 Superior Avenue,		the opinion of value cited for today's in the
	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.	2 3 4	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal
	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900. THE EXAMINER: Thank you.	3 4	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market.
	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900. THE EXAMINER: Thank you. Finally, let the record reflect that the	3 4 5	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.
	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900. THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this	3 4	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.
	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.	3 4 5 6 7	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with
	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to	3 4 5 6 7 8	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.
	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?	3 4 5 6 7 8	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call
0	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted	3 4 5 6 7 8 9	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.
0 1	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the	3 4 5 6 7 8 9 10	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.
0 1 2	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court	3 4 5 6 7 8 9 10 11	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.
0 1 2 3	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the	3 4 5 6 7 8 9 10 11 12 13	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for
0 1 2 3 4	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's	3 4 5 6 7 8 9 10 11 12 13 14	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.
0 1 2 3 4 5	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and	3 4 5 6 7 8 9 10 11 12 13 14 15	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.
0 1 2 3 4 5 6	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza	3 4 5 6 7 8 9 10 11 12 13 14 15 16	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the
0 1 2 3 4 5 6 7	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in
0 1 2 3 4 5 6 7 8	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.  What those decisions have all	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in the waiting room.
0 1 2 3 4 5 6 7 8 9	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.  What those decisions have all consistently held is that if leased fee sales and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in the waiting room.  MR. SEED: I apologize for that
0 1 2 3 4 5 6 7 8 9 0	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.  What those decisions have all consistently held is that if leased fee sales and data is to be used to determine the fee simple value	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in the waiting room.  MR. SEED: I apologize for that interruption.
0 1 2 3 4 5 6 7 8 9 0 1	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.  What those decisions have all consistently held is that if leased fee sales and data is to be used to determine the fee simple value as if unencumbered in accord with the Revised Statute	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in the waiting room.  MR. SEED: I apologize for that
3 3 3 3 4 5 6 7 8 8 9 9 1	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.  What those decisions have all consistently held is that if leased fee sales and data is to be used to determine the fee simple value as if unencumbered in accord with the Revised Statute 5713.03, that those sales and data, it must be	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in the waiting room.  MR. SEED: I apologize for that interruption.  MR. GIBBS: We'll call Richard A. Racek, Jr. to the stand.
0 1 2 3 4 5 6 7 8 9 0 1 2	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you. Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.  What those decisions have all consistently held is that if leased fee sales and data is to be used to determine the fee simple value as if unencumbered in accord with the Revised Statute 5713.03, that those sales and data, it must be adjusted and adjusted properly.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in the waiting room.  MR. SEED: I apologize for that interruption.  MR. GIBBS: We'll call Richard A. Racek, Jr. to the stand.  (Witness placed under oath.)
L 2 2 3 3 4 4 5 5 5 5 5 7 7 3 8 9 L 0 1 1 L 2 L 3 3 L 4 L 5 L 6 L 7 L 8 L 9 L 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Brooklyn Board of Education, 1111 Superior Avenue, Suite 1025, Cleveland, Ohio, 44114, 216-621-5900.  THE EXAMINER: Thank you.  Finally, let the record reflect that the County Appellees waived their appearance at this hearing on November 9th, 2017.  With that, Mr. Gibbs, would you like to make an opening statement?  MR. GIBBS: Yes, very brief. Just wanted to draw the Board's attention to the fact that the law has been clarified recently by our Supreme Court here in a series of decisions, some of which are the Rite Aid decisions, starting with our Marietta Lowe's decision from 2010 tax year, as well as the Steak and Shake decision and then most recently the Terrazza decision.  What those decisions have all consistently held is that if leased fee sales and data is to be used to determine the fee simple value as if unencumbered in accord with the Revised Statute 5713.03, that those sales and data, it must be	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the opinion of value cited for today's in the appraisal presented today and an earlier appraisal presented in a weaker economy and weaker market. Thank you.  THE EXAMINER: Thank you.  Mr. Gibbs, if you'd like to proceed with your case in chief.  MR. GIBBS: Sure. I'd like to call Richard Racek.  MR. SEED: We have a motion first.  THE EXAMINER: I'm sorry, go ahead.  MR. SEED: We'd like to have a motion for separation of witnesses.  MR. GIBBS: I concur with that.  THE EXAMINER: I already advised the front desk when Miss Blosser arrives, to keep her in the waiting room.  MR. SEED: I apologize for that interruption.  MR. GIBBS: We'll call Richard A. Racek, Jr. to the stand.

	Page 9		Page 11
1	testified before this Board previously.	1	Q. Okay. Now, you mentioned that you were
2	MR. SEED: The School Board will	2	asked to appraise the fee simple interest. Can you
3	stipulate to the credentials of Mr. Racek that are in	3	tell us what value you were asked to provide. Was it
4			*
	the appraisal report and acknowledge he is a	4	use value? Was it liquidation value? Which value
5	Mr. Racek is a member of the Appraisal Institute, and	5	were you asked to provide?
6	we acknowledge he has testified before the Board of	6	A. Value in exchange.
7	Tax Appeals.	7	Q. And when you say value in exchange, to
8	MR. GIBBS: Thank you.	8	you is that synonymous with market value?
9	THE EXAMINER: Thank you.	9	A. It is.
10		10	Q. I want to turn to Page 16 of your report,
11	RICHARD RACEK, JR.	11	please. You've got some bold letters there,
12	being first duly sworn, as prescribed by law, was	12	definition of market value. Do you see that in the
13	examined and testified as follows:	13	middle of the page?
14	DIRECT EXAMINATION	14	A. Yes.
15	By Mr. Gibbs:	15	Q. I want to draw your attention to, bear
16	Q. Mr. Racek, how did you become familiar	16	with me just for a moment here, a statement there in
17	with the big box retail property at 4900 Northcliff	17	the italicized paragraph beginning with the word
18	Avenue in Brooklyn, Ohio?	18	"Implicit", would you read that?
19	A. I was hired by Lowe's to make an	19	A. Beginning with the word implicit
20	appraisal of the property.	20	"Implicit in the definition is the consummation of a
21	Q. For what purpose were you hired by	21	sale as of a specified date and the passing of title
22	Lowe's?	22	from seller to buyer under conditions whereby" Do
			•
23	A. To value the property for ad valorem tax	23	you want me to read
24	purposes.	24	Q. You don't need to read on. This
25	Q. As of what date?	25	definition makes it clear that you're presuming that
	Page 10		Page 12
1	A. January 1st, 2015.	1	a sale takes place for this appraisal; is that right?
2	Q. And I'm going to offer to you a copy of a	2	A. Yes.
3	report that's already been previously marked as	3	Q. I want you to look at Page 19 then. And
		4	
4	Exhibit A. Can you confirm that that is your written	1	here's where you discuss marketing time and exposure;
5	report?	5	is that right?
6	A. Yes, it is.	6	A. Yes.
1	Q. For the January 1st, '15 date?	7	Q. Okay. I want you to read the sentence
8	A. It is.	8	that starts with, "It is the estimated" that is
9	Q. Now, Mr. Racek, in connection with your	9	italicized.
10	report, did you inspect inside and out the subject	10	A. "It is the estimated length of time that
11	property?	11	a property interest being appraised would have been
12	A. Yes.	12	offered on the market prior to the hypothetical
13	Q. Okay. And what interest, legal interest,	13	consummation of a sale at a market value on the
14	were you asked to value?	1	effective date of the appraisal."
	· · · · · · · · · · · · · · · · · · ·	14	effective date of the appraisal."  Q. So again, is it fair to say when you're
15	A. Fee simple.	14 15	Q. So again, is it fair to say when you're
15 16	<ul><li>A. Fee simple.</li><li>Q. The fee simple interest?</li></ul>	14 15 16	Q. So again, is it fair to say when you're appraising the subject property in terms of value in
15 16 17	<ul><li>A. Fee simple.</li><li>Q. The fee simple interest?</li><li>A. Yes.</li></ul>	14 15 16 17	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're
15 16 17 18	<ul><li>A. Fee simple.</li><li>Q. The fee simple interest?</li><li>A. Yes.</li><li>Q. And is that made clear in your report?</li></ul>	14 15 16 17	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the
15 16 17 18 19	<ul><li>A. Fee simple.</li><li>Q. The fee simple interest?</li><li>A. Yes.</li><li>Q. And is that made clear in your report?</li><li>A. Yes.</li></ul>	14 15 16 17 18	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the assessment date?
15 16 17 18 19 20	<ul><li>A. Fee simple.</li><li>Q. The fee simple interest?</li><li>A. Yes.</li><li>Q. And is that made clear in your report?</li><li>A. Yes.</li><li>Q. Okay. Can you tell us when the subject</li></ul>	14 15 16 17 18 19 20	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the assessment date?  A. Yes.
15 16 17 18 19 20 21	<ul> <li>A. Fee simple.</li> <li>Q. The fee simple interest?</li> <li>A. Yes.</li> <li>Q. And is that made clear in your report?</li> <li>A. Yes.</li> <li>Q. Okay. Can you tell us when the subject property was built?</li> </ul>	14 15 16 17 18 19 20 21	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the assessment date?  A. Yes.  Q. Is this property leased, Mr. Racek?
15 16 17 18 19 20 21	A. Fee simple. Q. The fee simple interest? A. Yes. Q. And is that made clear in your report? A. Yes. Q. Okay. Can you tell us when the subject property was built? A. It was constructed in 1999.	14 15 16 17 18 19 20 21	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the assessment date?  A. Yes.  Q. Is this property leased, Mr. Racek?  A. No.
15 16 17 18 19 20 21 22 23	A. Fee simple. Q. The fee simple interest? A. Yes. Q. And is that made clear in your report? A. Yes. Q. Okay. Can you tell us when the subject property was built? A. It was constructed in 1999. Q. Can you tell us how many square feet the	14 15 16 17 18 19 20 21 22 23	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the assessment date?  A. Yes.  Q. Is this property leased, Mr. Racek?  A. No.  Q. So is it fair to say it's owner occupied?
15 16 17 18 19 20 21 22 23 24	A. Fee simple. Q. The fee simple interest? A. Yes. Q. And is that made clear in your report? A. Yes. Q. Okay. Can you tell us when the subject property was built? A. It was constructed in 1999. Q. Can you tell us how many square feet the building is?	14 15 16 17 18 19 20 21 22 23 24	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the assessment date?  A. Yes.  Q. Is this property leased, Mr. Racek?  A. No.  Q. So is it fair to say it's owner occupied?  A. Correct.
15 16 17 18 19 20 21 22 23	A. Fee simple. Q. The fee simple interest? A. Yes. Q. And is that made clear in your report? A. Yes. Q. Okay. Can you tell us when the subject property was built? A. It was constructed in 1999. Q. Can you tell us how many square feet the	14 15 16 17 18 19 20 21 22 23	Q. So again, is it fair to say when you're appraising the subject property in terms of value in exchange and in the fee simple interest, you're presuming a transfer of the subject property on the assessment date?  A. Yes.  Q. Is this property leased, Mr. Racek?  A. No.  Q. So is it fair to say it's owner occupied?

	Page 13		Page 15
1	to an investor who's looking for cash flow, who's	1	Q. No. I'm moving out and I'm moving in; is
2	looking for an income stream?	2	that right?
3	A. No.	3	A. Yes.
4	Q. Why not?	4	Q. Okay. Now, I want to turn to facing Page
5	A. It's not leased.	5	23. I think it's facing Page 23.
6	Q. So there's no income stream?	6	A. 24 would be my guess.
7	A. Correct.	7	Q. Facing Page 24. What is this?
8	Q. When you assume this hypothetical	8	A. I assume you're looking at the site plan?
9	transfer, hypothetical sale, with respect to the	9	Q. Yes.
10	subject property, does that mean the owner occupant's	10	A. The site plan shows the relationship as
11	leaving?	11	to where Lowe's is in relationship to the surrounding
12	A. Possibly.	12	shopping center.
13	Q. What are the other possibilities?	13	Q. I see something on the right side, maybe
14	A. The other possibility is that the owner	14	it's the top in your copy, it says Ridge Park Square.
15	occupant stays around, they sell it in a sale	15	What's Ridge Park Square?
	leaseback transaction.		A. Ridge Park Square is the name of the
16		16	shopping center in which the subject property is
17	Q. Are sale leaseback transactions good	17	locate within.
18	transactions for property tax purposes in Ohio?  A. No.	18	
19		19	Q. But the subject property's on its own tax
20	MR. SEED: Objection.	20	parcel?
21	Q. Why not?	21	A. Correct. Ridge Park Square Shopping
22	THE EXAMINER: Mr. Seed, go ahead.	22	Center is owned by a different entity. Lowe's owns
23	MR. GIBBS: Mr. Racek is not an attorney,	23	their own building and parcel and the surrounding
24	he's an appraiser. He can't offer legal opinions.	24	properties are owned by somebody else.
25	THE EXAMINER: We'll take his testimony	25	Q. But when you say it's a shopping center,
	Page 14		Page 16
1		1	
1	Page 14 in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.	1	are they sharing a parking lot?
1 2	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with	1 2 3	are they sharing a parking lot? A. They are.
3	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.	1 2 3	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner
3 4	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.	3 4	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?
3 4 5	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar with	3 4 5	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel
3 4	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?	3 4	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on
3 4 5 6 7	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar with this?  A. I think I have to review case law as it pertains to	3 4 5 6 7	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on
3 4 5 6 7 8	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar with this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a	3 4 5 6 7	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the
3 4 5 6 7 8 9	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar with this?  A. I think I have to review case law as it pertains to	3 4 5 6 7 8	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that
3 4 5 6 7 8 9 10	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar with this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.	3 4 5 6 7 8 9	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that
3 4 5 6 7 8 9 10	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.	3 4 5 6 7 8 9 10	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with
3 4 5 6 7 8 9 10 11 12	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale,	3 4 5 6 7 8 9 10 11	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.
3 4 5 6 7 8 9 10 11 12 13	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?	3 4 5 6 7 8 9 10 11 12	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you
3 4 5 6 7 8 9 10 11 12 13 14	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.	3 4 5 6 7 8 9 10 11 12 13	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here.
3 4 5 6 7 8 9 10 11 12 13 14	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for	3 4 5 6 7 8 9 10 11 12 13 14	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building
3 4 5 6 7 8 9 10 11 12 13 14 15 16	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and	3 4 5 6 7 8 9 10 11 12 13 14 15 16	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you talking about
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	are they sharing a parking lot?  A. They are. Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you talking about Q. If you were facing the front door of
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you talking about  Q. If you were facing the front door of Lowe's.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you talking about  Q. If you were facing the front door of Lowe's.  A. Oh, the front door, okay. Immediately to
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you talking about  Q. If you were facing the front door of Lowe's.  A. Oh, the front door, okay. Immediately to the right or to the west of the building would be
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you talking about  Q. If you were facing the front door of Lowe's.  A. Oh, the front door, okay. Immediately to
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	in light of the testimony that he's here to provide as an appraiser, not as an attorney, but your objection is noted.  Q. (By Mr. Gibbs) Mr. Racek, are you familiar with some of the court cases that govern this area of law?  A. Yes.  Q. Okay. Why is that? How do you become familiar wit this?  A. I think I have to review case law as it pertains to value in real estate in order to perform my job in a competent manner.  Q. And isn't it true that at times, you're involved in some of the cases that make it to the courts?  A. Many times, yes.  Q. So back to my question, in your hypothetical sale, the owner occupant's leaving; is that right?  A. Yes.  Q. Is that any different than when I put my home up for sale and we identify a buyer and there's a closing date set and we close the transaction, am I staying?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	are they sharing a parking lot?  A. They are.  Q. So all you've appraised is the owner occupied big box?  A. Yes, and a bigger idea of what our parcel looks like, if you look at the tax map I provided on Page 17, you can see where our building is located on the site. The site itself that's included in the appraisal is outlined in blue, and you can see that there's parking on either side of the blue area that is shared parking or has reciprocal easements with the adjoining owner for parking and access.  Q. Back on facing Page 24, I want to ask you about a couple of these other outlying boxes here. If you were facing the Lowe's building, the building marked Lowe's, the box immediately to the right, what is that?  A. Immediately to the right? Are you talking about  Q. If you were facing the front door of Lowe's.  A. Oh, the front door, okay. Immediately to the right or to the west of the building would be

	Page 17		Page 19
L	Ashley Furniture?	1	Q. Okay.
2	A. Ashley Furniture is in a building that	2	A. As of the tax lien date, it was leased to
3	was originally designed to be Circuit City.	3	Valu King.
	Q. Okay.	4	Q. Who is Valu King?
	A. When Circuit City was vacated, it was	5	A. Valu King is a grocery store operator
	subsequently re-leased to Ashley Furniture.	6	that's affiliated with Giant Eagle.
	Q. So when did that lease occur?	7	Q. How many square feet is that space?
	A. It began in 2014.	8	A. 50,537.
			Q. Are you taking that again from your
0	Q. Where are you looking when you reference	9	
0		10	facing Page 23?
1		11	A. Yes.
2	-	12	Q. Is it another one of your rent comps?
3	Q. And so what is Ashley Furniture paying	13	A. It is.
4	per square foot?	14	Q. You said it was occupied by Valu King on
5	A. \$4.86.	15	the assessment date. What was Valu King paying?
6	Q. It's right next door to the subject; is	16	A. \$5.
7	that right?	17	Q. And they moved out?
8	A. Correct.	18	A. They did.
9	Q. And it was negotiated fairly closely to	19	Q. And so this space is across the parking
0	the assessment date?	20	lot from the subject; is that an accurate
1	A. Yes.	21	description?
2	Q. What did Ashley get for that \$4.86? Did	22	A. Yes.
3	they get a white box, a vanilla box?	23	Q. And it's approximately a third the size?
4	A. No, it was built out for their needs.	24	A. Correct.
5	It's a store that contains approximately 34,116	25	Q. Okay. And when Valu King was there, as a
	Page 19		Page 20
	Page 18		Page 20
	square feet.	1	grocery store, does it have more buildout inside or
	Q. So it's like, what, one-fourth or one-	2	less buildout than the open truss set-up of the
	fifth the size of the subject?	3	Lowe's?
	A. Less than 25 percent, yes.	4	A. This one had more buildout.
	Q. Okay. And	5	Q. When you say this one
	A. About 25 percent.	6	A. This particular store had more buildout than
	Q. Have you been in the Ashley Furniture?	7	our property has.
	A. Yes.	8	Q. I want to go to the bottom of Page 20 and also
	Q. Okay. How does a finish in that Ashley Furniture	9	on to Page 21 of your report. You give a pretty detailed
0	compare to the subject in terms of the floors, the ceilings, the	10	description of the location and neighborhood there. And
	walls?		you mention that much of the crosstown traffic
1		11	abandoned Brookpark Road. What effect did that have
2	than we have in ours.  Q. Do they have furniture displays, that sort of	12	on that neighborhood?
3	thing?	13	A. Well, before Interstate 480 was built,
4	A. Yes.	14	most of the traffic heading in an east and west
5	Q. So there's carpeting and hardwood floors?	15	direction would go along Brookpark Road, so there was a
6	A Correct	16	lot of retail development in that location.
7		17	After the freeway was established, obviously
8	Q. And they're paying \$4.86?	18	the majority of the traffic moved to more of a freeway,
9	A. Yes.	19	so that there was less traffic running
0	Q. Looking at this site map again on facing Page 24,	20	up and down Brookpark Road which ultimately impacted
1	the white box that says in very sman brint. Available,	21	the retail users in that area.
2	A. That's a space that has historically been a	22	Q. And so how did that manifest itself in the
3		23	area?
J			Are all the retailers who came to the
		2.4	Are an the retailers who came to the
24 25		24 25	Are an the retainers who came to the

	Page 21		Page 23
1	area originally, are they all still there?	1	Q and a former Value City. These are
2	A. All of them, no.	2	other tenants who left the area?
3	Q. No. You mentioned a number of facilities	3	A. Correct.
4	by name. If you move to the second and third	4	Q. So are second generation tenants in their
5	paragraphs on Page 20, what about HH Gregg, where did	5	space now?
6	they move?	6	A. Yes.
7	A. HH Gregg ultimately went out of business.	7	Q. Is it fair to say there is a market for
8	Q. Right. At one point you mentioned they	8	second generation space?
9	had moved into a Giant Eagle; is that right?	9	A. I think so, yes.
10		10	Q. I want to move to the top of Page 21.
11		11	You talk about a Clarkins store, a Kroger's and an
12	1 &	12	Uncle Bill's. What happened to those tenants in the
13		13	area?
14	Interstate 480.	14	A. All of those original tenants moved out
15	Q. But HH Gregg, they weren't the original	15	and they were subsequently backfilled with other
16	tenant, they're a second generation tenant; is that	16	users.
17		17	Q. Okay. So there must be a lot of examples
18		18	of leasing activity that's gone on that is not build
19	Q. They moved into something Giant Eagle	19	to suit, is not sale leaseback, is actually
20		20	arm's-length lease transactions; is that fair to say?
21	A. Yes.	21	A. Leases or
22		22	MR. SEED: Objection.
23	What happened with that here in this area?	23	THE EXAMINER: Mr. Seed?
		24	MR. SEED: I mean, that's a lot of
24 25	1	I	
23	Road was in their property since it was built in I	25	questions.
	Page 22		Page 24
	Page 22		Page 24
1	believe 1994, and they vacated the property in 2014.	1	THE EXAMINER: Understood. I think a lot
1 2	believe 1994, and they vacated the property in 2014. And the property was sold to another user who	2	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think
	believe 1994, and they vacated the property in 2014. And the property was sold to another user who ultimately tore the building down.		THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving
2	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you	2 3 4	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think
2	believe 1994, and they vacated the property in 2014. And the property was sold to another user who ultimately tore the building down.	2	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving
2 3 4	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you	2 3 4	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving MR. SEED: I can read the report.
2 3 4 5	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?	2 3 4 5	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood. Q. (By Mr. Gibbs) I can move a little
2 3 4 5 6	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically	2 3 4 5 6	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek.
2 3 4 5 6 7	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear	2 3 4 5 6 7	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little
2 3 4 5 6 7 8	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.	2 3 4 5 6 7 8	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.
2 3 4 5 6 7 8 9	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example	2 3 4 5 6 7 8 9	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that
2 3 4 5 6 7 8 9 10	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in	2 3 4 5 6 7 8 9 10	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?
2 3 4 5 6 7 8 9 10 11 12	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports	2 3 4 5 6 7 8 9 10 11	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?	2 3 4 5 6 7 8 9 10 11 12 13	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your
2 3 4 5 6 7 8 9 10 11 12 13 14	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County	2 3 4 5 6 7 8 9 10 11 12 13 14	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk
2 3 4 5 6 7 8 9 10 11 12 13 14 15	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994,	2 3 4 5 6 7 8 9 10 11 12 13 14 15	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood. Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did. Q. You do that in every appraisal; is that right?  A. Yes. Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements"
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of information support a life of these boxes, give or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements"  A. "While the improvements were
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of information support a life of these boxes, give or take, 20 years?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements"  A. "While the improvements were approximately 16 years old as of the tax lien date
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of information support a life of these boxes, give or take, 20 years?  A. I think that's reasonable.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements"  A. "While the improvements were approximately 16 years old as of the tax lien date and considered to be in average condition, they're
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of information support a life of these boxes, give or take, 20 years?  A. I think that's reasonable.  Q. Okay. Still on Page 20 and I want to ask	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements"  A. "While the improvements were approximately 16 years old as of the tax lien date and considered to be in average condition, they're functionally obsolete for most second generation
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of information support a life of these boxes, give or take, 20 years?  A. I think that's reasonable.  Q. Okay. Still on Page 20 and I want to ask you about a couple more at the bottom of Page 20, you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements"  A. "While the improvements were approximately 16 years old as of the tax lien date and considered to be in average condition, they're
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of information support a life of these boxes, give or take, 20 years?  A. I think that's reasonable.  Q. Okay. Still on Page 20 and I want to ask you about a couple more at the bottom of Page 20, you mention a former Flower Factory	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving  MR. SEED: I can read the report.  THE EXAMINER: Understood.  Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right?  A. I did.  Q. You do that in every appraisal; is that right?  A. Yes.  Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements"  A. "While the improvements were approximately 16 years old as of the tax lien date and considered to be in average condition, they're functionally obsolete for most second generation
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	believe 1994, and they vacated the property in 2014.  And the property was sold to another user who ultimately tore the building down.  Q. Okay. And so what does that tell you about the value of a 20-year-old box?  A. Big box stores, while they can physically last longer than 20 years, are there's clear evidence that they're being torn down in the 20-year timeframe.  Q. Okay. Can you think of another example of where maybe a Kmart or something was torn down in a similar circumstance recently that kind of supports what you're saying?  A. There's another Kmart in Lorain County located in the City of Lorain that was built in 1994, sold in 2017 that Meijer purchased, and they're going to be tearing that store down as well.  Q. So is it fair to say that those pieces of information support a life of these boxes, give or take, 20 years?  A. I think that's reasonable.  Q. Okay. Still on Page 20 and I want to ask you about a couple more at the bottom of Page 20, you mention a former Flower Factory	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THE EXAMINER: Understood. I think a lot of this is coming from the report, though. I think we're just for time saving MR. SEED: I can read the report. THE EXAMINER: Understood. Q. (By Mr. Gibbs) I can move a little faster. I want to move to Page 26 now, Mr. Racek. You looked at highest and best use, right? A. I did. Q. You do that in every appraisal; is that right? A. Yes. Q. I'm not going to ask you about your highest and best use as vacant, but I want to talk about your conclusion of highest and best use as improved at the bottom of Page 26. If you could read the last two sentences there, I want to ask you about those beginning with "While the improvements" A. "While the improvements were approximately 16 years old as of the tax lien date and considered to be in average condition, they're functionally obsolete for most second generation users; therefore, there is a substantial amount of

Page 25 Page 27 1 Q. So are you referring to the fact that similar size, age and location. 1 some of these box properties we discussed are being 2 2 Q. Let's talk about that. In the statute in 3 torn down there; is that what you're talking about? 3 Ohio, 5713.03 says fee simple as if unencumbered. 4 A. That's part of it. 4 You just used the word unencumbered. What does 5 5 Q. What else are you referring to there or unencumbered mean to you? 6 what were you thinking when you wrote this? 6 A. It's not leased. It can be purchased by 7 7 A. My thought was that buildings that are somebody who wants to either owner occupy it or 8 potentially lease it to somebody, but the purchase 8 designed for the original tenant have little utility to the market when they get to be 15, 16, 20 years 9 isn't based upon the income that it generates. 9 10 old. And the market would indicate that there's very 10 Q. It's being offered with the possibility 11 little demand for buildings of that size and to be 11 of immediate occupancy by the buyer; is that fair to used in its current configuration. 12 say? 12 13 13 And generally they're either being torn A. Yes. O. Turning to Sale No. 1, is this an example 14 down or purchased by a second generation user who may 14 15 subdivide it into multiple tenant spaces, but that 15 of a property that sold unencumbered or fee simple? there's little demand for buildings of 135,000 square A. Yes. 16 16 MR. SEED: Objection. 17 feet. 17 18 Q. It's a lot of space? 18 THE EXAMINER: Mr. Seed. 19 A. Yes. 19 MR. SEED: I'll withdraw the objection. 20 Q. (By Mr. Gibbs) Did you confirm Sale No. 1 Q. So the subject property was how old on 20 with one of the parties? 21 the assessment date? 21 A. Yes. 22 A. Roughly 16 years. 22 O. Okay. And you've seen Sale No. 1, you've 23 Q. It would have been 75, 80 percent through 23 been in it? 24 its life possibly? 24 25 A. Possibly. 25 A. Yes. Page 26 Page 28 1 Q. So this is a nice segue to the approaches 1 O. Okay. When it comes to the location on 2 you considered. What approaches did you consider? 2 Polaris Parkway, what can you tell us about the 3 location and how it compares to the subject? 3 A. I considered all three approaches, but I 4 think only two of them are applicable in this 4 A. This location is at Polaris Mall which is 5 analysis, and I utilized the sales comparison and 5 probably the best retail location in Central Ohio. 6 income capitalization approach. 6 Q. Okay. It's obviously attached to a 7 7 successful mall. It has an abundant amount of outlot Q. Why didn't you use the cost approach? 8 either shopping centers or other big box stores, 8 Just thinking about your statement under highest and 9 best use, why didn't you use the cost approach? 9 hotels, office buildings in its immediate vicinity. A. I think there's so much depreciation from I think it's a better location as compared to our 10 10 11 all sources that it would possibly develop a 11 property. 12 misleading value indication; and secondly, I don't 12 Our property has excellent highway 13 know of any investor or owner user that would review 13 visibility and is located at a freeway interchange, so that our shopping center, if you will, is in a a cost approach in determining a value or potential 14 14 price, purchase price utilizing a cost approach. pretty decent location. The problem is when you get 15 15 half a mile away from it, you're not in the same 16 Q. Okay. So I want to turn to facing 16 general vicinity as this property which is better 17 page -- I'm sorry, I'm going to turn to Page 28, 17 that's where you introduce the sales comparison than ours. 18 18 19 approach; is that right? 19 Q. This is literally attached to a mall? 20 A. Yes. 20 A. Yes. Q. What were you thinking about and what Q. Is there traffic, a lot of traffic driven 21 21 were you looking for when you set out to locate by a mall? 22 22 comparable sales? A. There are. 23 23 A. Ultimately, I'm trying to find sales of Q. Do you know of any fee simple box sales 24 24 properties that sold unencumbered first that are of a in Ohio that sold for more than this? 25 25

	Page 20		Page 21
	Page 29		Page 31
1	A. I do not in fee simple title.	1	Q. Have you been in the property?
2	Q. Is it fair to say this represents the high end of	2	A. I have.
3	unencumbered fee simple?	3	Q. Did you confirm it with one of the parties?
4	A. From what I was able to find, yes.	4	A. Yes.
5	Q. Is it fair to say a substantial location adjustment downward would be necessary?	5	Q. I'm looking at the sale dates, a number of them are in the same year as the tax year, others are
6	A. I believe so, yes.	6	before. Is that an important consideration, the timing of
7	Q. So no adjustment for property rights here; is	7	when the sale occurred?
8	that right?	8	A. Surely. Ultimately I like all my sales
9	A. Correct.	9	to occur on January 1st, 2015, but nothing sells on January
10	Q. I want to turn to Sale No. 2, Page 31. You've	10	1st, so I've got to get as close as I can.
11	inspected this property?	11	Q. To jump ahead just a moment, when it comes to
12	A. I have.	12	the income approach and you're looking for lease data, is
13	Q. You confirmed the sale with one of the parties?		the proximity of the negotiation of
14	A. Yes.	13	the lease to January 1, '15 as important as it is with
	Q. Now, what was the sale price per square foot?	14	the sales?
15	A. \$15.01.	15	A. I believe so, yes.
16	Q. Who was the seller?	16	Q. So you're looking for parties that came together on a
17	A. Wal-Mart.	17	lease deal somewhere in close proximity to 1-1-15?
18	Q. Was this transfer a leased fee or a fee simple	18	A. Yes.
19	interest?	19	Q. So you've got four fee simple sales here. What's
20	A. Fee simple.	20	the range of the fee simple sales, the first four sales?
21	Q. So no adjustment needed for property	21	
22		22	
23		23	
24		24	
25		25	
	Page 30		Page 32
1	richte?	1	A Detween \$15 nearthy \$15 to reachly \$70
1	rights?		A. Between \$15, roughly \$15 to roughly \$70.
2	A. Correct.	2	Q. Okay. And I just want to jump ahead to
3	Q. Sale No. 3 in Dublin, how does that area	3	Page 49 just by way of explanation. What's on Page
4	compare to where the subject is?	4	49?
5	A. It's located at a freeway interchange,	5	A. 49 starts the market data analysis where
6	basically Sawmill Road and Interstate 270. There's	6	I discuss adjustments that are made to each sale.
7	quite a bit of retail development in this area. I	7	Q. Now, I want to turn back to your page
8	think Dublin is a superior location as compared to	8	so you adjusted four kinds of things. What kind of
9	Brooklyn. This property does have some visibility	9	things did you adjust the sales for?
10	and access issues which make it which somewhat	10	A. Condition, location, size, things of that
11	offset the location adjustments.	11	nature.
12	Q. What was it originally? Who was the	12	Q. But no property rights for the first
13	first occupant?	13	four?
14	A. I think the first occupant was I believe	14	A. Correct.
15	Heckinger's and BJ's was most recent.	15	Q. I'm on Page 37, Sale No. 5. Was this a
16	Q. The sale price of \$36 a foot, you	16	fee simple or leased fee transfer?
17	confirmed that with one of the parties?	17	A. Leased fee.
18	A. Yes.	18	Q. You confirmed that with the seller or
	Q. You've been to this property?	19	buyer?
II U	O. I OU TO DOOD TO HITS PROPERTY!	1, 2	•
19		20	
20	A. I have.	20	A. Buyer broker.
20 21	<ul><li>A. I have.</li><li>Q. Again, other fee simple sale?</li></ul>	21	Q. You've been to this property?
20 21 22	<ul><li>A. I have.</li><li>Q. Again, other fee simple sale?</li><li>A. It is.</li></ul>	21 22	<ul><li>Q. You've been to this property?</li><li>A. I have.</li></ul>
20 21 22 23	<ul><li>A. I have.</li><li>Q. Again, other fee simple sale?</li><li>A. It is.</li><li>Q. Sale No. 4 in Montgomery County, is this</li></ul>	21 22 23	<ul><li>Q. You've been to this property?</li><li>A. I have.</li><li>Q. At the time it sold, who was the tenant?</li></ul>
20 21 22 23 24	<ul><li>A. I have.</li><li>Q. Again, other fee simple sale?</li><li>A. It is.</li><li>Q. Sale No. 4 in Montgomery County, is this a fee simple transaction?</li></ul>	21 22 23 24	<ul><li>Q. You've been to this property?</li><li>A. I have.</li><li>Q. At the time it sold, who was the tenant?</li><li>A. Burlington Coat.</li></ul>
20 21 22 23	<ul><li>A. I have.</li><li>Q. Again, other fee simple sale?</li><li>A. It is.</li><li>Q. Sale No. 4 in Montgomery County, is this</li></ul>	21 22 23	<ul><li>Q. You've been to this property?</li><li>A. I have.</li><li>Q. At the time it sold, who was the tenant?</li></ul>

	Page 33		Page 35
1	property?	1	Q. So is what you describe as the
2	A. I provided those on Page 38, yes.	2	circumstances, this is a build to suit, No. 6?
3	Q. So you were able to extract a cap rate?	3	A. Yes.
4	A. Yes.	4	Q. And so would the rent that they're paying
5	Q. What was that cap rate from this sale?	5	be indicative of market as of January 1st, 2015?
6	A. 9.7 percent.	6	A. I don't believe so, no.
7	Q. What was the sale price per square foot?	7	Q. Why not?
8	A. \$37.49 per square foot on a gross basis.	8	A. Well, the building was constructed in
9	Q. You had a fee simple sale in Dublin and	9	1993. That's roughly 21 years old at the point in
10	we talked about that submarket. Is it fair to say	10	time when it sold. The rental rate was established
11	that you believe Dublin is superior to the subject	11	prior to the building being constructed. You know,
12	submarket?	12	that's basically they basically starting paying
13	A. I think it is, but if you're talking	13	rent for a brand new building. When it sold, the
14	about the entire Dublin neighborhood, I think it's	14	building is 21 years old. Obviously it's no longer
15	better. Our property, like I said, being at the	15	brand new and not indicative of a rental rate for a
16	freeway interchange, is fairly desirable as far as	16	building that is 21 years old.
17	location with access and visibility from a freeway	17	Q. I mean, if you go to lease a car, it's
18	interchange.	18	brand new and it's \$500 a month, the lease payment,
19	Q. Okay. Demographically in general, I'm	19	and three years into the lease, the lease is up and
20	not going to ask you a lot of specific questions, but	20	they offer you the car again, it's now three years
21	what's happening in places like Dublin and Hilliard	21	old, are you going to agree to lease it for \$500 a
22	and Greater Columbus versus what's happening in	22	month again?
23	Cuyahoga County demographically, unemployment,	23	A. Not generally, no.
24	household income, things like that?	24	Q. It's not a new car, is it?
25	A. Franklin County has constantly	25	A. Correct.
	Page 34		
			Page 36
1		1	Page 36
1	experienced growth and Cuyahoga County has	1	Q. Talking about the fact that this is a
2	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have	2	Q. Talking about the fact that this is a build to suit, in general terms with respect to build
2	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.	2 3	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to
2 3 4	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in	2 3 4	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?
2 3 4 5	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?	2 3 4 5	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.
2 3 4 5 6	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no.	2 3 4 5 6	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost
2 3 4 5 6 7	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no.  Q. In Brooklyn, is it expected to increase?	2 3 4 5 6 7	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of
2 3 4 5 6 7 8	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No.	2 3 4 5 6 7 8	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and
2 3 4 5 6 7 8 9	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above	2 3 4 5 6 7 8 9	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to
2 3 4 5 6 7 8 9	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no.  Q. In Brooklyn, is it expected to increase?  A. No.  Q. How about household income, is it above the state average in Brooklyn?	2 3 4 5 6 7 8 9	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an
2 3 4 5 6 7 8 9 10	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers.	2 3 4 5 6 7 8 9 10	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost. Q. When you say cost A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.
2 3 4 5 6 7 8 9 10 11	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee	2 3 4 5 6 7 8 9 10 11	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost. Q. When you say cost A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate. Q. Okay. When you say generate a rental
2 3 4 5 6 7 8 9 10 11 12	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer?	2 3 4 5 6 7 8 9 10 11 12 13	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost. Q. When you say cost A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate. Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of
2 3 4 5 6 7 8 9 10 11 12 13	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer? A. Leased fee.	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost. Q. When you say cost A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate. Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease
2 3 4 5 6 7 8 9 10 11 12 13 14 15	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer? A. Leased fee. Q. Now I can see from the picture that this	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer?  A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer?  A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer?  A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease.  Q. It's not a result of market forces, am I
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer?  A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?  A. Yes. Q. When did the lease commence on this	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost. Q. When you say cost A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate. Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease. Q. It's not a result of market forces, am I hearing that right?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer? A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?  A. Yes. Q. When did the lease commence on this property; do you know?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost. Q. When you say cost A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate. Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease. Q. It's not a result of market forces, am I hearing that right? A. No.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer? A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?  A. Yes. Q. When did the lease commence on this property; do you know? A. The property was built in 1993, so that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease.  Q. It's not a result of market forces, am I hearing that right?  A. No.  Q. Sale No. 7 on Page 41, where's this
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer? A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?  A. Yes. Q. When did the lease commence on this property; do you know? A. The property was built in 1993, so that the lease would have commenced when the building was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease.  Q. It's not a result of market forces, am I hearing that right?  A. No.  Q. Sale No. 7 on Page 41, where's this property located?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer?  A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?  A. Yes. Q. When did the lease commence on this property; do you know?  A. The property was built in 1993, so that the lease would have commenced when the building was completed but entered into before construction	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease.  Q. It's not a result of market forces, am I hearing that right?  A. No.  Q. Sale No. 7 on Page 41, where's this property located?  A. On Brice Road in Columbus.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	experienced growth and Cuyahoga County has generally or the Cleveland/Brooklyn areas have generally been declining in population.  Q. Is the population expected to increase in Cuyahoga County?  A. Not to my knowledge, no. Q. In Brooklyn, is it expected to increase? A. No. Q. How about household income, is it above the state average in Brooklyn?  A. I don't remember the exact numbers. Q. Okay. Moving on to No. 6, was this a fee simple or a leased fee transfer? A. Leased fee. Q. Now I can see from the picture that this is actually Lowe's in place here as a tenant; is that right?  A. Yes. Q. When did the lease commence on this property; do you know? A. The property was built in 1993, so that the lease would have commenced when the building was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Talking about the fact that this is a build to suit, in general terms with respect to build to suits, how is the rent determined with respect to a build to suit?  A. It's a function of the cost.  Q. When you say cost  A. Cost to acquire the land, the cost of building the building, the developer's profits and overhead, all of that gets added together in order to apply a rate of return that's acceptable as an investment to generate a rental rate.  Q. Okay. When you say generate a rental rate, is that number the total cost plus a rate of return? Is it like divided into the number of lease payments?  A. Basically. When you look at the term of the lease.  Q. It's not a result of market forces, am I hearing that right?  A. No.  Q. Sale No. 7 on Page 41, where's this property located?

l l	Page 37		Page 39
1	A. Leased fee.	1	Q. And is it labeled in the aerial in the
2	Q. Mr. Racek, I want to ask you about a	2	same way that you recite the facts of the Sale No. 7
3	visual aid I have here, and I'd like to mark this as	3	in your report?
4	F.	4	A. Slightly different.
5	THE EXAMINER: You may need to turn it	5	Q. Okay. In what way?
6	for the witness.	6	A. The recorded price was slightly different
7	MR. SEED: Before he asks questions, can	7	than what you have indicated there.
8	we authenticate where this document came from and its	8	Q. Is it to a degree that it would in any
9	source of information.	9	way impact the utility of your sale?
10	MR. GIBBS: Sure. I created it. I can	10	A. No, my sale price is correct. It's
11	ask him foundational questions I think that will	11	\$6,445,959.
12	solve any problems.	12	Q. Is the difference on the chart de minimis
13	MR. SEED: Well, I mean there's	13	or is it significant?
14	information on it, and my objection is, is I don't	14	A. It's de minimis.
15	see this in Mr. Racek's report. Where's this	15	Q. Did Sale No. 7 sell in the fee simple or
16	derived? Is my opposing counsel going to be a	16	leased fee?
17	witness? There's information about looks like	17	A. Leased fee.
18	there's legal terminology, sale information, rent	18	Q. Did you have an option to confirm that
19	looks like various information and this is not part	19	sale with one of the parties?
20	of any of the record we have here today.	20	A. I confirmed and appraised it.
21	THE EXAMINER: Mr. Gibbs, what's the	21	Q. You've also inspected it then, I assume?
22	origin of the information?	22	A. Yes.
23	MR. GIBBS: Sure, the origin of the	23	Q. Now, what can you tell me about the
24	information is public records, deeds and conveyance	24	rooftop marked Target?
25	fee statements. And, your Honor, I could take	25	A. That's a building that let's call it two
	Page 38		Page 40
1	Mr. Racek through the same questions and establish	1	properties to the west because this picture is upside
2	the same things. It's just a little bit more		properties to the west because this picture is upside
	the same timigs. It's just a fittle bit more	1	
		2	down from the Lowe's store. It was a building built
3	abstract without the visual aid. I mean, I'm going	2 3	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated
3 4	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's	2	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale
3	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so	2 3 4	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.
3 4 5	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so THE EXAMINER: I'm going to allow you to	2 3 4 5	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale
3 4 5 6	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to	2 3 4 5	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.
3 4 5 6 7 8	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so THE EXAMINER: I'm going to allow you to	2 3 4 5 6 7	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?
3 4 5 6 7 8	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know	2 3 4 5 6 7 8	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes. Q. Was Target a tenant pursuant to a
3 4 5 6 7 8 9	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.	2 3 4 5 6 7 8 9	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?
3 4 5 6 7 8 9 10	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.	2 3 4 5 6 7 8 9	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.
3 4 5 6 7 8 9 10	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your	2 3 4 5 6 7 8 9 10	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee
3 4 5 6 7 8 9 10 11 12	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs	2 3 4 5 6 7 8 9 10 11	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes. Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No. Q. Is that an example of the leased fee interest being sold or the fee simple interest being
3 4 5 6 7 8 9 10 11 12 13	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.	2 3 4 5 6 7 8 9 10 11 12	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?
3 4 5 6 7 8 9 10 11 12 13 14	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you	2 3 4 5 6 7 8 9 10 11 12 13	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple.
3 4 5 6 7 8 9 10 11 12 13 14 15	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I	2 3 4 5 6 7 8 9 10 11 12 13 14	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes. Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No. Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple. Q. Moving clockwise again, you'll see another rooftop. What's that marked to be? A. That was a Meijer store.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I have referred to as Appellant's Exhibit F. It's an	2 3 4 5 6 7 8 9 10 11 12 13 14 15	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes. Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No. Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple. Q. Moving clockwise again, you'll see another rooftop. What's that marked to be?  A. That was a Meijer store. Q. And we're still at the Brice Road
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I have referred to as Appellant's Exhibit F. It's an aerial photo, do you see that?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes. Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No. Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple. Q. Moving clockwise again, you'll see another rooftop. What's that marked to be?  A. That was a Meijer store. Q. And we're still at the Brice Road interchange; is that right?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I have referred to as Appellant's Exhibit F. It's an aerial photo, do you see that?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple.  Q. Moving clockwise again, you'll see another rooftop. What's that marked to be?  A. That was a Meijer store.  Q. And we're still at the Brice Road interchange; is that right?  A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I have referred to as Appellant's Exhibit F. It's an aerial photo, do you see that?  A. Yes.  Q. And there are a number of arrows and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple.  Q. Moving clockwise again, you'll see another rooftop. What's that marked to be?  A. That was a Meijer store.  Q. And we're still at the Brice Road interchange; is that right?  A. Yes.  Q. What's the significance of that transfer
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I have referred to as Appellant's Exhibit F. It's an aerial photo, do you see that?  A. Yes.  Q. And there are a number of arrows and labels here, but could you tell the Board which one	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple.  Q. Moving clockwise again, you'll see another rooftop. What's that marked to be?  A. That was a Meijer store.  Q. And we're still at the Brice Road interchange; is that right?  A. Yes.  Q. What's the significance of that transfer there, the Meijer transfer?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 20 21 22 23	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I have referred to as Appellant's Exhibit F. It's an aerial photo, do you see that?  A. Yes.  Q. And there are a number of arrows and labels here, but could you tell the Board which one of the rooftops there that's labeled Sale No. 7?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple.  Q. Moving clockwise again, you'll see another rooftop. What's that marked to be?  A. That was a Meijer store.  Q. And we're still at the Brice Road interchange; is that right?  A. Yes.  Q. What's the significance of that transfer there, the Meijer transfer?  A. Meijer owned the building. They had
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	abstract without the visual aid. I mean, I'm going to ask his witness about these as well and she's going to say the same thing, so  THE EXAMINER: I'm going to allow you to question Mr. Racek on it, but we'll get to admissibility towards the end because I don't know what we're doing with this yet.  MR. GIBBS: Okay.  THE EXAMINER: I'm going to note your objection so far, Mr. Seed, and I'll let Mr. Gibbs continue at this point.  Q. (By Mr. Gibbs) Thank you. Mr. Racek, you mentioned that Sale No. 7 is at Brice Road?  A. It is.  Q. I want to direct your attention to what I have referred to as Appellant's Exhibit F. It's an aerial photo, do you see that?  A. Yes.  Q. And there are a number of arrows and labels here, but could you tell the Board which one	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	down from the Lowe's store. It was a building built by Target, was owned by Target and when they vacated the store, they sold it. And that March 2014 sale date was for \$300,000.  Q. \$300,000?  A. Yes.  Q. Was Target a tenant pursuant to a long-term lease at the time that store sold?  A. No.  Q. Is that an example of the leased fee interest being sold or the fee simple interest being sold at Brice Road?  A. Fee simple.  Q. Moving clockwise again, you'll see another rooftop. What's that marked to be?  A. That was a Meijer store.  Q. And we're still at the Brice Road interchange; is that right?  A. Yes.  Q. What's the significance of that transfer there, the Meijer transfer?

Q. How much did they sell it for? A. About \$429,000. Q. Was Meijer still a tenant? Was that a fee simple transfer or a leased fee transfer?	1 2 3	fee sales have been made as a premium was considered to have been paid for the property rights conveyed.
A. About \$429,000.  Q. Was Meijer still a tenant? Was that a fee simple transfer or a leased fee transfer?		
Q. Was Meijer still a tenant? Was that a fee simple transfer or a leased fee transfer?		to have been paid for the property rights conveyed.
4 fee simple transfer or a leased fee transfer?	ال	The nine sales provided make it clear that the
_	4	presence of a lease at the time of sale is a factor
5 A. Fee simple.	5	which impacts the sale price."
6 Q. Sale No. 7 was leased fee, I believe y		Q. Is Sale No. 7 an example of what you just
7 testified?	7	read?
8 A. Correct.	8	A. Yes.
9 Q. Who was the tenant in Sale No. 7?	9	Q. Looking at just the four sales that we
10 A. Lowe's.	10	have here at Brice Road, what can one conclude was
11 Q. They were on a long-term lease; is the		the magnitude of the adjustment needed from leased
	12	fee to fee simple looking just at the four sales at
12 right? 13 A. Yes.	13	Brice Road?
Q. I'm moving further clockwise and wa		A. Well, if you look at the fee simple
to point out the final transfer that's I guess just		sales, they're roughly in the \$2 to \$7 square foot
16 south or just north actually?	16	range. And a leased fee sale at over \$51 a foot,
1.7 A. Basically north, a little bit west.	17	obviously it would show that leased fee sales in this
Q. And how is that labeled?	18	location sell for roughly 10 percent of what the
19 A. That was Hobby Lobby.	19	leased fee transaction indicates.
Q. And what's the significance of that sa		Q. Now, you have income expense information
A. That one sold a couple of months after		on Sale No. 7, don't you?
the Lowe's property sold in a fee simple trans		A. I do.
23 for \$780,000.	23	Q. Would you say that the payment that
Q. So what's the range of sales that	24	Lowe's was making at the time this Sale No. 7
25 occurred at the Brice Road interchange for th	e fee 25	occurred was at market for the area?
Page 42		Page 44
1 simple transfer there?	1	A. No.
A. Roughly from \$2 to just over \$7 a squ	iare 2	Q. Why not?
3 foot.	3	A. Well, Lowe's was paying basically \$4.16 a
Q. How do you square that with what happened	4	square foot as an annual rent. And three examples in
5 with the Lowe's property at Brice Road when	it sold 5	this neighborhood show you can buy the whole property
6 in October of 2014, your Sale No. 7? How do		somewhere between \$2 and \$7 a square foot and
7 square that?	7	basically pay it once and own the property versus
8 A. What was purchased was the leased for	ee 8	paying it annually.
9 interest and an investor bought it subject to th		Q. Right. So why would a tenant agree to
10 contract rent that was in place.	10	pay \$4.16 or did they agree, or is it a function of
Q. What does this demonstrate to you?	11	something that was done years ago?
12 A. It demonstrates that the properties tha		A. Well, Lowe's had been in the property
are leased are impacted by or the properties		since basically the building was built in 1994, so
are purchased with leases are impacted by the		it's been in there as an established business for
terms that are in place at the time of sale.	15	roughly 20 years.
16 Q. Okay. I just want to turn to Page 49	16	Q. All right. So is this a way that can be
again and have you read three sentences unde		illustrated why using rents that may still be paid
		but commenced 20 years ago is not a good idea to
	-	establish market rent?
	19	
A. "Sales No. 1 through 4 sold in the fee		A. I think that's accurate.
simple interest while Sales No. 5 through 10 s		Q. Okay. I want to move on to Sale No. 8.
22 the leased fee interest."	22	This one's in Hilliard. How does Hilliard compare
Q. Continue, please.	23	locationally to where the subject is?
A. "This report values the subject proper	·	A. Well, again, this particular property has
in the fee simple interest. Adjustment to the le	eased 25	very good visibility from Interstate 270, similar to

	Page 45		Page 47
1	ours having visibility along 480. So in terms of	1	would have been determined back in '94?
2	access, they're very similar.	2	A. Correct.
3	Q. Okay.	3	Q. Would this have been a build to suit?
4	A. Hilliard, however, I think is a more	4	A. It was, yes.
5	desirable community than our Brooklyn area.	5	Q. So your testimony earlier about the way
6	Q. This is a leased fee sale; is that right?	6	build to suit rents are calculated, would you stand
7	A. Yes.	7	by that with respect to Sale No. 9?
8	Q. So it would require adjustment?	8	A. Yes.
9	A. Yes.	9	Q. Has this property, Sale No. 9, been
10	MR. SEED: Objection.	10	exposed to the market for lease, to your knowledge?
11	Q. What would it require?	11	A. To my knowledge, no.
12	THE EXAMINER: Mr. Seed, you have an	12	Q. So Lowe's has been there from the
13			beginning?
	objection?	13	A. Yes.
14	MR. SEED: Yes. He's asking would it	14	
15	require adjustment. It's a leading question.	15	Q. I want to talk about Sale No. 6 again.
16	THE EXAMINER: I think it's in the report	16	That's another Lowe's that's the one in Richland
17	adjustments have been made, so I don't know that it	17	County. Do you know whether that store was ever
18	has any bearing. You may continue.	18	exposed on the market for lease? I mean, could Big
19	Q. (By Mr. Gibbs) Did you confirm this sale	19	D's or a Hobby Lobby come along and leased it out
20	with someone?	20	from under Lowe's?
21	A. Yes.	21	A. They've been in it since it's been built.
22	Q. You have been to this sale?	22	I don't think to the best of my knowledge, it was
23	A. I have.	23	never exposed for lease in the open market.
24	Q. I'll move on to Sale No. 9. Is this a	24	Q. Sale No. 10 in Mentor, did you confirm
25	leased fee sale?	25	this with the party?
	Page 46		Page 48
1	A. It is.	1	A. Yes.
2	Q. I see that it's another Lowe's?	2	Q. And was this a fee simple sale or leased
3	A. It is.	3	fee?
4	Q. When was this one built?	4	A. Leased fee.
5	A. 1994.	5	Q. Did it require adjustments for property
6	Q. Do you know when the lease commenced?	6	rights?
7	A. At the time the building was completed,	7	A. Yes.
8	but they entered into lease negotiations and signed	8	Q. Okay. And you've been to this property
9	the lease prior to the building being built.	9	and inspected it?
10	Q. So about 20, 21 years before the	10	A. I've appraised it.
11	assessment date?	11	Q. Now, we discussed the fact that you make
12	A. Accurate, yes.	12	a series of adjustments in a narrative on Page 49 and
13	Q. Now, in your experience on these box	13	50. I want to direct the Board's attention to Sale
14	store leases, is there an initial term of maybe 20 or	14	No. 7, the bottom of 50. There was an objection
15	30 years?	15	earlier to the Brice Road exhibit. Mr. Racek, do you
16	A. Yes.	16	discuss the sales that appear in Exhibit marked F
17			within the narrative on Page 50?
	Q. And are there rights within those leases	17	A. I do discuss that there have been sales
18	in your experience for the tenant to remain beyond	18	
19	that?	19	in the fee simple title between a range of roughly
20	A. Option periods, yes.	20	\$2 to \$7.
21	Q. Option periods. Is the rent due in those	21	Q. So it was directly addressed in your
22	option periods generally determined at the time a	22	report?
23	lease is negotiated?	23	A. Yes.
24	A. Yes.	24	Q. When it comes to the sales comparison
25	Q. So any rent due in the option period	25	approach, Mr. Racek pardon me, I want to ask you

	Page 49		Page 51
1	about two more things. Within your sales, you had a	1	MR. GIBBS: That's leading. I'll
2	leased fee sale where the property was occupied by	2	withdraw it.
3	Garden Ridge. Do you recall that?	3	Q. (By Mr. Gibbs) What did you say earlier
	A. Yes.		
4		4	about the comparability of Hilliard?
5	Q. Which sale was that?	5	A. The comparability of Hilliard, the city
6	A. Sale No. 8.	6	itself, is better than Brooklyn. Now, we have a
/	Q. I'm going to turn to Sale No. 8 which I	/	property that's got excellent visibility and access
8	think is going to be Page 43.	8	to a freeway interchange much like this one. So our
9	A. Correct.	9	property is at a decent or I should say a
10	Q. Do you think this was a good indication	10	desirable interchange with good visibility, as is
11	of value for the subject property?	11	Sale No. 8.
12	A. I do.	12	Q. Okay. But if you're trying to if
13	Q. Why specifically?	13	you've got to consider the value in exchange of the
14	A. Well, the building was not originally	14	subject, you're thinking who buys it in Brooklyn,
15	constructed for Garden Ridge. It was constructed for	15	right? Is the market stronger for 135,000 feet in
16	the Incredible Universe, and when that occupant moved	16	Brooklyn or is it stronger if you've got 135,000 feet
17	out, it was subsequently re-leased to Garden Ridge.	17	that's become available in Hilliard?
18	Q. When was that?	18	A. Probably more demand in Hilliard.
19	A. I think it was in the early 2000s, but	19	Q. Another one of your sales was occupied by
20	the negotiation occurred between a willing tenant and	20	a Burlington Coat Factory in Dublin. Which sale was
21	a willing landlord to determine a market rent for the	21	that?
22	space.	22	A. Sale No. 5 on Page 37.
23	Q. So it wasn't a sale leaseback, for	23	Q. And I just wanted to ask you why you felt
24	example?	24	that this sale was a good indication.
25	A. Correct.	25	A. Well, this building was originally
	Page 50		Page 52
1	Q. It wasn't a build to suit?	1	constructed to be a Builders Square. So going back
2	A. Correct.		
Z.		2	
		3	to the early '90s, Builders Square was basically a
3	Q. The guy had a space, someone needed a	3	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.
3 4	Q. The guy had a space, someone needed a space, they got together and this is what they	3 4	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the
3 4 5	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?	3 4 5	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to
3 4	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.	3 4	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure.
3 4 5	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?	3 4 5 6 7	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place
3 4 5 6 7 8	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a	3 4 5 6 7 8	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.
3 4 5 6 7 8 9	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.	3 4 5 6 7 8 9	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it
3 4 5 6 7 8 9 10	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes. Q. And what is the rent? A. Rent as of the time it sold was \$4.75 a square foot. Q. What did it sell for per square foot?	3 4 5 6 7 8 9 10	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?
3 4 5 6 7 8 9 10 11	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.	3 4 5 6 7 8 9 10 11	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.
3 4 5 6 7 8 9 10 11	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes. Q. And what is the rent? A. Rent as of the time it sold was \$4.75 a square foot. Q. What did it sell for per square foot? A. Roughly 55. Q. Jumping ahead, your overall value	3 4 5 6 7 8 9 10 11 12	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.
3 4 5 6 7 8 9 10 11 12	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes. Q. And what is the rent? A. Rent as of the time it sold was \$4.75 a square foot. Q. What did it sell for per square foot? A. Roughly 55. Q. Jumping ahead, your overall value conclusion is about what per square foot, your	3 4 5 6 7 8 9 10 11 12 13	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your
3 4 5 6 7 8 9 10 11 12 13	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?	3 4 5 6 7 8 9 10 11 12 13 14	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?
3 4 5 6 7 8 9 10 11 12 13 14	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?  A. I think it's around 50.	3 4 5 6 7 8 9 10 11 12 13 14 15	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?  A. I think it's around 50.  Q. \$50 a square foot?	3 4 5 6 7 8 9 10 11 12 13 14 15 16	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?  A. I think it's around 50.  Q. \$50 a square foot?  A. I'll get to the exact number. \$50.17.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes. Q. And what is the rent? A. Rent as of the time it sold was \$4.75 a square foot. Q. What did it sell for per square foot? A. Roughly 55. Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion? A. I think it's around 50. Q. \$50 a square foot? A. I'll get to the exact number. \$50.17. Q. And Sale No. 8 transacted for \$55 a foot;	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?  A. It did.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes. Q. And what is the rent? A. Rent as of the time it sold was \$4.75 a square foot. Q. What did it sell for per square foot? A. Roughly 55. Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion? A. I think it's around 50. Q. \$50 a square foot? A. I'll get to the exact number. \$50.17. Q. And Sale No. 8 transacted for \$55 a foot; is that right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?  A. It did.  Q. What was the sale price per square foot
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes. Q. And what is the rent? A. Rent as of the time it sold was \$4.75 a square foot. Q. What did it sell for per square foot? A. Roughly 55. Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion? A. I think it's around 50. Q. \$50 a square foot? A. I'll get to the exact number. \$50.17. Q. And Sale No. 8 transacted for \$55 a foot; is that right? A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?  A. It did.  Q. What was the sale price per square foot for Sale No. 5?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?  A. I think it's around 50.  Q. \$50 a square foot?  A. I'll get to the exact number. \$50.17.  Q. And Sale No. 8 transacted for \$55 a foot; is that right?  A. Yes.  Q. It's in Hilliard?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?  A. It did.  Q. What was the sale price per square foot for Sale No. 5?  A. \$37.49.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?  A. I think it's around 50.  Q. \$50 a square foot?  A. I'll get to the exact number. \$50.17.  Q. And Sale No. 8 transacted for \$55 a foot; is that right?  A. Yes.  Q. It's in Hilliard?  A. It is.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?  A. It did.  Q. What was the sale price per square foot for Sale No. 5?  A. \$37.49.  Q. I just want to ask you what was your
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?  A. I think it's around 50.  Q. \$50 a square foot?  A. I'll get to the exact number. \$50.17.  Q. And Sale No. 8 transacted for \$55 a foot; is that right?  A. Yes.  Q. It's in Hilliard?  A. It is.  Q. Didn't we talk about how you felt	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?  A. It did.  Q. What was the sale price per square foot for Sale No. 5?  A. \$37.49.  Q. I just want to ask you what was your conclusion of value under the sales approach on Page
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. The guy had a space, someone needed a space, they got together and this is what they decided to pay in terms of rent?  A. Yes.  Q. And what is the rent?  A. Rent as of the time it sold was \$4.75 a square foot.  Q. What did it sell for per square foot?  A. Roughly 55.  Q. Jumping ahead, your overall value conclusion is about what per square foot, your reconciled value conclusion?  A. I think it's around 50.  Q. \$50 a square foot?  A. I'll get to the exact number. \$50.17.  Q. And Sale No. 8 transacted for \$55 a foot; is that right?  A. Yes.  Q. It's in Hilliard?  A. It is.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	to the early '90s, Builders Square was basically a home improvement store much like Lowe's is today.  When Builders Square vacated the property, it has subsequently been re-leased to Burlington Coat through a negotiated lease structure. It ultimately sold with that contract rent in place in this transaction.  Q. What was the rent in place at the time it sold?  A. Roughly \$4.50 a square foot.  Q. I just want to jump ahead a moment.  We'll lay the groundwork later. What was your concluded rental rate for the subject?  A. \$4.50 a square foot.  Q. So Sale No. 5 transacted at the same rental rate as you project on the subject?  A. It did.  Q. What was the sale price per square foot for Sale No. 5?  A. \$37.49.  Q. I just want to ask you what was your

	Page 53		Page 55
1	Q. Now I'm going to ask you about your	1	A. '14 and '12.
2	income approach which it looks like there's a map I	2	Q. When you see '14 and '12 there, that
3	want to ask you about on facing Page 52. Do you see	3	doesn't mean they exercised some kind of lease
4	that?	4	extension, right?
5	A. Yes.	5	A. Correct.
6	Q. How many rental comps did you look at?	6	Q. That's when they went into the space?
7	A. A total of 14.	7	A. Yes.
8	Q. There's a cluster in the northeast part	8	Q. I want you to look at Rent Comps 11
9	of the state. Why is that?	9	through 14. Are these actual consummated leases?
10	A. That's generally the location of the	10	A. No.
11	subject property.	11	Q. What are they?
12	Q. And so was it important to find rent		A. These are properties that were available
		12	for lease as of the tax lien date.
13	comps from that area?	13	
14	A. I think so.	14	Q. Okay. Now, the former Flower Factory, is
15	Q. Okay. And where are the rental comps	15	that space larger or smaller than the subject?
16	provided?	16	A. No. 11 you're referring to?
17	A. Following facing Page 53.	17	Q. Yes.
18	Q. We heard some testimony earlier in	18	A. No. 11 is smaller.
19	connection with facing Page 24, I believe it was,	19	Q. Is the building newer?
20	which was a site plan for the Ridge Park Shopping	20	A. It is.
21	Center we're part of. Do you recall that?	21	Q. And what are they asking in terms of rent
22	A. Yes.	22	there?
23	Q. I'm drawing your attention to your first	23	A. \$4.75.
24	two rent comps. Are those located within our	24	Q. To your knowledge, is that leased?
25	shopping center?	25	A. The owner in early '17 decided to open up
	Page 54		Page 56
1	A. Yes.	1	their own furniture company and occupy the store, so
2	Q. Okay. So those were the first two that came	2	it was never they never were able to lease it and
3	to mind; is that right?	3	decided to owner occupy it.
4	A. Yes.	4	Q. It's a smaller, newer space, they're not
5	Q. And the rents are what? A.	5	getting \$4.75?
6	\$4.86 and \$5.	6	A. Correct.
U	Q. And are these spaces larger than the subject?	10	A. Concet.
7		17	O No. 12 Rocky Piver is that a good area?
7	A. Much smaller.	7	Q. No. 12, Rocky River, is that a good area?
7 8	Q. So you know what economies of scale are, right?	7 8	A. Yes.
7 8 9	<ul><li>Q. So you know what economies of scale are, right?</li><li>A. Yes.</li></ul>	9	A. Yes. Q. Better than Brooklyn?
10	<ul><li>Q. So you know what economies of scale are, right?</li><li>A. Yes.</li><li>Q. Do economies of scale tend to suggest</li></ul>	9 10	A. Yes. Q. Better than Brooklyn? A. I think so.
10 11	<ul><li>Q. So you know what economies of scale are, right?</li><li>A. Yes.</li><li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two</li></ul>	9 10 11	<ul><li>A. Yes.</li><li>Q. Better than Brooklyn?</li><li>A. I think so.</li><li>Q. What's the size of that space?</li></ul>
10 11 12	<ul><li>Q. So you know what economies of scale are, right?</li><li>A. Yes.</li><li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower?</li></ul>	9 10 11 12	<ul><li>A. Yes.</li><li>Q. Better than Brooklyn?</li><li>A. I think so.</li><li>Q. What's the size of that space?</li><li>A. 72,500 square feet.</li></ul>
10 11 12 13	<ul> <li>Q. So you know what economies of scale are, right?</li> <li>A. Yes.</li> <li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower?</li> <li>A. Lower.</li> </ul>	9 10 11 12 13	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking?
10 11 12 13 14	<ul> <li>Q. So you know what economies of scale are, right?</li> <li>A. Yes.</li> <li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower?</li> <li>A. Lower.</li> <li>Q. No. 7, the Marc's in Painesville, is that space</li> </ul>	9 10 11 12 13 14	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6.
10 11 12 13 14	<ul> <li>Q. So you know what economies of scale are, right?</li> <li>A. Yes.</li> <li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower?</li> <li>A. Lower.</li> <li>Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject?</li> </ul>	9 10 11 12 13 14	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right?
10 11 12 13 14 15	<ul> <li>Q. So you know what economies of scale are, right?</li> <li>A. Yes.</li> <li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower?</li> <li>A. Lower.</li> <li>Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject?</li> <li>A. Close, yes.</li> </ul>	9 10 11 12 13 14 15	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a
10 11 12 13 14 15 16	<ul> <li>Q. So you know what economies of scale are, right?</li> <li>A. Yes.</li> <li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower?</li> <li>A. Lower.</li> <li>Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject?</li> </ul>	9 10 11 12 13 14	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right?
10 11 12 13 14 15 16 17	<ul> <li>Q. So you know what economies of scale are, right?</li> <li>A. Yes.</li> <li>Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower?</li> <li>A. Lower.</li> <li>Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject?</li> <li>A. Close, yes.</li> <li>Q. That lease was negotiated when? A.</li> </ul>	9 10 11 12 13 14 15	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while. Q. Does that suggest that our property could
10 11 12 13 14 15 16	Q. So you know what economies of scale are, right? A. Yes. Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower? A. Lower. Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject? A. Close, yes. Q. That lease was negotiated when? A. 2010. Q. What's the rental rate? A. \$5.07.	9 10 11 12 13 14 15 16	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while.
10 11 12 13 14 15 16 17	Q. So you know what economies of scale are, right? A. Yes. Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower? A. Lower. Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject? A. Close, yes. Q. That lease was negotiated when? A. 2010. Q. What's the rental rate? A. \$5.07. Q. Back to Rent Comp No. 1 and 2, when were those	9 10 11 12 13 14 15 16 17	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while. Q. Does that suggest that our property could
10 11 12 13 14 15 16 17 18	Q. So you know what economies of scale are, right? A. Yes. Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower? A. Lower. Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject? A. Close, yes. Q. That lease was negotiated when? A. 2010. Q. What's the rental rate? A. \$5.07.	9 10 11 12 13 14 15 16 17 18	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while. Q. Does that suggest that our property could lease for more than \$6?
10 11 12 13 14 15 16 17 18 19 20 21	Q. So you know what economies of scale are, right? A. Yes. Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower? A. Lower. Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject? A. Close, yes. Q. That lease was negotiated when? A. 2010. Q. What's the rental rate? A. \$5.07. Q. Back to Rent Comp No. 1 and 2, when were those	9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while. Q. Does that suggest that our property could lease for more than \$6? A. I think it's highly unlikely. Q. I just want to ask you about the last
10 11 12 13 14 15 16 17 18 19 20 21	Q. So you know what economies of scale are, right? A. Yes. Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower? A. Lower. Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject? A. Close, yes. Q. That lease was negotiated when? A. 2010. Q. What's the rental rate? A. \$5.07. Q. Back to Rent Comp No. 1 and 2, when were those	9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while. Q. Does that suggest that our property could lease for more than \$6? A. I think it's highly unlikely. Q. I just want to ask you about the last two. You've got a No. 13, former Wal-Mart. Size is
10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. So you know what economies of scale are, right? A. Yes. Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower? A. Lower. Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject? A. Close, yes. Q. That lease was negotiated when? A. 2010. Q. What's the rental rate? A. \$5.07. Q. Back to Rent Comp No. 1 and 2, when were those	9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while. Q. Does that suggest that our property could lease for more than \$6? A. I think it's highly unlikely. Q. I just want to ask you about the last two. You've got a No. 13, former Wal-Mart. Size is pretty similar to the subject?
10 11 12 13 14 15 16 17 18 19 20 21	Q. So you know what economies of scale are, right? A. Yes. Q. Do economies of scale tend to suggest that market rent for the subject would be higher than these two or lower? A. Lower. Q. No. 7, the Marc's in Painesville, is that space about 50 percent the size of the subject? A. Close, yes. Q. That lease was negotiated when? A. 2010. Q. What's the rental rate? A. \$5.07. Q. Back to Rent Comp No. 1 and 2, when were those	9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. Better than Brooklyn? A. I think so. Q. What's the size of that space? A. 72,500 square feet. Q. What were they asking? A. \$6. Q. Not getting it, right? A. No, it's been for lease for quite a while. Q. Does that suggest that our property could lease for more than \$6? A. I think it's highly unlikely. Q. I just want to ask you about the last two. You've got a No. 13, former Wal-Mart. Size is

	Page 57		Page 59
1	A. It is.	1	necessary?
2	Q. What are they offering that for lease at?	2	A. You're going to have an owner that has to
3	A. \$4.	3	replace a parking lot, roof, heating and air
4	·	1	conditioning, pay leasing commissions, do tenant
	Q. They're not getting it, right?	4	
5	A. They haven't yet.	5	buildouts, and all of that costs money. So that in
6	Q. So just to recap, your first two rent	6	order to basically amortize those costs or basically
7	comps, they're in our parking lot?	/	have enough in savings to pay for those costs
8	A. Yes.	8	sometime in the future, you set up a reserve for
9	Q. And the last four are asking rents but	9	replacement.
10	not getting; is that right?	10	Q. How much did you deduct for replacement
11	A. Yes.	11	reserves?
12	Q. So based on these rent comps, you	12	A. 50 cents a square foot.
13	concluded what per square foot in terms of an	13	Q. I want to turn back for just a minute to
14	achievable rent?	14	facing Page 53 where you have your summary of
15	A. \$4.50.	15	comparable leases.
16	Q. Now, have you seen each of these rent	16	A. Okay.
17	comps?	17	Q. I want to direct your attention to the
18	A. I have.	18	column marked Term. Do you see that?
19	Q. And you verified the terms of any of the	19	A. Yes.
20	leases?	20	Q. How many of those are leases that were
21	A. I have.	21	build to suit?
22	Q. Okay. When it comes to vacancy and	22	A. None of them.
23	credit loss, you start discussing that on Page 54,	23	Q. How many of those leases were sale
24	how did you establish vacancy and credit loss?	24	leasebacks?
25	A. I looked at multiple sources to try to	25	A. These don't reflect any sales, so it
2.5	71. I looked at multiple sources to dy to		
	Page 58		Page 60
1	Page 58  determine a reasonable deduction for vacancy and	1	Page 60 would all be just rental information.
1 2		1 2	would all be just rental information.
1 2 3	determine a reasonable deduction for vacancy and credit loss.	1 2 3	would all be just rental information.  Q. Okay. You don't have any rents here that
	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?		would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?
3	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in		would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.
3 4 5	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's	3 4 5	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?
3 4	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they	3 4	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.
3 4 5 6	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included	3 4 5	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were
3 4 5 6 7 8	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through	3 4 5 6 7 8	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?
3 4 5 6 7 8 9	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.	3 4 5 6 7 8	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back
3 4 5 6 7 8 9 10	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and	3 4 5 6 7 8 9	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's
3 4 5 6 7 8 9 10	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss?	3 4 5 6 7 8 9 10	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.
3 4 5 6 7 8 9 10 11 12	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss?  A. I utilize five percent.	3 4 5 6 7 8 9 10 11	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate. Q. Now, if you were valuing the leased fee
3 4 5 6 7 8 9 10 11 12 13	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss?  A. I utilize five percent.  Q. What expenses did you take from the	3 4 5 6 7 8 9 10 11 12	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate. Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were
3 4 5 6 7 8 9 10 11 12 13 14	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss?  A. I utilize five percent.  Q. What expenses did you take from the income stream? You testified I think that you did	3 4 5 6 7 8 9 10 11 12 13 14	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate. Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use
3 4 5 6 7 8 9 10 11 12 13 14 15	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis?	3 4 5 6 7 8 9 10 11 12 13 14 15	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired,
3 4 5 6 7 8 9 10 11 12 13 14 15 16	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss?  A. I utilize five percent.  Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis?  A. I did. I assumed this to be a triple net	3 4 5 6 7 8 9 10 11 12 13 14 15 16	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss?  A. I utilize five percent.  Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis?  A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis? A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988? A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate. Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources?  A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss?  A. I utilize five percent.  Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis?  A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so that the only thing I have deducted for is management	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?  A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis? A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so that the only thing I have deducted for is management and administrative costs and a reserve for	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No. Q. 1988? A. No. Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?  A. Yes. Q. Let's say you were asked to value the
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis? A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so that the only thing I have deducted for is management and administrative costs and a reserve for replacement.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?  A. Yes.  Q. Let's say you were asked to value the leased fee interest for financing purposes rather
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis? A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so that the only thing I have deducted for is management and administrative costs and a reserve for replacement. Q. How much did you deduct for management	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?  A. Yes.  Q. Let's say you were asked to value the leased fee interest for financing purposes rather than the fee simple, what income would you capitalize
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis? A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so that the only thing I have deducted for is management and administrative costs and a reserve for replacement. Q. How much did you deduct for management and administrative costs?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?  A. Yes.  Q. Let's say you were asked to value the leased fee interest for financing purposes rather than the fee simple, what income would you capitalize in the income approach?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis? A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so that the only thing I have deducted for is management and administrative costs and a reserve for replacement. Q. How much did you deduct for management and administrative costs? A. Three percent of effective gross income.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?  A. Yes.  Q. Let's say you were asked to value the leased fee interest for financing purposes rather than the fee simple, what income would you capitalize in the income approach?  A. The contract rent that's in place.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	determine a reasonable deduction for vacancy and credit loss.  Q. What were those sources? A. I looked to Costar which is included in the report on facing page 54, as well as Collier's International developed a research report where they indicate what the vacancy rate is, and I've included that in the addendum of my report on Page 62 through 65.  Q. And what did you conclude for vacancy and credit loss? A. I utilize five percent. Q. What expenses did you take from the income stream? You testified I think that you did you analyze this on a net basis? A. I did. I assumed this to be a triple net rental rate structure where the tenant would then pay operating expenses including real estate taxes so that the only thing I have deducted for is management and administrative costs and a reserve for replacement. Q. How much did you deduct for management and administrative costs?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	would all be just rental information.  Q. Okay. You don't have any rents here that were negotiated in 1990?  A. No.  Q. 1988?  A. No.  Q. Would you ever use rents that were negotiated in 1990 or 1988?  A. If I was appraising a property going back to 1990, I would, but as of 2015, I don't think it's appropriate.  Q. Now, if you were valuing the leased fee for the subject, let's assume the subject were leased let's assume you were I'm going to use one of your sales. Let's assume that you were hired, Mr. Racek, not for tax appeal but to value your Sale No. 9 which is a big box store occupied by Lowe's in Hilliard. That's on Page 45, you see that?  A. Yes.  Q. Let's say you were asked to value the leased fee interest for financing purposes rather than the fee simple, what income would you capitalize in the income approach?

		1	1
	Page 61		Page 63
1	though the lease commenced 20 years prior to 1994?	1	A. 7.25 percent.
2	A. If I'm asked to appraise leased fee	2	Q. I'm looking at the bottom of Page 56,
3	interest, it really is irrelevant when the lease	3	there's a table here Income Value Computation. Is
4	started.	4	that your income pro forma?
5	Q. Is that one of the major differences the	5	A. Correct.
6	way you would go about valuing the leased fee versus	6	Q. What did you conclude to under the income
7	the fee simple?	7	approach?
8	A. Yes.	8	A. Total value?
9	Q. I want to ask you about your cap rate.	9	Q. Yeah.
10	I'm on Page 55. You verified all the sales in the	10	A. \$6,810,000.
11	chart on Page 55?	11	Q. So the top of Page 57, how did you
12	A. Yes.	12	reconcile the two approaches?
13	Q. You've seen them all?	13	A. Both approaches I believe are developed
14	A. Yes.	14	using market information that was obtained and
15	Q. And what capitalization rate did you	15	occurred near the tax lien date. I think both
16	ultimately conclude?	16	approaches develop a reliable value indication. And
17	A. 7.25 percent.	17	ultimately the value opinion is between the range
18	Q. Now, just to draw the Board's attention	18	that is in this case pretty tight, basically within
	back to the table, the bottom of Page 55, all six of	1	
19	<del>_</del>	19	\$40,000 of one another, and ultimately I arrived at a
20	these sales are leased fee transactions; is that	20	final value conclusion of \$6,790,000.
21	right?	21	Q. I think you testified earlier that the
22	A. Correct.	22	6-million-790 was \$50.17
23	Q. There's no way to really calculate a fee	23	A. Roughly.
24	simple cap rate; is that right?	24	Q a square foot?
25	A. Exactly.	25	Is that higher than most of your fee
	Page 62		Page 64
1	Page 62		Page 64
1	Q. But if you are supposed to be valuing the	1	simple sales?
2	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?	1 2	simple sales? A. Yes.
2	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place.	1 2 3	simple sales? A. Yes. MR. GIBBS: I have nothing further.
2 3 4	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place.  Q. Okay. Does buying a property without a	1 2 3 4	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short
2 3 4 5	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place.  Q. Okay. Does buying a property without a long-term lease in place involve the assumption of	1 2 3 4 5	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off
2 3 4 5 6	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your	1 2 3 4 5 6	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.
2 3 4 5 6 7	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any	1 2 3 4 5 6	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)
2 3 4 5 6 7 8	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?	1 2 3 4 5 6 7 8	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the
2 3 4 5 6 7 8 9	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the	1 2 3 4 5 6 7 8	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)
2 3 4 5 6 7 8 9	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place.  Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.	1 2 3 4 5 6 7 8 9	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.
2 3 4 5 6 7 8 9 10	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose	1 2 3 4 5 6 7 8 9 10	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.
2 3 4 5 6 7 8 9 10 11	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with	1 2 3 4 5 6 7 8 9 10 11	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:
2 3 4 5 6 7 8 9 10 11 12 13	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is	1 2 3 4 5 6 7 8 9 10 11 12 13	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.
2 3 4 5 6 7 8 9 10 11 12 13	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property	1 2 3 4 5 6 7 8 9 10 11 12 13 14	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.   CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.  Q. Have you previously appraised this
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to lease the property or subdivide it, or whatever the	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to lease the property or subdivide it, or whatever the case may be, you're going to have to find a tenant to	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.  Q. Have you previously appraised this property  A. I have.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to lease the property or subdivide it, or whatever the case may be, you're going to have to find a tenant to start paying your rent.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.  Q. Have you previously appraised this property  A. I have.  (EXHIBIT MARKED FOR IDENTIFICATION.)
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to lease the property or subdivide it, or whatever the case may be, you're going to have to find a tenant to start paying your rent.  Q. Okay. And the more risk, is it fair to	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.  Q. Have you previously appraised this property  A. I have.  (EXHIBIT MARKED FOR IDENTIFICATION.)  Q. I marked Exhibit 1. I'm going to hand it
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to lease the property or subdivide it, or whatever the case may be, you're going to have to find a tenant to start paying your rent.  Q. Okay. And the more risk, is it fair to say, the higher the cap rate?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.  Q. Have you previously appraised this property  A. I have.  (EXHIBIT MARKED FOR IDENTIFICATION.)  Q. I marked Exhibit 1. I'm going to hand it to Mr. Racek. Could you identify that document, for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to lease the property or subdivide it, or whatever the case may be, you're going to have to find a tenant to start paying your rent.  Q. Okay. And the more risk, is it fair to say, the higher the cap rate?  A. Yes.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.  Q. Have you previously appraised this property  A. I have.  (EXHIBIT MARKED FOR IDENTIFICATION.)  Q. I marked Exhibit 1. I'm going to hand it to Mr. Racek. Could you identify that document, for me?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. But if you are supposed to be valuing the subject as if unencumbered, that means what?  A. Basically without a lease in place. Q. Okay. Does buying a property without a long-term lease in place involve the assumption of more risk or less risk than, say, buying your Sale No. 9 with ten more years running on it with any credit tenant like Lowe's?  A. I guess it would depend on who the purchaser is.  Q. If you're purchasing it for the purpose of investment, is there more risk associated with buying an unencumbered fee simple building or is there more risk associated with buying a property with a leased fee interest?  A. There's going to be more risk involved in purchasing a property that is not encumbered with a lease because you either have to find a tenant to lease the property or subdivide it, or whatever the case may be, you're going to have to find a tenant to start paying your rent.  Q. Okay. And the more risk, is it fair to say, the higher the cap rate?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	simple sales?  A. Yes.  MR. GIBBS: I have nothing further.  THE EXAMINER: Okay. Let's take a short break before we move on to cross-examination. Off the record.  (Recess taken.)  THE EXAMINER: Let's go back on the record. Mr. Seed, cross-examination.  CROSS-EXAMINATION  By Mr. Seed:  Q. Good morning.  A. I was making sure it was still morning.  Q. Mr. Racek, do you have Exhibit A in front of you?  A. It's my report, yes.  Q. Have you previously appraised this property  A. I have.  (EXHIBIT MARKED FOR IDENTIFICATION.)  Q. I marked Exhibit 1. I'm going to hand it to Mr. Racek. Could you identify that document, for

	Page 65		Page 67
1	Q. Can you identify the document or take a	1	that question. Mr. Racek, there was a question
2	look at it.	2	earlier today about the history of Brookpark Road; do
3	A. Looks like an appraisal report that I	3	you recall that question?
4	wrote as of January 1st, 2012.	4	A. Yes.
5	Q. That's three years prior to the tax lien	5	Q. Brookpark Road, is that located to the
6	date for today's report?	6	south like an inch from the bottom of this picture on
7	A. It would be, yes.	7	facing Page 22?
8	Q. Have you appraised this property on any	8	A. It is designated Brookpark Road. There's
9	other occasion?	9	a black line that runs
10	A. Not that I can remember.	10	Q. Now, Interstate 480 was constructed
11	Q. Okay. Who did you prepare Exhibit 1 for?	11	during the 1970s, would you agree with me?
12	A. It was addressed to Mr. Gibbs.	12	A. '80s, I think, early '80s, late '70s.
13	Q. And would that be on behalf of Lowe's?		Q. So it's been there for over 40 years?
	A. It would have been, yes.	13	•
14		14	A. A long time.
15	Q. All right. Let's talk about our subject	15	Q. Now, just turning to Ridge Park Square,
16	property, the location. I want to look at Page	16	is that the property adjacent to the Lowe's?
17	we're in Exhibit A. We'll come back to Exhibit 1 in	17	A. We're part of Ridge Park Square, although
18	a moment, but on Exhibit A, I want to talk about	18	we're independently owned.
19	facing Pages 20 and 22. Can you turn there, please.	19	Q. Was that constructed in the 1980s?
20	A. 20 and 22, okay.	20	1990s?
21	Q. Look on facing Page 22. You see an arrow	21	A. It was constructed in phases.
22	marker for the subject. Do you see that?	22	Q. Okay. The Phase 1, is that the northerly
23	A. Yes.	23	part of Ridge?
24	Q. Now, is there a subject does the arrow	24	A. Yes.
25	marker, is that crossing over Ridge Road?	25	Q. Was that constructed in the '80s?
	Page 66		Page 68
1	A. It would be, yes.	1	A. Yes.
2	Q. Is that interstate just for geography,	2	Q. Phase 2 where our subject is, was that
3	is the arrow marker going from east to west where it says	3	constructed in the '90s?
4	Subject?	4	A. Correct.
5	A. Yes.	5	Q. Those were all constructed after
6	Q. Okay. And the flood hazard map would be the	6	Interstate 480 was built?
7	north on this page?	7	A. Yes.
8	A. Yes.	8	Q. Now, let's turn back to facing Page 20.
9	Q. Okay. The highway would be what highway is that to the south of the property?	9	You have an arrow pointing to our subject; do you see
10	A. Interstate 480.	10	that?
11	Q. That would be to the south?	11	A. Yes.
12	A. Yes.	12	Q. Brooklyn, am I correct that Brooklyn is a
13	Q. Now, does our subject have direct visibility to	13	geographically small community that is surrounded by
14	Interstate 480?	14	Cleveland and Parma?
15	A. It does.	15	A. Yes.
	Q. Is it adjacent to the Interstate 480?	16	Q. So Brooklyn would be the center of
11 0	- "		this is at the center of this map just to the
16 17	A. The southerly property line of our property	117	
17	coincides with the north property line of Interstate 480.	17 18	
17 18	coincides with the north property line of Interstate 480. Q. One traveling from east to west on Interstate	18	north of the subject marker?
17 18 19	coincides with the north property line of Interstate 480.  Q. One traveling from east to west on Interstate 480 will see the Lowe's?	18 19	north of the subject marker?  A. Yes.
17 18 19 20	coincides with the north property line of Interstate 480.  Q. One traveling from east to west on Interstate 480 will see the Lowe's?  A. Yes.	18 19 20	north of the subject marker?  A. Yes.  Q. And Cleveland is on all sides to the
17 18 19 20 21	coincides with the north property line of Interstate 480. Q. One traveling from east to west on Interstate 480 will see the Lowe's? A. Yes. Q. Now, just keep your finger on that page, but	18 19 20 21	north of the subject marker?  A. Yes.  Q. And Cleveland is on all sides to the north of Brooklyn?
17 18 19 20 21 22	coincides with the north property line of Interstate 480.  Q. One traveling from east to west on Interstate 480 will see the Lowe's?  A. Yes.	18 19 20 21 22	north of the subject marker?  A. Yes.  Q. And Cleveland is on all sides to the north of Brooklyn?  A. To the east, to the north and to the
17 18 19 20 21 22 23	coincides with the north property line of Interstate 480. Q. One traveling from east to west on Interstate 480 will see the Lowe's? A. Yes. Q. Now, just keep your finger on that page, but	18 19 20 21 22 23	north of the subject marker?  A. Yes.  Q. And Cleveland is on all sides to the north of Brooklyn?  A. To the east, to the north and to the west.
17 18 19 20 21 22 23 24	coincides with the north property line of Interstate 480. Q. One traveling from east to west on Interstate 480 will see the Lowe's? A. Yes. Q. Now, just keep your finger on that page, but	18 19 20 21 22 23 24	north of the subject marker?  A. Yes.  Q. And Cleveland is on all sides to the north of Brooklyn?  A. To the east, to the north and to the west.  Q. To the west, too, correct?
17 18 19 20 21 22 23	coincides with the north property line of Interstate 480. Q. One traveling from east to west on Interstate 480 will see the Lowe's? A. Yes. Q. Now, just keep your finger on that page, but	18 19 20 21 22 23	north of the subject marker?  A. Yes.  Q. And Cleveland is on all sides to the north of Brooklyn?  A. To the east, to the north and to the west.

		1	
	Page 69		Page 71
1	Q. And Brookpark Road, do you see that below	1	for any of the comparables?
2	Interstate 480?	2	A. No.
3	A. Yes.	3	Q. Would you agree with me that on facing
4	Q. Is that the border of the City of Parma?	4	Page 20, that we have a densely populated area?
5	A. Correct.	5	A. Yes.
6	Q. So would you agree with me if you look at	6	Q. Okay, thank you.
7	facing Page 20, that we're looking at a large swaft	7	Now, if we turn back to facing Page 22,
8	of the near southern west side of Cleveland?	8	Ridge Park Square, what's the older part? Let's talk
9	A. Okay, yes.	9	about that for a second. Is that over a hundred
10	Q. Let's start to the south, Parma. Do you	10	thousand square feet of retail space?
11	also see Parma Heights?	11	A. Yes.
12	A. Yes.	12	Q. And there's like three or four buildings,
13	Q. Am I am correct there's almost a hundred	13	am I correct?
14	thousand people in Parma and Parma Heights?	14	A. I don't remember the exact number but
15	A. Probably pretty close.	15	it's a complex of buildings.
	Q. And Cleveland to the north, is there		
16	probably another hundred thousand residents on this	16	Q. Okay. And then to the immediate where
17	•	17	the subject line is, I think you have a photograph of
18	map?	18	this, let me find this here, if we turn to facing
19	MR. GIBBS: Objection.	19	Page 24, you have a site plan; do you see that?
20	A. I don't know how many people live on the	20	A. Yes.
21	map.	21	Q. What's considered Phase 2 would be the
22	MR. GIBBS: Within what radius?	22	marks, correct?
23	MR. SEED: I'm going to come to that.	23	A. Yes.
24	THE EXAMINER: If you can clarify,	24	Q. Those face the highway, correct?
25	Mr. Seed.	25	A. Correct.
	Page 70		Page 72
1	Q. (By Mr. Seed) In your appraisal,	1	Q. Those buildings, okay. And on January 1, 2015, am I
	Mr. Racek, do you provide data as to population within the		correct that all of Ridge Park Square was occupied, had a
2	immediate area of our subject?	2	lease in place?
3	A. I do not.	3	A. I don't know the exact occupancy of Ridge Park
4	Q. Do you provide information in the report as to	4	Square on the tax lien date. I only appraised Lowe's.
5	income levels within the immediate area of our subject?	5	Q. Am I correct there was no significant vacancy as of
6	A. No.	6	January 1, 2015 at Ridge Park Square?  A. Again, I couldn't tell you specifically what the
7	Q. Do you provide information in the report as to	7	vacancy was at this shopping center.
8	housing information in the immediate area of our subject?	8	Q. Are you aware of any vacancy as of
9	A. Not to great detail, no.	9	January 1, 2015 at Ridge Park Square?
10	Q. Do you provide for traffic count? Do you	10	A. I'm not familiar with any large spaces. There
11	provide information as to traffic count?  A. No.	11	could be smaller spaces.
12		12	Q. I want to focus on larger spaces. I'm not trying
13	Q. For any of the comparables, do you provide information as to traffic counts?	13	to trick you with questions about a 500 square feet, you know
14	A. I do not.	14	A. I understand.
15	Q. Do you provide information as to population for	15	Q. He doesn't believe me.
16	any of the comparables?	16	
17	A. No.	17	MR. GIBBS: Is that a question? Q. Let's move on. Mr. Racek, let's turn to facing Page
18	Q. Do you provide information as to income levels	18	20. In Brooklyn, there's another major intersection that's
19	for any of the comparables?	19	immediately to the west known as Tiedeman and Interstate
20	A. No.	20	480; is that correct?
21	Q. Do you provide information as to housing	21	A. Yes.
22		22	
23		23	
24		24	
25		25	
1			

	Page 73		Page 75
1	Q. Now, let's start at Tiedeman and	1	A. There was.
2	Interstate 480, is that a mile, mile-and-a-half away	2	Q. And Menards, from your prior testimony,
3	from Ridge and 480?	3	did they purchase that building with plans to
4	A. Close.	4	construct a Menards?
5	Q. So in Brooklyn at Tiedeman and 480, am I	5	A. Yes.
6	correct there's a Home Depot at that intersection?	6	Q. Do you recall what they paid for it?
7	A. No.	7	A. 10-million-250, thereabouts.
8	Q. There's not?	0	Q. Did they purchase it for do you recall
9	A. Tiedeman and 480?	8	did they purchase it for more than you appraised the
_			Kmart?
10	Q. Tiedeman and Brookpark Road.	10	
11	A. Tiedeman and Brookpark there is, yes.	11	A. I don't recall what I appraised it for.
12	Q. But immediately to the south of	12	Q. We'll get to that. As you head further
13	Interstate 480?	13	to the east, you are then approaching Ridge Park. As
14	A. A quarter mile or so, yes.	14	you're approaching Ridge Road, are there other retail
15	Q. Okay. And on Brookpark Road as you	15	improvements?
16	head you see where Tiedeman meets Brookpark Road,	16	A. There are some, yes.
17	Mr. Racek?	17	Q. Is there a former Kmart that's been
18	A. Yes.	18	subdivided we discussed earlier?
19	Q. If you head to the east, if you cross	19	A. I don't know if we discussed it earlier,
20	Tiedeman, is there a Sam's Club?	20	but there's a former Kmart that has been subdivided.
21	A. There is.	21	Q. Is there an Arhaus Furniture?
22	Q. Was that Sam's Club occupied as of	22	A. An Arhaus outlet center.
23	January 1, 2015?	23	Q. Maybe a Staples or home office store?
24	A. It is.	24	A. I think Staples vacated.
25	Q. Was the Home Depot occupied as of	25	MR. GIBBS: I would just object on the
	Page 74		Page 76
1	January 1, 2015?	1	basis that a lot of this cross seems to be exceeding the
2	A. Yes.	2	scope of my direct. He's asking him about shopping centers
3	Q. Are they both occupied as of today as far as you	1	and things that weren't discussed during direct, so I have a
	know?	3	continuing objection to that.
4 5	A. Best of my recollection, yes.	4	THE EXAMINER: Mr. Seed, do you have any
	Q. With the Sam's Club, if you head further to the	5	response?
6	east, is there a Wal-Mart?	6	MR. SEED: I do. Mr. Gibbs went through
0	A. Yes.	7	selected parts of the location in his direct. He
0	Q. Was the Wal-Mart occupied as of January 1,	8	went through the description that Mr. Racek had and picked
9	2015?	9	items that he wanted to tell you about and I'm doing the
10	A. To my recollection, it was.	10	same, too.  THE EXAMINER: I'm going to I'm sorry, Mr.
11	Q. Was the Wal-Mart expanded in the last five	11	Gibbs, did you have
12	years?	12	MR. GIBBS: He's not your witness.
13	A. I don't know.	13	THE EXAMINER: I understand. I think
14	Q. Okay. Is the Wal-Mart occupied to the best of your knowledge as of today?	14	we're just filling in the neighborhood. I'm fine with
15	A. Yes.	15	that.
16	Q. And as you head further to the east, is there	16	MR. SEED: I'm almost done with this
17	a Jaguar dealership?	17	part.
18	A. The auto dealership sells multiple brands, yes.	18	Q. (By Mr. Seed) Now, as you approach Ridge Park
19	Q. Jaguar, Mazda?	19	Road, to the east of Ridge Park at Brookpark, is there a
20	A. Correct.	20	Giant Eagle?
	Q. As you head further to the east, was there	21	A. Say that again.
21	Q. As you head further to the east, was there		LL IC INCRE A Lyiant Hadie at
21 22	a Super Kmart?	22	Q. Is there a Giant Eagle at
22		22 23	Q. Is there a Grant Lagic at
22 23		23	Q. Is there a Grant Lagic at
22			Q. Is there a Grant Lagic at

	Page 77		Page 79
1	A. Where?	1	the freeway, but you couldn't see the building.
	Q. I'll strike that. I'm thinking of a	2	Q. Are you aware of any property at this
2 3	different location.	3	intersection that has as good a visibility as our
	Now, so between Ridge Park between	4	subject property?
4 5 6	Ridge Road and Tiedeman Road in Brooklyn, am I	5	A. Yeah, all four corners. The HH Gregg is
6	correct there's no vacancy of big box stores,	6	now vacant. The Best Buy
7	correct?	7	Q. Can you see the HH Gregg? You said it
8	A. Not that I'm familiar with, no.	8	was a quarter mile at Tiedeman.
9	Q. At Ridge Park Square, there's no vacancy	9	A. No, the HH Gregg is at the southeast
10		10	quadrant of Interstate 480 former HH Gregg because
	of large big box stores, correct?  A. As of when?		they vacated too.
11		11	•
12	Q. As of our tax lien date.	12	Q. Can you see that from Interstate 480?
13	A. No.	13	A. Let's look at my facing Page 22. See
14	Q. As of today.	14	where my subject arrow is?
15	A. There is a vacancy at Ridge Park Square	15	Q. I do.
16	Shopping Center.	16	A. Continue on the opposite side of 480.
17	Q. Is that a former inline grocery store?	17	The building that's at the northeast corner of Ridge
18	A. Yes.	18	Road at Brookpark Road is HH Gregg.
19	Q. In your report, you characterize the	19	Q. Okay. So they would have to buy that
20	location as a relatively good location with some	20	building, right, that property?
21	strong demand?	21	A. Or they could possibly have bought the
22	A. I think so.	22	Best Buy that's on the opposite corner or the Kmart.
23	Q. Okay, thank you. Now, if Lowe's were	23	Q. Would you agree with me they would have
24	to since you know the location, if Lowe's wanted	24	to buy a property that's currently improved as a
25	to locate at this area, if they weren't here, what	25	retail use?
	Page 78		Page 80
1	land is available, Mr. Racek, that they could buy	1	A. That's generally what you're going to
1	that would have similar utility?	2	find in this neighborhood because it's been fully
2 3	A. I suppose any site that was available.	3	developed for many years.
	Q. Which site is available?	4	Q. Are you aware from your client Lowe's of
4 5	A. You're asking me a hypothetical question.	5	plans to close this property as of the tax lien date?
6	As of today or tax lien date?	6	A. I am not familiar with Lowe's business
7	Q. Tax lien date to put up a 130,000 square	7	plans, no.
8	foot plus or minus big box store.	8	Q. Well, in preparing an appraisal report,
9	A. I suppose they could have purchased the	9	do you acquire whether they plan to make improvements
10	Kmart store that Meijer or, I'm sorry, Menards	10	or leave the property?
11	purchased.	11	A. I ask if they're going to make
12	Q. They would have to buy the property,	12	improvements. I don't ask if they're going to leave.
13	correct?	13	Q. As of today, is this Lowe's currently at
14	A. Yeah, you said what would they be able to	14	the property using the property?
15	buy, and that's what I answered.	15	A. As far as I know they are, yes.
16	Q. They would have to demolish the building,	16	Q. Now, let's go on. In your report, do you
17	correct?	17	have a section of the report that discusses the
1			
18	A. No, they could have used it.	18	retail market in general?
19	Q. Okay. But they'd have to retrofit it, correct?	19	A. I don't touch on it specifically, no.
20		20	Q. Like looking at retail on an overall
21	A. If that was their choice, then they could	21	basis, do you have that in the report?
22	have. They could have used it just the way it was.	22	A. I don't think so, no.
23	Q. Does that property have visibility, that	23	Q. Do you have an analysis in your report of
24	Super Kmart, have visibility from Interstate 480?	24	retail in northeast Ohio?
25	A. They had a pylon sign you could see from	25	A. The closest would be the Collier's
1		1	

	Page 81		Page 83
1	International Survey.	1	Q. Turn to Page 16 of Exhibit A and Page 15
2	Q. Okay. But you don't have your own	2	of Exhibit 1. Could you please open both up. I'm
3	specific write-up of the detail in northeast Ohio?	3	going to be asking you some questions in this format.
4	A. I don't.	4	The purpose of the appraisal between the two reports
5	Q. Do you have a write-up on retail in	5	did not change; is that correct?
6	general in the market area of our subject property?	6	A. Correct.
7	A. I don't believe so, no.	7	Q. Both reports, you're determining the fee
8	Q. Okay. Do you recall something known as	8	simple value of the property, correct?
9	the great recession, Mr. Racek?	9	A. I did.
10	A. Yes.	10	Q. Definition of market value, the
11		11	definition of market value, the
12	Q. Thank you. Have market conditions		two reports, correct?
	improved between January let me strike that	12	A. Correct.
13	question.	13	
14	When was the great recession?	14	Q. If you could turn to Page 17 of Exhibit A
15	A. Started in September of 2008.	15	and 16 of Exhibit 1. There's a section called
16	Q. And when did it end?	16	Property Rights Appraised; do you see that?
17	A. I don't know the exact date.	17	A. Yes.
18	Q. A few years after, would you agree with	18	Q. Is that section identical in both
19	me?	19	reports?
20	A. Generally.	20	A. Looks to be.
21	Q. Have market conditions improved since the	21	Q. Okay. So am I correct that the
22	great recession?	22	January 1, 2012 report and January 1, 2015 report,
23	A. Generally.	23	you were appraising the fee simple interest of the
24	Q. Did properties decline in value before	24	property?
25	when we entered the great recession shortly	25	A. Yes.
	Page 82		Page 84
1	thereafter?	1	Q. Now, without going I'm not going to go
2	A. Some of them.	2	through all these sections here, but generally until
3	Q. Now, if I turn to your report, I'm going	3	we come to highest and best use, are the two reports
4	to move into a new area here, if I look at your	4	fairly similar except you've taken different
5	report marked as Exhibit A that you did for Mr. Gibbs	5	photographs and you might have made some minor
6	for today, what's your opinion of value on the facing	6	changes to the description of the improvements?
7	page?	7	MR. GIBBS: Objection. That's a pretty
8	A. On which facing page?	8	sweeping question.
	Q. Today's report, what's your opinion of		
9	O. TOGAV STEDOLL WHATS YOUR ODDINOLOR	19	
9 1 0		9	MR. SEED: I can go through it.
10	value, Exhibit A?	10	MR. SEED: I can go through it. THE EXAMINER: I'm going to let him
10 11	value, Exhibit A?  A. My opinion of value for the property as	10 11	MR. SEED: I can go through it. THE EXAMINER: I'm going to let him answer to save time.
10 11 12	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.	10 11 12	MR. SEED: I can go through it. THE EXAMINER: I'm going to let him answer to save time. THE WITNESS: I haven't read my 2012
10 11 12 13	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit	10 11 12 13	MR. SEED: I can go through it. THE EXAMINER: I'm going to let him answer to save time. THE WITNESS: I haven't read my 2012 report recently. The format is generally the same
10 11 12 13 14	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?	10 11 12 13 14	MR. SEED: I can go through it. THE EXAMINER: I'm going to let him answer to save time. THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally
10 11 12 13 14	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?	10 11 12 13 14 15	MR. SEED: I can go through it. THE EXAMINER: I'm going to let him answer to save time. THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.
10 11 12 13 14 15	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.	10 11 12 13 14 15	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the
10 11 12 13 14 15 16	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?	10 11 12 13 14 15 16	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the documents are before us as well.
10 11 12 13 14 15 16 17	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?  Q. I'm sorry, not facing page, cover letter.	10 11 12 13 14 15 16 17	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the documents are before us as well.  Q. (By Mr. Seed) Okay. Now, one question I
10 11 12 13 14 15 16 17 18	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?  Q. I'm sorry, not facing page, cover letter.  A. 8,825,000.	10 11 12 13 14 15 16 17 18	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the documents are before us as well.  Q. (By Mr. Seed) Okay. Now, one question I forgot that we focused on before, you said Brookpark
10 11 12 13 14 15 16 17 18 19 20	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?  Q. I'm sorry, not facing page, cover letter.  A. 8,825,000.  Q. So your value between January 1, 2012 and	10 11 12 13 14 15 16 17 18 19	MR. SEED: I can go through it. THE EXAMINER: I'm going to let him answer to save time. THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar. THE EXAMINER: I'll just note, too, the documents are before us as well. Q. (By Mr. Seed) Okay. Now, one question I forgot that we focused on before, you said Brookpark Road was a primary east-west thoroughfare. Am I
10 11 12 13 14 15 16 17 18 19 20 21	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?  Q. I'm sorry, not facing page, cover letter.  A. 8,825,000.  Q. So your value between January 1, 2012 and January 1, 2015 declined by about 20, 25 percent; is	10 11 12 13 14 15 16 17 18 19 20 21	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the documents are before us as well.  Q. (By Mr. Seed) Okay. Now, one question I forgot that we focused on before, you said Brookpark Road was a primary east-west thoroughfare. Am I correct that construction of 480 would have had a
10 11 12 13 14 15 16 17 18 19 20 21	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?  Q. I'm sorry, not facing page, cover letter.  A. 8,825,000.  Q. So your value between January 1, 2012 and January 1, 2015 declined by about 20, 25 percent; is that correct?	10 11 12 13 14 15 16 17 18 19 20 21	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the documents are before us as well.  Q. (By Mr. Seed) Okay. Now, one question I forgot that we focused on before, you said Brookpark Road was a primary east-west thoroughfare. Am I correct that construction of 480 would have had a greater positive benefit to this property than it not
10 11 12 13 14 15 16 17 18 19 20 21 22 23	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?  Q. I'm sorry, not facing page, cover letter.  A. 8,825,000.  Q. So your value between January 1, 2012 and January 1, 2015 declined by about 20, 25 percent; is that correct?  A. I didn't do the math, but it declined.	10 11 12 13 14 15 16 17 18 19 20 21 22 23	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the documents are before us as well.  Q. (By Mr. Seed) Okay. Now, one question I forgot that we focused on before, you said Brookpark Road was a primary east-west thoroughfare. Am I correct that construction of 480 would have had a greater positive benefit to this property than it not being created because of the heavy traffic count and
10 11 12 13 14 15 16 17 18 19 20 21	value, Exhibit A?  A. My opinion of value for the property as of January 1st, 2015 is \$6,790,000.  Q. And if you turn to facing page of Exhibit 1, what is your opinion of value?  A. Which facing page?  Q. Exhibit 1, your 2012 report.  A. Which facing page?  Q. I'm sorry, not facing page, cover letter.  A. 8,825,000.  Q. So your value between January 1, 2012 and January 1, 2015 declined by about 20, 25 percent; is that correct?	10 11 12 13 14 15 16 17 18 19 20 21	MR. SEED: I can go through it.  THE EXAMINER: I'm going to let him answer to save time.  THE WITNESS: I haven't read my 2012 report recently. The format is generally the same and similar, so that I would say that generally speaking, they're going to be similar.  THE EXAMINER: I'll just note, too, the documents are before us as well.  Q. (By Mr. Seed) Okay. Now, one question I forgot that we focused on before, you said Brookpark Road was a primary east-west thoroughfare. Am I correct that construction of 480 would have had a greater positive benefit to this property than it not

	Page 85		Page 87
1	property has good visibility from Interstate 480 and	1	Q. Does Lowe's tend to build their stores in
2	benefits from that.	2	30,000 square foot buildings?
3	Q. But you write in the report and Mr. Gibbs	3	A. They do not.
4	asked you about Brookpark Road, as if that used to be	4	Q. When you drove up from Cleveland to
5	a major east-west thoroughfare.	5	Columbus, did you see the new IKEA?
6	A. It still is a major east-west	6	A. I probably didn't see it this morning,
7	thoroughfare, but it doesn't have the same amount of	7	but I've seen it.
8	traffic as Interstate 480 does now.	8	Q. Would that be too large of a building for
9	Q. So overall the traffic count of having	9	a typical Lowe's?
10	Interstate 480 is much greater than Brookpark Road,	10	A. Truthfully I don't know how big IKEA is.
11	correct?	11	Q. But does Lowe's typically go into 300,000
12	A. Yeah, there's more cars going up and down	12	square foot buildings?
13	480 than Brookpark Road.	13	A. Not generally, no.
14	Q. That positively benefits the subject and	14	Q. If you turn to Page 26 of Exhibit A, the
15	its location?	15	next page, you write in the second sentence of
16	A. I think so.	16	Highest and Best Use As Improved, "While the
17	Q. I'm going to ask you about Page 25 of	17	improvements were 16 years old as of the tax lien
18	Exhibit A, today's report. Bottom section, you	18	date and considered to be in average condition, they
19	indicate that this is built as a single tenant retail	19	are functionally obsolete for most second generation
20	building, correct?	20	users"; do you see that?
21	A. Yes.	21	A. Yes.
22	Q. In the last sentence, you indicate that	22	Q. If you turn to your prior report, the
23	it has a recognized demand and is improved with	23	same section on Page 23, you don't have that type of
24	similar style buildings; is that correct?	24	sentence in the report, correct?
25	A. Yes.	25	A. I do not in this report, no.
	Page 86		Page 88
1	Q. If you turn to Exhibit 1 on Page 22, same	1	Q. You indicate even, Mr. Racek, that the
2	section called Subject Review.	2	improvements add value above and beyond the vacant
2	•		
3	A. Okay.	3	•
3 4	<ul><li>A. Okay.</li><li>Q. You provide some more descriptive</li></ul>		land alone, correct?  A. I think that is true.
	Q. You provide some more descriptive	3	land alone, correct?  A. I think that is true.
4	Q. You provide some more descriptive information. You indicate that the property is in a	3 4	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that
4 5	Q. You provide some more descriptive	3 4 5	land alone, correct?  A. I think that is true.
4 5 6	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.	3 4 5 6	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than
4 5 6 7	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?	3 4 5 6 7	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?
4 5 6 7 8	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise	3 4 5 6 7 8	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better
4 5 6 7 8 9	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you	3 4 5 6 7 8 9	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location.
4 5 6 7 8 9	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?	3 4 5 6 7 8 9	land alone, correct?  A. I think that is true.  Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location.  Q. Good location?
4 5 6 7 8 9 10	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.	3 4 5 6 7 8 9 10	land alone, correct?  A. I think that is true.  Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location.  Q. Good location?  A. I mean, it's not near a freeway
4 5 6 7 8 9 10 11	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close	3 4 5 6 7 8 9 10 11	land alone, correct?  A. I think that is true.  Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location.  Q. Good location?  A. I mean, it's not near a freeway interchange, but there's high demand for properties
4 5 6 7 8 9 10 11 12 13	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other	3 4 5 6 7 8 9 10 11 12 13	land alone, correct?  A. I think that is true.  Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location.  Q. Good location?  A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.
4 5 6 7 8 9 10 11 12 13	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?	3 4 5 6 7 8 9 10 11 12 13 14	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.)
4 5 6 7 8 9 10 11 12 13 14	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that? A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a
4 5 6 7 8 9 10 11 12 13 14 15 16	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you	3 4 5 6 7 8 9 10 11 12 13 14 15 16	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that? A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a second.
4 5 6 7 8 9 10 11 12 13 14 15 16	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you state in the next sentence, "Considering the location	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that? A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area. (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a second. THE EXAMINER: This has been marked as
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you state in the next sentence, "Considering the location of the subject, the amenities provided and the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a second.  THE EXAMINER: This has been marked as Exhibit 2?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you state in the next sentence, "Considering the location of the subject, the amenities provided and the physical condition of the improvements, the subject	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	land alone, correct?  A. I think that is true.  Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location.  Q. Good location?  A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.)  Q. Could you look at this document for a second.  THE EXAMINER: This has been marked as Exhibit 2?  MR. SEED: 2.
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you state in the next sentence, "Considering the location of the subject, the amenities provided and the physical condition of the improvements, the subject is considered to be a retail facility that provides	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a second.  THE EXAMINER: This has been marked as Exhibit 2?  MR. SEED: 2.  MR. GIBBS: Your Honor, I want to make a
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you state in the next sentence, "Considering the location of the subject, the amenities provided and the physical condition of the improvements, the subject is considered to be a retail facility that provides adequate functional utility."	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that?  A. I don't know if I said it was a better location, but it's a good location. Q. Good location?  A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a second.  THE EXAMINER: This has been marked as Exhibit 2?  MR. SEED: 2.  MR. GIBBS: Your Honor, I want to make a general objection to 1 and 2 so far. These were not
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you state in the next sentence, "Considering the location of the subject, the amenities provided and the physical condition of the improvements, the subject is considered to be a retail facility that provides adequate functional utility."  A. Correct.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that? A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area.  (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a second.  THE EXAMINER: This has been marked as Exhibit 2?  MR. SEED: 2.  MR. GIBBS: Your Honor, I want to make a general objection to 1 and 2 so far. These were not on the exhibit list.
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. You provide some more descriptive information. You indicate that the property is in a stable area. Do you still agree with that?  A. Yes.  Q. That the surrounding properties comprise residential office and commercial development; do you agree with that?  A. Yes.  Q. And that the subject is in close proximity to employment centers, population and other transportation arteries; would that still be correct?  A. Yes.  Q. And then what I was interested in, you state in the next sentence, "Considering the location of the subject, the amenities provided and the physical condition of the improvements, the subject is considered to be a retail facility that provides adequate functional utility."  A. Correct.  Q. Okay. Was this property built to the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	land alone, correct?  A. I think that is true. Q. Okay. Now, you earlier testified that you thought Rocky River was a better location than our subject; do you recall that? A. I don't know if I said it was a better location, but it's a good location. Q. Good location? A. I mean, it's not near a freeway interchange, but there's high demand for properties in that area. (EXHIBIT MARKED FOR IDENTIFICATION.) Q. Could you look at this document for a second. THE EXAMINER: This has been marked as Exhibit 2? MR. SEED: 2. MR. GIBBS: Your Honor, I want to make a general objection to 1 and 2 so far. These were not on the exhibit list. THE EXAMINER: Any response, Mr. Seed?

	Page 89		Page 91
1	THE EXAMINER: They appear to be in the	1	a property that's vacant, correct?
2	nature of rebuttal. I'll overrule the objection.	2	A. No, we're looking at a property that is
3	We're not quite to admissibility, but I'll note your	3	available to a potential owner user or tenant that
4	objection. Mr. Seed.	4	can occupy the building according to zoning
5	Q. (By Mr. Seed) Would you take a moment to	5	regulations.
6	look at the document.	6	Q. We'll come back to that in a second.
7	A. Okay.	7	Let's look at your income approach, Mr. Racek. I
8	Q. Are you familiar with this document?	8	want you to turn to facing Page 53, please.
9	A. It looks like something I prepared.	9	MR. GIBBS: In which Exhibit?
10	Q. Is this the Lowe's in Rocky River, Ohio?	10	MR. SEED: Exhibit A, we'll start there.
11	A. Yes.	11	Q. No. 1 we'll go through these and we'll
12	Q. Is Rocky River a western suburb of	12	try to go quickly. No. 1 is a quarter of a size of
13	Cleveland?	13	our subject?
14	A. It is.	14	A. Roughly is.
15	Q. Could you turn to Page 25. You see the	15	Q. Does it have the utility to be used as a
16	bottom paragraph, Mr. Racek? A. Yes.	16	Lowe's?
17		17	A. No.
18	Q. Here the language, the second sentence is	18	Q. Okay. No. 2 is a third of the size of
19	identical, am I correct, to the second sentence on	19	our subject?
20	Exhibit A, Page 26 except it's six years old instead	20	A. Correct.
21	of 16 years old.	21	Q. Is that inline in a shopping center?
22	A. Okay.	22	A. It's directly across the street from the
23	Q. Is that correct?	23	subject.
24	A. Looks like it.	24	Q. I understand that. Is it within an
25	Q. So in the Rocky River report, you	25	existing building with other tenants adjacent to it?
	Page 90		Page 92
1	indicated that a six-year-old building was	1	A. Technically ours is as well but yes.
2	functionally obsolete, correct?	2	Q. Ours is freestanding.
3	A. For a second generation user.	l_	
4		3	
	Q. Is that your assumption of what you're	3	A. No, ours
	Q. Is that your assumption of what you're appraising this property for, for a second generation	4	A. No, ours Q. You say in your report ours is
5	Q. Is that your assumption of what you're appraising this property for, for a second generation user?		A. No, ours Q. You say in your report ours is freestanding.
	appraising this property for, for a second generation user?	4 5	<ul><li>A. No, ours</li><li>Q. You say in your report ours is freestanding.</li><li>A. No, ours has buildings attached to it</li></ul>
5 6	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property	4 5	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our
5 6 7 8	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to	4 5 6 7 8	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan
5 6 7 8 9	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second	4 5 6 7 8 9	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet.
5 6 7 8 9	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be	4 5 6 7 8 9 10	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you
5 6 7 8 9 10	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.	4 5 6 7 8 9 10	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a
5 6 7 8 9 10 11	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally	4 5 6 7 8 9 10 11	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the
5 6 7 8 9 10 11 12	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?	4 5 6 7 8 9 10 11 12 13	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax
5 6 7 8 9 10 11 12 13	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the	4 5 6 7 8 9 10 11 12 13 14	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line
5 6 7 8 9 10 11 12 13 14	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being	4 5 6 7 8 9 10 11 12 13 14 15	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the
5 6 7 8 9 10 11 12 13 14 15 16	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for	4 5 6 7 8 9 10 11 12 13 14 15 16	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building.
5 6 7 8 9 10 11 12 13 14 15 16 17	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of	4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background
5 6 7 8 9 10 11 12 13 14 15 16 17	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.	4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center,
5 6 7 8 9 10 11 12 13 14 15 16 17 18	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.  Q. Would Lowe's have an interest in it?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center, correct, Mr. Racek?
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.  Q. Would Lowe's have an interest in it?  A. Lowe's is the owner occupant pant.	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center, correct, Mr. Racek? A. Yes.
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.  Q. Would Lowe's have an interest in it?  A. Lowe's is the owner occupant pant.  Q. If this property was available, would	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center, correct, Mr. Racek? A. Yes. Q. The Valu King is part of that L-shaped
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.  Q. Would Lowe's have an interest in it?  A. Lowe's is the owner occupant pant.  Q. If this property was available, would they have an interest in it?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center, correct, Mr. Racek? A. Yes. Q. The Valu King is part of that L-shaped shopping center?
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.  Q. Would Lowe's have an interest in it?  A. Lowe's is the owner occupant pant.  Q. If this property was available, would they have an interest in it?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center, correct, Mr. Racek? A. Yes. Q. The Valu King is part of that L-shaped shopping center? A. It is.
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.  Q. Would Lowe's have an interest in it?  A. Lowe's is the owner occupant pant.  Q. If this property was available, would they have an interest in it?  A. If the property was on the market to be sold, Lowe's would be moving out of it.	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center, correct, Mr. Racek? A. Yes. Q. The Valu King is part of that L-shaped shopping center? A. It is. Q. Okay. Does Lowe's tend to locate itself
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	appraising this property for, for a second generation user?  A. Well, if we're assuming that the property would be sold unencumbered, it would have to be to somebody who was either owner occupied as a second generation user or re-leased to somebody who would be a second generation tenant.  Q. Why would it necessarily be functionally obsolete, Mr. Racek?  A. Based upon what's happening in the market, you will find that stores of this size, being 135,000 square feet, there isn't much demand for other tenants in the market to occupy a building of this size.  Q. Would Lowe's have an interest in it?  A. Lowe's is the owner occupant pant.  Q. If this property was available, would they have an interest in it?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. No, ours Q. You say in your report ours is freestanding. A. No, ours has buildings attached to it that are not owned by Lowe's. If you look at our site plan Q. I haven't asked you that question yet. A. I'm trying to explain my answer. If you look at facing Page 24, you can see that there's a building attached to our structure immediately to the east. As further supported, if you check out the tax map on facing Page 17, you can see that the blue line clearly separates the Lowe's store from the physically attached multi-tenant building. Q. But on that same page in the background is an L shaped Phase 1 of that shopping center, correct, Mr. Racek? A. Yes. Q. The Valu King is part of that L-shaped shopping center? A. It is.

	Page 93		Page 95
1	of tenants?	1	A. Yes.
2	A. Sometimes.	2	Q. Burlington is 2008?
3	Q. Can you give me an example?	3	A. Yes.
4	A. They're in a shopping center in Hilliard.	4	Q. Hobby Lobby is 2010?
5	They're in a shopping center in Fairfield. They're	5	A. Yes.
6	in a shopping center in Chillicothe.	6	Q. Marc's is 2010?
7	Q. As attached or stand-alone?	7	A. Yes.
0	A. Attached.	8	Q. Levin is 2012?
8 9		9	=
	Q. No. 3 is Hobby Lobby?	-	A. Correct.
10	A. Yes.	10	Q. Mr. Gibbs asked you earlier about the
11	Q. That was entered into in 2010?	11	significance of having lease comps that were close to
12	A. It was.	12	the tax lien date; do you recall that question?
13	Q. That's a third of the size of our	13	A. Yes.
14	subject?	14	Q. Do you have any all I see here,
15	A. Roughly.	15	Mr. Racek, is one lease comp from 2015; is that
16	Q. No. 4 is in Columbus, correct?	16	correct?
17	A. It is.	17	A. There is one in '15, yes.
18	Q. No. 5 is a Hobby Lobby, it's a third of	18	Q. You have none from '16, correct?
19	the size?	19	A. I do not.
20	A. Roughly, yes.	20	Q. None from '17, correct?
21	Q. Okay. No. 6 in Sheffield Village, is	21	A. I do not.
22	that in Cuyahoga County?	22	Q. You have one from 2014, correct?
23	A. Lorain County.	23	A. Yes.
24	Q. No. 7 is a Marc's. Is that in Cuyahoga	24	Q. And one from none from 2013?
25	County?	25	A. There is one in '13.
2.5	County.	23	The ribert is one in 15.
	Page 94		Page 96
1	A. Lake County.	1	Q. Okay. So what we have here is you have
2	Q. Is that about a third or a little bit	2	three lease comps and only two of the lease comps are
3	more than a third of our subject property?	3	within two years of our tax lien date, correct?
4	A. Roughly half the size.	4	A. Three of them are within two years of the
5	Q. And No. 8 is in Columbus?	5	tax lien date.
6	A. It is.	6	Q. Okay. Now, if you turn to Exhibit 1, if
7	Q. No. 9 is in Oakwood Village. Is that	7	you could turn to facing Page 47, do you see that?
8	Cuyahoga County or Summit County?	8	A. Yes.
9	A. Cuyahoga County.	9	Q. Am I correct, Mr. Racek, that rent
10	Q. Is that part of a shopping center?	10	comp in seven of these rent comps you used in your
11	A. It is.	11	prior report, and I'll go through them, the Valu King
12	Q. Now, you've appraised stuff for a while,	12	was in the prior report as Rent Comp No. 1?
13	doing leases and sales. When there's when a sale	13	A. Yes.
1 2	COURT TEAMEN ALLE NATION AND THE THE PARTY OF A VIDENT A VAICE	17.0	Λ. 103.
1 /		1 1	O The Hobby Lobby was Pont Comp No 2:n
14	takes place or a lease takes place, do negotiations	14	Q. The Hobby Lobby was Rent Comp No. 2 in
15	takes place or a lease takes place, do negotiations tend to take place months before the start of the	15	the prior report?
15 16	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?	15 16	the prior report? A. Yes.
15 16 17	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.	15 16 17	the prior report? A. Yes. Q. Rent Comp No. 4 Was Rent Comp No. 3 in
15 16 17 18	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your	15 16 17 18	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?
15 16 17 18 19	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your transactions, you have terms. Is that the year that	15 16 17 18 19	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?  A. Say that again.
15 16 17 18 19 20	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your transactions, you have terms. Is that the year that terms started?	15 16 17 18 19 20	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?  A. Say that again.  Q. The Burlington Coat Factory, No. 4, was
15 16 17 18 19 20 21	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your transactions, you have terms. Is that the year that terms started?  A. Yes.	15 16 17 18 19 20 21	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?  A. Say that again.  Q. The Burlington Coat Factory, No. 4, was No. 3 in the prior report?
15 16 17 18 19 20 21 22	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your transactions, you have terms. Is that the year that terms started?  A. Yes.  Q. So if I look here, Mr. Racek, I see the	15 16 17 18 19 20	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?  A. Say that again.  Q. The Burlington Coat Factory, No. 4, was No. 3 in the prior report?  A. Yes.
15 16 17 18 19 20 21	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your transactions, you have terms. Is that the year that terms started?  A. Yes.  Q. So if I look here, Mr. Racek, I see the Valu King is from 2012, that's No. 2, right?	15 16 17 18 19 20 21	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?  A. Say that again.  Q. The Burlington Coat Factory, No. 4, was No. 3 in the prior report?  A. Yes.  Q. The Hobby Lobby Rent Comp 5 in the '15
15 16 17 18 19 20 21 22	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your transactions, you have terms. Is that the year that terms started?  A. Yes.  Q. So if I look here, Mr. Racek, I see the Valu King is from 2012, that's No. 2, right?  A. Yes.	15 16 17 18 19 20 21	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?  A. Say that again.  Q. The Burlington Coat Factory, No. 4, was No. 3 in the prior report?  A. Yes.  Q. The Hobby Lobby Rent Comp 5 in the '15 report was Rent Comp 4 in the '12 report?
15 16 17 18 19 20 21 22 23	takes place or a lease takes place, do negotiations tend to take place months before the start of the start date for a lease or the sale date?  A. Yes.  Q. Now, if you look at the dates of your transactions, you have terms. Is that the year that terms started?  A. Yes.  Q. So if I look here, Mr. Racek, I see the Valu King is from 2012, that's No. 2, right?	15 16 17 18 19 20 21 22 23	the prior report?  A. Yes.  Q. Rent Comp No. 4 Was Rent Comp No. 3 in the prior report?  A. Say that again.  Q. The Burlington Coat Factory, No. 4, was No. 3 in the prior report?  A. Yes.  Q. The Hobby Lobby Rent Comp 5 in the '15

	Page 97		Page 99
1	Q. Marc's, Rent Comp 7, was Rent Comp 8 in	1	Q. How long has that been available for
2	the '12 report?	2	lease?
3	A. Yes.	3	A. Since Target vacated it and moved down
4	Q. Garden Ridge, Rent Comp 8 was Rent Comp	4	the street.
5	10 in the prior report?	5	Q. Wasn't that over a decade ago?
6	A. Correct.	6	A. No, they moved into the old Westgate Mall
7	Q. And the former Wal-Mart, No. 10, was	7	area that was redeveloped in
8	Rent Comp 12 in the prior report, correct?	8	Q. 2008-2009?
9	A. Yes.	9	A. Something like that.
10	Q. Now, let's look at some of your other	10	Q. So it's been available for nine eight
11	rent comps. Rent Comp 11 in Exhibit A is a former	11	or nine years, correct?
12	Flower Factory you indicate is in Bainbridge, Ohio?	12	A. Yeah, that's a good indication as to why
13	A. Yes.	13	big box stores have very limited demand.
14	Q. When was that first available?	14	Q. Am I correct, Mr. Racek, Fitworks took
15	A. I want to say around 2012 or so.	15	over part of the former Target?
16	Q. And it's about a little bit more than	16	A. Yes, the former Target was more than
17	half the size of our subject property?	17	72,500 square feet. It was probably over a hundred
18	A. Yes.	18	thousand square feet. So what was available as of
19	Q. Rent Comp 12 is in Rocky River, correct?	19	tax lien date is what is left of the store, of the
20	A. Yes.	20	original Target store.
21	Q. Wasn't Rent Comp 12 redeveloped as a	21	Q. You just made a comment before that this
22	Fitworks and then a Whole Foods store?	22	shows that's there's lack of demand because the
23	A. As of the tax lien date, the Fitworks had	23	Target was vacant?
24	already been carved out of the space, and what's left	24	A. Lack of demand for people who need this
25	here is 72,500 square feet is what was available as	25	much space, yes.
	Page 98		Page 100
1	of the tax lien date.	1	Q. Why would Menards pay over \$10 million to
2	Q. Didn't Whole Foods subsequently take over that	2	Kmart with their financial problems if these
3	space?	3	properties are so functionally obsolete, Mr. Racek?
4	A. If they did, it just happened recently, in '17,	4	A. Because they wanted 22 acres.
5	to my recollection.		Q. Okay. And then they had to pay to
	Q. Didn't Whole Foods open in 2015 in Rocky River?	15	
	The state of the s	5	
6 7	A. Not in this space.	6	redevelop it, right, if they were to strike that.
6 7 8	<ul><li>A. Not in this space.</li><li>Q. Wasn't that property was this property owned</li></ul>		
6 7 8 9	A. Not in this space.	6 7	redevelop it, right, if they were to strike that. Let's talk about Rent Comp 13, Mr. Racek. That's a
7 8	<ul> <li>A. Not in this space.</li> <li>Q. Wasn't that property was this property owned</li> <li>by Walton Fisher?</li> <li>A. It is.</li> <li>Q. Didn't Walton Fisher redevelop the space as a</li> </ul>	6 7 8	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.
7 8 9	<ul> <li>A. Not in this space.</li> <li>Q. Wasn't that property was this property owned</li> <li>by Walton Fisher?</li> <li>A. It is.</li> <li>Q. Didn't Walton Fisher redevelop the space as a</li> <li>Whole Foods location?</li> </ul>	6 7 8 9	redevelop it, right, if they were to strike that. Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?
7 8 9 10 11	<ul> <li>A. Not in this space.</li> <li>Q. Wasn't that property was this property owned</li> <li>by Walton Fisher?</li> <li>A. It is.</li> <li>Q. Didn't Walton Fisher redevelop the space as a</li> <li>Whole Foods location?</li> <li>A. If they did, they didn't do this space because I've</li> </ul>	6 7 8 9 10 11	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.
7 8 9 10 11	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not	6 7 8 9 10	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?
7 8 9 10 11	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there.	6 7 8 9 10 11	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town
7 8 9 10 11 12 13	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there?	6 7 8 9 10 11 12 13 14	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.
7 8 9 10 11 12 13	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there.	6 7 8 9 10 11 12 13	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?
7 8 9 10 11 12 13 14	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred	6 7 8 9 10 11 12 13 14 15	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?
7 8 9 10 11 12 13 14 15 16 17	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space?	6 7 8 9 10 11 12 13 14 15 16	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.
7 8 9 10 11 12 13 14 15 16 17	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space? A. The 72,500 square feet that I say is available	6 7 8 9 10 11 12 13 14 15	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one
7 8 9 10 11 12 13 14 15 16 17 18	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space?	6 7 8 9 10 11 12 13 14 15 16 17	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one or two foreclosures in the last two years?
7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space? A. The 72,500 square feet that I say is available	6 7 8 9 10 11 12 13 14 15 16 17 18	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one or two foreclosures in the last two years?  A. I truthfully don't remember how many
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space? A. The 72,500 square feet that I say is available	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one or two foreclosures in the last two years?  A. I truthfully don't remember how many times.
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space? A. The 72,500 square feet that I say is available	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one or two foreclosures in the last two years?  A. I truthfully don't remember how many times.  Q. Is there a significant vacancy at
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space? A. The 72,500 square feet that I say is available	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one or two foreclosures in the last two years?  A. I truthfully don't remember how many times.
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space? A. The 72,500 square feet that I say is available	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one or two foreclosures in the last two years?  A. I truthfully don't remember how many times.  Q. Is there a significant vacancy at Severance Town Center?  A. There is.
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Not in this space. Q. Wasn't that property was this property owned by Walton Fisher? A. It is. Q. Didn't Walton Fisher redevelop the space as a Whole Foods location? A. If they did, they didn't do this space because I've driven by more recently than that. Whole Foods is not there. Q. What's there? A. The fitness center was in the space you referred to. And of tax lien date, this space was still available. Q. Did the fitness center take over all or part of this space? A. The 72,500 square feet that I say is available	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	redevelop it, right, if they were to strike that.  Let's talk about Rent Comp 13, Mr. Racek. That's a former Wal-Mart?  A. Yes.  Q. In Cleveland Heights, correct?  A. Yes.  Q. Isn't that what's known as Severance Town Center?  A. Correct.  Q. Did Wal-Mart relocate about a mile away to a Super Wal-Mart?  A. Close, yes.  Q. Did Severance Town Center go through one or two foreclosures in the last two years?  A. I truthfully don't remember how many times.  Q. Is there a significant vacancy at Severance Town Center?

	Page 101		Page 103
1	A. Correct.	1	correct?
2	Q. Some of the stores next to Wal-Mart are	2	A. Yes.
3	closed?	3	Q. Okay. Now, if you turn to Page 47 of
4	A. Some of them.	4	Exhibit 1, fifth paragraph, am I correct that you
5	Q. And then on the other side of the center	5	concluded in Exhibit 1 to a rent of \$6 a square foot?
6	is a shopping center next to a Dave's; is that	6	A. I did.
7	correct?	7	Q. If I turn to the last paragraph of
8	A. Correct.	8	Exhibit A, Page 53, last paragraph on Page 53, you
9	Q. Is there a vacancy within that shopping	9	conclude to a rent of \$4.50 a square foot?
10	center?	10	A. I do.
11	A. There is.	11	Q. Where do I find in this report the
12	Q. Now, Wal-Mart, is there a deed	12	discussion that market rent has declined by
13	restriction on this property?	13	25 percent in three years between January 1, '12 and
14	A. Not to my knowledge.	14	January 1, 2015 when you're using the majority of the
15	Q. With Wal-Mart relocating a mile away,	15	sales in both reports?
			A. Sales or rentals?
16	would Wal-Mart be logically selective in who they	16	
17	would sell the property to and avoid in selling it to	17	Q. The rentals in both reports.
18	a direct competitor?	18	A. I don't make that kind of an analysis in
19	A. Wal-Mart doesn't own it.	19	this report.
20	Q. Who owns it?	20	Q. Okay. Do you have any analysis in the
21	A. Shopping center owner.	21	report showing a 25 percent decline in lease rates in
22	Q. Are you sure about that?	22	retail in general in Cuyahoga County?
23	A. Positive. I appraised it.	23	A. No.
24	Q. Now, the former Tops in Avon Lake, is	24	Q. Do you have a summary in your report
25	that in Cuyahoga County?	25	showing any decline of lease rates in Cuyahoga
	Page 102		Page 104
1	A. No, Lorain County.	1	County?
2	Q. Is that about a third of the subject	2	A. I don't talk about that in the report,
3	property?	3	no.
4	A. Roughly.	4	Q. You mentioned before you had did you
5	Q. So if I look here on your list,		O. I ou inclinioned before you had did you
6	O. SO II I IOOK HEIE OH YOUI HSL,	5	
O		5	have a survey in your report?
7	Mr. Racek		have a survey in your report?  A. Collier's International Survey.
7	Mr. Racek MR. GIBBS: I'm having a lot of trouble	6 7	have a survey in your report?  A. Collier's International Survey.  Q. Do they indicate there's been a
7 8	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing	6 7 8	have a survey in your report?  A. Collier's International Survey.  Q. Do they indicate there's been a 25 percent decline in rents?
7 8 9	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which	6 7 8 9	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in
7 8 9 10	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.	6 7 8 9 10	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015.
7 8 9 10 11	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now. THE EXAMINER: If you can make that more	6 7 8 9 10 11	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A,
7 8 9 10 11 12	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now. THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A	6 7 8 9 10 11	have a survey in your report?  A. Collier's International Survey.  Q. Do they indicate there's been a 25 percent decline in rents?  A. They talk about current rents or rents in this case as of first quarter 2015.  Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek.
7 8 9 10 11 12 13	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now. THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?	6 7 8 9 10 11 12 13	have a survey in your report?  A. Collier's International Survey.  Q. Do they indicate there's been a 25 percent decline in rents?  A. They talk about current rents or rents in this case as of first quarter 2015.  Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek.  A. Exhibit A, what?
7 8 9 10 11 12 13	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now. THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently? MR. SEED: Correct.	6 7 8 9 10 11 12 13 14	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents?  A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53.
7 8 9 10 11 12 13 14	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now. THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently? MR. SEED: Correct. THE EXAMINER: Those were the comps that	6 7 8 9 10 11 12 13 14 15	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead.
7 8 9 10 11 12 13 14 15 16	Mr. Racek MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now. THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently? MR. SEED: Correct. THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?	6 7 8 9 10 11 12 13 14 15	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on
7 8 9 10 11 12 13 14 15 16 17	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.	6 7 8 9 10 11 12 13 14 15 16	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in
7 8 9 10 11 12 13 14 15 16 17	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.  THE EXAMINER: Thank you.	6 7 8 9 10 11 12 13 14 15 16 17 18	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in a second. Mr. Gibbs at the beginning of the hearing
7 8 9 10 11 12 13 14 15 16 17 18	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Mr. Racek, in Exhibit A, 7	6 7 8 9 10 11 12 13 14 15 16 17 18	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in a second. Mr. Gibbs at the beginning of the hearing asked you about the term unencumbered; do you recall
7 8 9 10 11 12 13 14 15 16 17 18 19 20	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Mr. Racek, in Exhibit A, 7 of your 14 Rent Comps that you have actual leads for	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents?  A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in a second. Mr. Gibbs at the beginning of the hearing asked you about the term unencumbered; do you recall that?
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Mr. Racek, in Exhibit A, 7 of your 14 Rent Comps that you have actual leads for we discussed were in the prior report, correct?	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in a second. Mr. Gibbs at the beginning of the hearing asked you about the term unencumbered; do you recall that? A. Yes.
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Mr. Racek, in Exhibit A, 7 of your 14 Rent Comps that you have actual leads for we discussed were in the prior report, correct?  A. I don't remember the exact number, but	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in a second. Mr. Gibbs at the beginning of the hearing asked you about the term unencumbered; do you recall that? A. Yes. Q. And do you believe that means that
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Mr. Racek, in Exhibit A, 7 of your 14 Rent Comps that you have actual leads for we discussed were in the prior report, correct?  A. I don't remember the exact number, but yes, several of them were in the prior report.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in a second. Mr. Gibbs at the beginning of the hearing asked you about the term unencumbered; do you recall that? A. Yes. Q. And do you believe that means that property is not leased or do you believe it means
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Mr. Racek  MR. GIBBS: I'm having a lot of trouble trying to figure out which he's not referencing the Exhibits each time, so I don't know which we've got three different appraisals now.  THE EXAMINER: If you can make that more clear, Mr. Seed. I think you're looking at Exhibit A currently?  MR. SEED: Correct.  THE EXAMINER: Those were the comps that we just discussed all in Exhibit A?  MR. SEED: Yes.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Mr. Racek, in Exhibit A, 7 of your 14 Rent Comps that you have actual leads for we discussed were in the prior report, correct?  A. I don't remember the exact number, but	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	have a survey in your report?  A. Collier's International Survey. Q. Do they indicate there's been a 25 percent decline in rents? A. They talk about current rents or rents in this case as of first quarter 2015. Q. Now, turning back to Page Exhibit A, Page 53, Mr. Racek. A. Exhibit A, what? Q. 53, facing Page 53. A. Go ahead. Q. I think we covered that. We'll move on here. I'm going to go through the sales approach in a second. Mr. Gibbs at the beginning of the hearing asked you about the term unencumbered; do you recall that? A. Yes. Q. And do you believe that means that

	Page 105		Page 107
1	Q. So in Ohio tax law, are you appraising	1	Q. Okay. So if the rent was let me give
2	the property as vacant fee simple or appraising the	2	you a hypothetical. If the rent was \$7 a square
3	property leased at market rent? Which of the two is	3	foot, Mr. Racek, and it was leased at \$20 a square
4	it?	4	foot, would you have to make an adjustment for an
5	A. I'm appraising the property that's	5	above market contract rent?
6	unencumbered.	6	A. You confused me with \$7 and \$20.
7	Q. So that would be vacant?	7	Q. The contract rent is \$20 and the market
8	A. No, doesn't necessarily mean vacant. It	8	rent is \$7. Do you have to make an adjustment for
9	means that you have the ability to buy it and owner	9	the above market contract rent?
10	occupy it.	10	A. Yes.
11	Q. I just asked you earlier, and I'm going	11	Q. If the rent was \$1, the contract rent was
12		12	
	to do it again because it's an important point, does	1	\$1 a square foot and the market rent was \$7 a square
13	your understanding of Ohio tax valuation law from	13	foot, would you have to make a similar adjustment?
14	your reading of the cases that you're to appraise a	14	A. Yes.
15	property	15	Q. So in appraising this property,
16	MR. GIBBS: Objection, asked and	16	Mr. Racek, have you appraised this property assuming
17	answered. This is the same question he just asked	17	that it's vacant or not?
18	him.	18	A. Not.
19	THE EXAMINER: I'm going to allow him to	19	Q. That it's not vacant?
20	ask one more time because I'm not sure we got the	20	A. I'm assuming it can be occupied by an
21	answer clear. Mr. Seed.	21	owner user or a potential tenant.
22	Q. (By Mr. Seed) Am I correct you stated	22	Q. Now, if there was a potential tenant in
23	earlier that unencumbered means not leased, correct?	23	the property, okay, not a potential, if there's an
24	A. Yes.	24	actual tenant of the property, of the lease, you
25	Q. So when you're appraising property for	25	would have to adjust the lease if it was above or
	Page 106		Page 108
1	Ohio tax valuation purposes, are you appraising the	1	Page 108 below market, correct?
1 2	-	1 2	-
1 2 3	Ohio tax valuation purposes, are you appraising the	1 2 3	below market, correct?  A. I would
	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's		below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.
3 4	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax	3	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.
3 4 5	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not	3	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?
3 4	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.	3	below market, correct?  A. I would MR. GIBBS: Objection. Relevance.  There's no tenant at this property. Q. If there was a tenant?  THE EXAMINER: I think this may have
3 4 5 6 7	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're	3 4 5 6 7	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of
3 4 5 6 7 8	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a	3 4 5 6 7 8	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an
3 4 5 6 7 8 9	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?	3 4 5 6 7 8	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.
3 4 5 6 7 8 9 10	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.	3 4 5 6 7 8 9	below market, correct?  A. I would MR. GIBBS: Objection. Relevance.  There's no tenant at this property. Q. If there was a tenant? THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease. MR. SEED: Okay, I'll move on.
3 4 5 6 7 8 9 10	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?	3 4 5 6 7 8 9 10	below market, correct?  A. I would MR. GIBBS: Objection. Relevance.  There's no tenant at this property. Q. If there was a tenant? THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on. THE EXAMINER: Thank you.
3 4 5 6 7 8 9 10 11 12	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user	3 4 5 6 7 8 9 10 11	below market, correct?  A. I would MR. GIBBS: Objection. Relevance.  There's no tenant at this property. Q. If there was a tenant? THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease. MR. SEED: Okay, I'll move on. THE EXAMINER: Thank you. Q. (By Mr. Seed) Sale No. 1, Mr. Racek,
3 4 5 6 7 8 9 10 11 12	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.	3 4 5 6 7 8 9 10 11 12 13	below market, correct?  A. I would MR. GIBBS: Objection. Relevance.  There's no tenant at this property. Q. If there was a tenant? THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease. MR. SEED: Okay, I'll move on. THE EXAMINER: Thank you. Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?
3 4 5 6 7 8 9 10 11 12 13	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes	3 4 5 6 7 8 9 10 11 12 13 14	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market	3 4 5 6 7 8 9 10 11 12 13 14 15	below market, correct?  A. I would MR. GIBBS: Objection. Relevance.  There's no tenant at this property. Q. If there was a tenant? THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease. MR. SEED: Okay, I'll move on. THE EXAMINER: Thank you. Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct? A. Yes. THE EXAMINER: Again, Mr. Seed, you're in
3 4 5 6 7 8 9 10 11 12 13 14 15 16	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?	3 4 5 6 7 8 9 10 11 12 13 14 15 16	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box,
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.  Q. Okay. So if it's leased, does that mean	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box, correct?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.  Q. Okay. So if it's leased, does that mean it has to does that mean there has to be an	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box, correct?  A. It's the grantor individually owns the
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.  Q. Okay. So if it's leased, does that mean it has to does that mean there has to be an adjustment?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box, correct?  A. It's the grantor individually owns the building even though it was attached to a mall that
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.  Q. Okay. So if it's leased, does that mean it has to — does that mean there has to be an adjustment?  A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box, correct?  A. It's the grantor individually owns the building even though it was attached to a mall that was owned by other people.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.  Q. Okay. So if it's leased, does that mean it has to — does that mean there has to be an adjustment?  A. Yes.  Q. Why does there have to be an adjustment?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box, correct?  A. It's the grantor individually owns the building even though it was attached to a mall that was owned by other people.  Q. You can walk it's like a mall anchor
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.  Q. Okay. So if it's leased, does that mean it has to — does that mean there has to be an adjustment?  A. Yes.  Q. Why does there have to be an adjustment?  A. You have to determine whether or not the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box, correct?  A. It's the grantor individually owns the building even though it was attached to a mall that was owned by other people.  Q. You can walk it's like a mall anchor tenant, correct?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Ohio tax valuation purposes, are you appraising the property as if it's for fee simple for property tax purposes, are you appraising the property as if it's vacant or if it's leased at market rent, if it's not vacant, if it's leased? Which of the two?  A. I'm confused now.  Q. Let me go through it again. If you're appraising property for Ohio tax purposes, are you a assuming that the property is vacant?  A. I'm assuming it's unencumbered.  Q. What does that mean to you?  A. That it can be occupied by an owner user or a potential tenant.  Q. Can unencumbered also mean for purposes of Ohio tax law that it's leased but leased at market rent?  A. I think if it's leased, it's unencumbered.  Q. Okay. So if it's leased, does that mean it has to — does that mean there has to be an adjustment?  A. Yes.  Q. Why does there have to be an adjustment?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	below market, correct?  A. I would  MR. GIBBS: Objection. Relevance.  There's no tenant at this property.  Q. If there was a tenant?  THE EXAMINER: I think this may have already been asked and answered in your last line of questioning about whether there would be an adjustment to an above or below market lease.  MR. SEED: Okay, I'll move on.  THE EXAMINER: Thank you.  Q. (By Mr. Seed) Sale No. 1, Mr. Racek, that's attached to a mall; is that correct?  A. Yes.  THE EXAMINER: Again, Mr. Seed, you're in Exhibit A?  MR. SEED: Exhibit A.  Q. That's not a freestanding big box, correct?  A. It's the grantor individually owns the building even though it was attached to a mall that was owned by other people.  Q. You can walk it's like a mall anchor

			1
	Page 109		Page 111
1	Q. That's in Columbus, correct?	1	the condition, correct? I just asked you, the sale
2	A. It is, yes.	2	condition, I'm sorry.
3	Q. At this mall, is there a Lowe's or Home Depot?	3	A. Sale condition, what do you mean by sale condition?
4	A. Across the street.	4	Q. You mentioned because there was a premium paid by
5	Q. But at this mall?	5	the mall owner.
6	A. In the neighborhood.	6	A. Yeah, the mall owner bought it so they could
7	Q. Are you aware of any malls that have Lowe's or	7	control who occupied the property.  Q. So what were those specific adjustments you
8	Home Depot as anchor tenants, malls?	8	made, Mr. Racek?
9	A. Not off the top of my head, no.	9	A. A downward adjustment because the mall owner
	Q. Do malls typically have one or two stories?		paid a premium to acquire the property, a downward
10	Typically two stories?	10	adjustment for location, a downward adjustment for
11	A. They can.	11	superior interior finish.
12	Q. Do they often have two stories?	12	Q. What specific adjustment did you make?
13	A. Sometimes.	13	A. I just told you.
14	Q. Would a department store at a mall have great	14	Q. You made a downward adjustment?
15	utility for use by Lowe's or Home Depot?	15	A. Yes.
16	A. If they wanted to be a part of the synergy of the mall, they could be.	16	Q. So what did you adjust that sale to, Mr.
17	Q. Okay. No. 2 is a former Wal-Mart in Streetsboro?	17	Racek?
18	A. Yes.	18	A. I don't have a specific adjusted unit
19	Q. That contract had a deed restriction?	19	price because I don't do quantitative adjustments, I do
20	A. It did.	20	qualitative analysis.
21	Q. Did that limit the ability to sell the	21	Q. That doesn't tell me anything, Mr. Racek.
22	Q. Did that finht the ability to sen the	22	A. Pick up the dictionary or the Appraisal
23		23	
24		24	
25		25	
2.5		23	
	Page 110		Page 112
1	property?	1	Institute tax book and it's a proper way of adjusting
2	A. I don't think so.	2	sales that the Board of Tax Appeals has accepted time
3	Q. Did that deed restriction limit it to	3	and time again.
4	sell to various retail uses?	4	Q. You mentioned there was a modest
5	A. You could be a retailer and occupy the	5	adjustment upward for the increase in property values
6	property.	6	that occurred since the date of the sale.
7	Q. Did you review the deed?	7	A. Yes.
8	A. Yes.	8	Q. So how much was that adjustment?
9	Q. Did it restrict various retail uses?	9	A. I don't have a specific quantitative
10	A. It did.	10	adjustment, David.
I			
11	Q. Back to Sale 1, Sale 1 was \$67.79 a	11	Q. I'm trying to understand. Property
12	square foot?	12	values increased since the date of the sale for sale
13	A. Yes.	13	1, correct?
14	Q. You indicate that you made adjustments	14	A. In their market it has, yes.
15	for sale and condition?	15	Q. In the two appraisals you've done in this
16	A. Say that again.	16	property for January 1, '12 and January 1, '15,
17	Q. You made a downward adjustment for sale	17	you're arguing that market rent for this property
18	and condition, correct?	18	declined by 25 percent from \$6 to 4.50, correct?
19	A. For sale	19	A. That's right.
20	Q. For conditions.	20	Q. Where do I see in this report any
21	A. For conditions, yes.	21	evidence of a decline in market rent or an increase
22	Q. You made a downward adjustment for	22	in the market of sale of values for the sales to
23	location?	23	support your conclusions?
24	A. Yes.	24	A. My conclusions are contained with
25	Q. You made a downward location (sic) for	25	reviewing all of the sales information that I've
1	(0.0)		

	Page 113		Page 115
1	provided in the report.	1	located. So if that's at the top end of the range,
2	Q. Okay. We'll come back to that in a	2	it's roughly 70. And this one is basically similar
3	second. Sale 2, you indicate you make an upward	3	in size, older, inferior location and it sets the
4	adjustment for the location.	4	lower limit at 15, we should be somewhere in that
5	A. Yes.	5	range.
6	Q. And you make an upward adjustment for the	6	Q. Maybe. We'll come to that. No. 3,
7	condition.	7	Mr. Racek, you make adjustments for location,
8	A. Yes.	8	condition, correct?
9	Q. And you make a downward adjustment for	9	A. Correct.
10	the larger land to building ratio, correct?	10	Q. Land to building ratio, correct?
11	A. Yes.	11	A. Yes.
12	Q. And you make an upward adjustment for the		Q. Okay. That was \$36, correct?
		12	
13	deed restriction?	13	A. Yes.
14	A. Correct.	14	Q. Again, do you have any analysis in your
15	Q. You have four adjustments. So which	15	report as to how much weight you gave to each of the
16	which adjustments carried more weight?	16	adjustments?
17	A. They aren't weighted. They're looking at	17	A. No.
18	at them in totality. They're looking at this sale	18	Q. Sale 4, \$21 a square foot or \$22 a square
19	that sold for \$15. I think our property is better.	19	foot, you see that?
20	That's why I put the value in at \$50 a square foot.	20	A. Yes.
21	Q. As a reader	21	Q. You make adjustments for location,
22	A. So as an appraiser, maybe I'm too high on	22	condition and land to building ratio, correct?
23	the subject. Maybe it should only be worth 25.	23	A. Yes.
24	Q. Maybe you should be higher at 85?	24	Q. You make an overall upward adjustment,
25	A. I have no support for that.	25	correct?
	11		
	Page 114		Page 116
1	Page 114  Q. But I have no support, Mr. Racek, in	1	Page 116  A. Correct.
1 2	Q. But I have no support, Mr. Racek, in	1 2	•
	-	1 2 3	A. Correct.
2	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the		A. Correct.  Q. Is there any analysis in the report as to how you weighted those adjustments?
2 3 4	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this	3 4	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments.
2 3 4 5	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this	3 4 5	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have
2 3 4	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.	3 4	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio?
2 3 4 5	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not	3 4 5	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct.
2 3 4 5 6 7 8	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case	3 4 5 6 7 8	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you
2 3 4 5 6 7 8 9	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis	3 4 5 6 7 8 9	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report?
2 3 4 5 6 7 8 9	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.	3 4 5 6 7 8 9	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David.
2 3 4 5 6 7 8 9 10 11	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which	3 4 5 6 7 8 9 10	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other
2 3 4 5 6 7 8 9 10 11 12	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different	3 4 5 6 7 8 9 10 11	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales?
2 3 4 5 6 7 8 9 10 11 12 13	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?	3 4 5 6 7 8 9 10 11 12 13	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.	3 4 5 6 7 8 9 10 11 12 13 14	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store,
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15	3 4 5 6 7 8 9 10 11 12 13 14 15	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.  Q. Am I correct under that analysis someone	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you indicate that the in-place rent is above market,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.  Q. Am I correct under that analysis someone	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you indicate that the in-place rent is above market, correct? A. Yes. Q. That's based on your analysis in the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.  Q. Am I correct under that analysis someone else could say it's \$30 or \$100, they could just look	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you indicate that the in-place rent is above market, correct? A. Yes. Q. That's based on your analysis in the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.  Q. Am I correct under that analysis someone else could say it's \$30 or \$100, they could just look at all the analyses in their reports and come to a	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you indicate that the in-place rent is above market, correct? A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.  Q. Am I correct under that analysis someone else could say it's \$30 or \$100, they could just look at all the analyses in their reports and come to a conclusion?  A. What I've done, I've tried to bracket	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you indicate that the in-place rent is above market, correct? A. Yes. Q. That's based on your analysis in the income approach for \$4.50 a square foot, correct? A. It's based upon my analysis of what I
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. But I have no support, Mr. Racek, in reading your report to see how you come to \$50 if you aren't making the effort to show how you make the adjustment from 15. You don't show me in this report, Mr. Racek, how you go from 15 to 50 for this comparable sale.  A. Because I use qualitative analysis, not quantitative adjustments which I can show you a case where the BTA will not accept quantitative analysis I'm sorry, quantitative adjustment.  Q. But do you make the effort to say which of these is greater? \$15 is significantly different than 50; am I correct?  A. It is.  Q. How did you go from your thinking from 15 to 50?  A. Looking at all the sales I've provided in the report.  Q. Am I correct under that analysis someone else could say it's \$30 or \$100, they could just look at all the analyses in their reports and come to a conclusion?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Correct. Q. Is there any analysis in the report as to how you weighted those adjustments? A. Same as the other adjustments. Q. Sale 5, \$37.49 a square foot, do you have adjustments for condition and land to building ratio? A. Correct. Q. Do you have any analysis as to how you weighted the adjustments in the report? A. The answer is the same, David. Q. Would it be the same for all these other sales? A. Yes. Q. Now, Sale No. 6 is a Lowe's store, correct? A. It is. Q. Now, you make an adjustment because you indicate that the in-place rent is above market, correct? A. Yes. Q. That's based on your analysis in the income approach for \$4.50 a square foot, correct?

	Page 117		Dago 110
	Page 117		Page 119
1	Q. At \$4.50 a square foot?	1	Q the buyer, all things being equal, is
2	A. No, based on my analysis of what I	2	going is to receive rent for 25 years?
3	believe fair market rent is in this property in	3	A. Hopefully.
4	Ontario, Ohio.	4	Q. Of a credit worthy tenant they would?
5	Q. This is Sale No. 6, correct?	5	A. Hopefully.
6	A. Yes.	6	Q. And if a lease had only five years left
7	Q. That lease expires in 2023, correct,	7	in a 25-year lease, the buyer is only guaranteed to
8	Mr. Racek?	8	receive rent for five more years, correct?
9	A. It does.	9	A. Hopefully.
10	Q. Now, that lease at the time of sale had	10	Q. There's options to renew, correct?
11	eight years, eight-and-a-half years left on it?	11	A. Yes.
12	A. Close, yes.	12	Q. But there's no guarantee the tenant will
13	Q. Thank you. Where is Ontario, Ohio,	13	exercise the option.
14	Mr. Racek?	14	A. True.
15	A. Richland County.	15	Q. So as you move closer to the expiration
16	Q. Isn't that like a rural location as	16	date of the original lease term, does the risk of
17	related to Cuyahoga County?	17	nonrenewal of the lease increase?
18	A. It's Mansfield.	18	A. It can.
19		19	Q. Why would it increase?
20	Q. Sale No. 7, Brice Road?	- 1	A. Because the tenant could leave.
	A. Yes.	20	
21	Q. We're going to talk about this for a	21	Q. Could that impact the sales price?
22	second. That lease expires in 2019, correct?	22	A. It can.
23	A. It does.	23	Q. So Sale 7 had only five years left as we
24	Q. That's a Lowe's store, correct?	24	discussed, Sale 8 is another
25	A. It is.	25	A. Sale No. 8 is Garden Ridge or now known
	Page 118		Page 120
	rage rre		rage 120
1	-	1	-
1	Q. When did that lease start?	1 2	as At Home.
1 2 3	Q. When did that lease start? A. Back in 1994.	1 2 3	as At Home.  Q. That lease only had six years left,
3	<ul><li>Q. When did that lease start?</li><li>A. Back in 1994.</li><li>Q. So it's a 25-year lease, right?</li></ul>	1 2 3 4	as At Home. Q. That lease only had six years left, correct?
3 4	<ul><li>Q. When did that lease start?</li><li>A. Back in 1994.</li><li>Q. So it's a 25-year lease, right?</li><li>A. I don't remember if it was a 20 or</li></ul>	4	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes.
3 4 5	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options.	4 5	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes. Q. Do you have any leases in your report
3 4 5 6	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale	4	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes. Q. Do you have any leases in your report that were excuse me. Do you have any sales in
3 4 5 6 7	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease?	4 5 6 7	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes. Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the
3 4 5 6 7 8	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close.	4 5 6 7 8	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes. Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in
3 4 5 6 7 8 9	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's	4 5 6 7 8 9	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes. Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the
3 4 5 6 7 8 9 10	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the	4 5 6 7 8 9	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes. Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the A. I heard the question. No. 5 was at the
3 4 5 6 7 8 9 10	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the	4 5 6 7 8 9 10	as At Home. Q. That lease only had six years left, correct? A. Pretty close, yes. Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the A. I heard the question. No. 5 was at the beginning of a five-year term.
3 4 5 6 7 8 9 10 11	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property?	4 5 6 7 8 9 10 11	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically
3 4 5 6 7 8 9 10 11 12	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure.	4 5 6 7 8 9 10 11 12 13	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when
3 4 5 6 7 8 9 10 11 12 13 14	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a	4 5 6 7 8 9 10 11 12 13 14	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?
3 4 5 6 7 8 9 10 11 12 13 14 15	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of	4 5 6 7 8 9 10 11 12 13 14 15	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're
3 4 5 6 7 8 9 10 11 12 13 14 15	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant	4 5 6 7 8 9 10 11 12 13 14 15 16	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten,
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant vacates a property?	4 5 6 7 8 9 10 11 12 13 14 15 16 17	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer because if you're under contract to pay the rent, I	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.  Q. Brice Road, Mr. Gibbs was kind enough to
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer because if you're under contract to pay the rent, I don't understand	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.  Q. Brice Road, Mr. Gibbs was kind enough to put up this diagram. Did you prepare this map?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of -of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer because if you're under contract to pay the rent, I don't understand Q. Let me rephrase it. If the lease started on	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.  Q. Brice Road, Mr. Gibbs was kind enough to put up this diagram. Did you prepare this map?  A. I did not.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of -of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer because if you're under contract to pay the rent, I don't understand Q. Let me rephrase it. If the lease started on the sale here is October 17 of 2014. If the	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.  Q. Brice Road, Mr. Gibbs was kind enough to put up this diagram. Did you prepare this map?  A. I did not.  MR. GIBBS: So I guess we're stipulating
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer because if you're under contract to pay the rent, I don't understand Q. Let me rephrase it. If the lease started on the sale here is October 17 of 2014. If the lease started on October 17 of '14 and ran for 25	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.  Q. Brice Road, Mr. Gibbs was kind enough to put up this diagram. Did you prepare this map?  A. I did not.  MR. GIBBS: So I guess we're stipulating it's in now.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer because if you're under contract to pay the rent, I don't understand Q. Let me rephrase it. If the lease started on the sale here is October 17 of 2014. If the lease started on October 17 of '14 and ran for 25 years, okay, you understand that	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.  Q. Brice Road, Mr. Gibbs was kind enough to put up this diagram. Did you prepare this map?  A. I did not.  MR. GIBBS: So I guess we're stipulating it's in now.  MR. SEED: I didn't ask a question.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. When did that lease start? A. Back in 1994. Q. So it's a 25-year lease, right? A. I don't remember if it was a 20 or 25-year lease, but there was options. Q. So does that mean at the time of sale there was about five years left on the lease? A. Close. Q. Now, if a lease is 25 years and there's five years left on the lease, at the end of the lease, am I correct the tenant could vacate the property? A. Sure. Q. Is there more risk at the beginning of a lease or towards the end of a lease if a tenant of of an owner not receiving rent because a tenant vacates a property? A. It's a difficult question to answer because if you're under contract to pay the rent, I don't understand Q. Let me rephrase it. If the lease started on the sale here is October 17 of 2014. If the lease started on October 17 of '14 and ran for 25	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	as At Home.  Q. That lease only had six years left, correct?  A. Pretty close, yes.  Q. Do you have any leases in your report that were excuse me. Do you have any sales in your report with leases that were towards the beginning of their term? Do you have any sales in the report where the  A. I heard the question. No. 5 was at the beginning of a five-year term.  Q. For a big box, is the term typically longer than five years in the original lease when it's build to suit?  A. If you look at my rent comps, they're generally five to ten-year leases. Five, five, ten, ten, ten, five. Five to ten-year leases is generally what you're going to find.  Q. Brice Road, Mr. Gibbs was kind enough to put up this diagram. Did you prepare this map?  A. I did not.  MR. GIBBS: So I guess we're stipulating it's in now.

	Page 121		Page 123
1	there yet.	1	\$10 million, doesn't that show a difference in demand
2	MR. GIBBS: Okay.	2	in locations?
3	THE EXAMINER: I appreciate your design	3	A. No, it shows you that fee simple sales
4	for efficiency here. Again, this is Exhibit F,	4	and leased fee sales need substantial adjustments.
5	correct?	5	Q. Why wouldn't the Kmart that was sold in
6	MR. SEED: Exhibit F.	6	Brooklyn be sold for \$300,000, Mr. Racek?
7	MR. GIBBS: Yes.	7	A. Why wouldn't it?
8	Q. (By Mr. Seed) Is Lowe's the property we	8	Q. Why wouldn't it be sold for \$300,000 if
9	discussed a few minutes ago?	9	there was if why would Menards are you
	A. It is.		familiar with Menards?
10		10	A. Yes.
11	Q. Target, did Target leave this location?	11	
12	A. They did.	12	Q. If on Brice Road a big box vacant big
13	Q. They did leave it?	13	boxes go for under a million dollars, why wouldn't
14	A. Yes.	14	the former Kmart in Brooklyn go for under a million
15	Q. Did Meijer leave this property, this	15	dollars?
16	location?	16	A. We're talking about two different
17	A. Yes.	17	locations.
18	Q. And who was at this property?	18	Q. That's what I mean. Thank you.
19	A. It was originally a Builders Square. It	19	A. But what you're failing to understand
20	was a Hobby Lobby.	20	here
21	Q. So you have three or four properties	21	Q. You've answered my question, Mr. Racek.
22	where the original tenants vacated, correct?	22	Now, in your appraisal sales, you have
23	A. Yes.	23	leased fee Sales 6 is it 6 through 10 or 5 through
24	Q. Do you have I mentioned to you before	24	10?
25	with our subject's location, okay, Home Depot,	25	A. 5 through 10.
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Lowe's, Sam's Club, Wal-Mart, do you have any examples at our subject's location where a large big box has vacated?  A. Kmart, HH Gregg. Q. But did Kmart vacate and were they was their site then purchased by Menards?  A. It was. Q. Is Menards a big box? A. They're entering the market and plan on building a store, yes. Q. Now, I can verify this again, but I'll agree with you they paid over \$10 million for the Menards?  A. For the Kmart site, yes. Q. How much was Target? What was that price? A. \$300,000 for \$2.44 a square foot. Q. And the Meijer? A. \$429,400 at \$2 a square foot. Q. And Hobby Lobby? A. 780,000 or \$7.52 a square foot. Q. If Brice Road, three big boxes are sold for under a million dollars, it would have been under 200	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. As we just discussed, a few of these leased fee sales were at the end of their towards the end of their terms. Are you familiar with the Sam's Club in Brooklyn?  A. I'm familiar with it, yes. Q. Am I on No. 3?  THE EXAMINER: 3.  (EXHIBIT MARKED FOR IDENTIFICATION.) Q. (By Mr. Seed) Are you aware that the Sam's Club in Brooklyn was sold within the last few years? A. Yes. Q. Do you recall what it was sold for? A. No. Q. Have I asked you about this before in prior hearings? A. Probably. Q. Yes. Do you subscribe at your office to a service called Costar? A. Yes.
20 21 22 23 24 25	about half a million dollars, and our subject's location, a big box, is then sold for over	20 21 22 23 24 25	<ul><li>Q. Are you familiar with Costar?</li><li>A. Yes.</li><li>Q. This would be 3. I'm going to hand you, ask you to take a look at that for a second. I have one more document I'm going to mark.</li></ul>

			1
	Page 125		Page 127
1	MR. GIBBS: I'll make an objection. This	1	A. It is not.
2	is not a self-authenticating document such as a deed	2	Q. Now, none of your comparable sales in
3	or a Conveyance Fee Statement.	3	your report are in Cuyahoga County?
4	MR. SEED: I have that.	4	A. True.
5	THE EXAMINER: Noted for the record.	5	Q. And six of your ten sale comps are leased
6	MR. GIBBS: Okay.	6	fee sales, correct?
7	MR. SEED: That would be 4.	7	A. Six of the ten are leased fee sales, yes.
8	(EXHIBIT MARKED FOR IDENTIFICATION.)	8	Q. In your opinion, it's appropriate to use
9	MR. GIBBS: Same objection, your Honor.	9	leased fee sales in an appraisal of our subject
10	THE EXAMINER: Noted.	10	property, correct?
11	Q. (By Mr. Seed) Are you familiar with a	11	A. If it can be verified, they know what's
12	service called Real Capital Analytics?	12	included in the sale, yes.
13	A. I know it exists, but I'm not familiar	13	MR. SEED: Let's see if I have any other
14	with it.	14	questions
15	MR. SEED: This is 5.	15	Q. So Mr. Racek, you have not used a
16	THE EXAMINER: This is 5?	16	Cuyahoga County sale we just discussed in Exhibits 3
17	MR. SEED: 5.	17	through 5 and you have Sales 1 through 10 are not
18	(EXHIBIT MARKED FOR IDENTIFICATION.)	18	from Cuyahoga County; is that correct?
19	Q. Mr. Racek, tell me when you're ready for	19	A. Yes.
20	a question. We're almost done with my cross.	20	Q. And we discussed before you determined
21	MR. GIBBS: I would just object to 5 on	21	the market rent has declined from \$6 to \$4.50 a
22	the basis that it's not a certified copy.	22	square foot between your two appraisals; is that
23	THE EXAMINER: Again, noted for the	23	correct?
24	record. We'll get to it at the end here.	24	A. Correct.
25	MR. GIBBS: I'm just protecting my	25	Q. So in reading your report, how is a
	, , , , , , , , , , , , , , , , , , ,		
	Page 126		Page 128
1	Page 126 THE EXAMINER: I appreciate that.	1	Page 128 reader to determine or to know why the value declined
1 2		1 2	
1 2 3	THE EXAMINER: I appreciate that.	1 2 3	reader to determine or to know why the value declined
	THE EXAMINER: I appreciate that. THE WITNESS: Okay.		reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that
3	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A,	3	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out
3 4	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20.	3 4	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that
3 4 5	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay.	3 4 5	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?
3 4 5	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject?	3 4 5	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally
3 4 5	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes.	3 4 5	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much
3 4 5 6 7 8	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know	3 4 5 6 7 8	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed
3 4 5 6 7 8 9	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located?	3 4 5 6 7 8	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has
3 4 5 6 7 8 9	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do.	3 4 5 6 7 8 9	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.
3 4 5 6 7 8 9 10 11	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that?	3 4 5 6 7 8 9 10	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value
3 4 5 6 7 8 9 10 11	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and	3 4 5 6 7 8 9 10 11	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12
3 4 5 6 7 8 9 10 11 12 13	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property?	3 4 5 6 7 8 9 10 11 12 13	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million
3 4 5 6 7 8 9 10 11 12 13	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject	3 4 5 6 7 8 9 10 11 12 13 14	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.
3 4 5 6 7 8 9 10 11 12 13 14 15	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in	3 4 5 6 7 8 9 10 11 12 13 14 15	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million
3 4 5 6 7 8 9 10 11 12 13 14 15	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in Brooklyn was sold in 2013 for \$21,000,425?	3 4 5 6 7 8 9 10 11 12 13 14 15 16	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.  A. I used a lower rental rate but a lower cap rate as well.  Q. What is the support, Mr. Racek, for the
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in Brooklyn was sold in 2013 for \$21,000,425? A. That's what it appears to be on the deed. Q. Is that \$144 a square foot according to	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.  A. I used a lower rental rate but a lower cap rate as well.  Q. What is the support, Mr. Racek, for the rental rate to have declined from \$6 to 4.50 a square
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in Brooklyn was sold in 2013 for \$21,000,425? A. That's what it appears to be on the deed. Q. Is that \$144 a square foot according to the Costar write-up?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.  A. I used a lower rental rate but a lower cap rate as well.  Q. What is the support, Mr. Racek, for the rental rate to have declined from \$6 to 4.50 a square foot during those three years?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in Brooklyn was sold in 2013 for \$21,000,425? A. That's what it appears to be on the deed. Q. Is that \$144 a square foot according to the Costar write-up? A. That's what Costar indicates.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.  A. I used a lower rental rate but a lower cap rate as well.  Q. What is the support, Mr. Racek, for the rental rate to have declined from \$6 to 4.50 a square foot during those three years?  A. The more recent rental rates that I have
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in Brooklyn was sold in 2013 for \$21,000,425? A. That's what it appears to be on the deed. Q. Is that \$144 a square foot according to the Costar write-up? A. That's what Costar indicates. Q. Now, am I correct that the Sam's Club	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.  A. I used a lower rental rate but a lower cap rate as well.  Q. What is the support, Mr. Racek, for the rental rate to have declined from \$6 to 4.50 a square foot during those three years?  A. The more recent rental rates that I have used indicate that rental rates are decreasing.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in Brooklyn was sold in 2013 for \$21,000,425? A. That's what it appears to be on the deed. Q. Is that \$144 a square foot according to the Costar write-up? A. That's what Costar indicates. Q. Now, am I correct that the Sam's Club Brooklyn sale is not included in your report, Exhibit	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.  A. I used a lower rental rate but a lower cap rate as well.  Q. What is the support, Mr. Racek, for the rental rate to have declined from \$6 to 4.50 a square foot during those three years?  A. The more recent rental rates that I have used indicate that rental rates are decreasing.  Q. But the majority of your rental rates
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THE EXAMINER: I appreciate that. THE WITNESS: Okay. Q. (By Mr. Seed) In your report Exhibit A, could you turn to facing Page 20. A. Okay. Q. Do you see the arrow for Subject? A. Yes. Q. Could you tell us where Do you know where the Sam's Club is located? A. I do. Q. Where is that? A. Northeast quadrant of Brookpark Road and Tiedeman Road. Q. Okay. So within a mile of our subject property? A. Yeah, close. Q. Am I correct that the Sam's Club in Brooklyn was sold in 2013 for \$21,000,425? A. That's what it appears to be on the deed. Q. Is that \$144 a square foot according to the Costar write-up? A. That's what Costar indicates. Q. Now, am I correct that the Sam's Club	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	reader to determine or to know why the value declined by 20 to 25 percent between January 1, 2012 and January 1, 2015 when in your report you point out that market values have increased during that timeframe?  A. I said market values have generally increased. Big box stores, there's been not much change in terms of rental changes. What has changed is cap rates. Cap rates have come down which has given you upward movement in pricing.  Q. So then wouldn't that indicate the value would go up if cap rates have gone down between '12 and '15?  A. Yeah, and I've used a lower cap rate.  Q. But your overall value is over \$2 million lower, Mr. Racek.  A. I used a lower rental rate but a lower cap rate as well.  Q. What is the support, Mr. Racek, for the rental rate to have declined from \$6 to 4.50 a square foot during those three years?  A. The more recent rental rates that I have used indicate that rental rates are decreasing.

		1	
	Page 129		Page 131
1	A. But the ones that are closer to the tax	1	built in Ohio, and it's been many years.
2	lien date show lower rental rates.	2	Q. What does that tell you?
3	Q. But most of your rental rates, the ones	3	A. That they've either expanded as far as
4	you have dates for are further away from the tax lien	4	they're going to expand in Ohio or they're not
5	date.	5	building stores in Ohio any longer.
6	A. I have dates for all of them.	6	Q. Okay. Mr. Seed asked you about the
7	Q. The ones that actually have leases are	7	absence or perceived absence of surveys and analysis.
0	closer to 2010 and '12.	0	Specifically he was looking for some sort of a retail
8		8	
9	A. Look at the one in 2015.	9	market overview. Do you recall that question?
10	Q. But you have, Mr. Racek, on facing Page	10	A. Yes.
11	53, you have nine rent comps with lease terms,	11	Q. Would this kind of study or overview be
12	correct?	12	any substitute in your mind for actual sale and
13	A. I do.	13	actual lease data?
14	Q. Six of the nine are before 2013?	14	A. I don't believe so.
15	A. That's correct.	15	Q. You've got plenty of actual sales data
16	Q. So what's the support for a decline of	16	and lease data, don't you?
17	rent from \$6 to \$4.50?	17	A. Yes.
18	MR. GIBBS: Objection. Asked and	18	Q. Mr. Seed asked you about the Rocky River
19	answered. He's told him the more recent leasing	19	report which I believe he marked Appellee's 2; do you
20	activity is the answer to the question.	20	recall that?
21	THE EXAMINER: I tend to agree. I'm	21	A. Yes.
22	going to allow you to get this answer out and then	22	Q. And he pointed out that at the time you
23	move on.	23	did the Rocky River report which was also for
24	MR. SEED: We'll just move on.	24	January 1st, 2015, the Rocky River store was only six
25	THE EXAMINER: Okay.	25	
23	THE EXAMINER. Okay.	23	years old; do you recall that?
	Page 130		Page 132
1	Page 130  MR. SEED: Let's see if I have anything	1	Page 132 A. Yes.
1 2		1 2	A. Yes.
1 2 3	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.	1 2 3	A. Yes. Q. Do you remember Mr. Seed expressing
3	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions. THE EXAMINER: Okay.		A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky
3 4	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.	3	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally
3 4 5	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay.  MR. GIBBS: Just a few on redirect.	3 4 5	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?
3 4	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions. THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION	3	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.
3 4 5	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay.  MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs:	3 4 5	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment
3 4 5 6 7 8	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay.  MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs:  Q. Mr. Racek, do you remember some questions	3 4 5 6 7 8	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case?
3 4 5 6 7 8 9	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay.  MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs:  Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed	3 4 5 6 7 8 9	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case? A. Yes.
3 4 5 6 7 8 9	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay.  MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs:  Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each	3 4 5 6 7 8 9	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if
3 4 5 6 7 8 9 10	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay.  MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs:  Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?	3 4 5 6 7 8 9 10	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old
3 4 5 6 7 8 9 10 11	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay.  MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs:  Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes.	3 4 5 6 7 8 9 10 11 12	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that
3 4 5 6 7 8 9 10 11 12 13	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps? A. Yes. Q. Are all your sales in either a densely	3 4 5 6 7 8 9 10 11 12	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true?
3 4 5 6 7 8 9 10 11 12 13 14	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor?	3 4 5 6 7 8 9 10 11 12 13	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case? A. Yes. Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true? A. It is.
3 4 5 6 7 8 9 10 11 12 13 14 15	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes.	3 4 5 6 7 8 9 10 11 12 13 14	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case? A. Yes. Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true? A. It is. Q. So is it your testimony that your
3 4 5 6 7 8 9 10 11 12 13 14	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case? A. Yes. Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true? A. It is. Q. So is it your testimony that your treatment or description of the functional
3 4 5 6 7 8 9 10 11 12 13 14 15	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps? A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case? A. Yes. Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true? A. It is. Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that
3 4 5 6 7 8 9 10 11 12 13 14 15 16	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case? A. Yes. Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true? A. It is. Q. So is it your testimony that your treatment or description of the functional
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps? A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that? A. Yes. Q. Isn't that consistent with your treatment of the subject property in this case? A. Yes. Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true? A. It is. Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps? A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000 square foot store in Brooklyn. Do you remember those	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true?  A. It is.  Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that description of the Rocky River store that was
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000 square foot store in Brooklyn. Do you remember those questions? A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true?  A. It is.  Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that description of the Rocky River store that was described in Appellee's 2?  A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000 square foot store in Brooklyn. Do you remember those questions? A. Yes. Q. From what you know about what's going on	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true?  A. It is.  Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that description of the Rocky River store that was described in Appellee's 2?  A. Yes.  Q. Why didn't you use the sale of the Sam's
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000 square foot store in Brooklyn. Do you remember those questions?  A. Yes. Q. From what you know about what's going on with the big box industry and to the extent you	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true?  A. It is.  Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that description of the Rocky River store that was described in Appellee's 2?  A. Yes.  Q. Why didn't you use the sale of the Sam's Club in Brooklyn which was the subject of Appellee's
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps? A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000 square foot store in Brooklyn. Do you remember those questions? A. Yes. Q. From what you know about what's going on with the big box industry and to the extent you talked to Lowe's, are they building 135,000 square	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true?  A. It is.  Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that description of the Rocky River store that was described in Appellee's 2?  A. Yes.  Q. Why didn't you use the sale of the Sam's Club in Brooklyn which was the subject of Appellee's exhibits which are in contention, 3, 4 and 5?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. SEED: Let's see if I have anything else and I'm done. I have no further questions.  THE EXAMINER: Okay. MR. GIBBS: Just a few on redirect.  REDIRECT EXAMINATION  By Mr. Gibbs: Q. Mr. Racek, do you remember some questions from Mr. Seed about why you don't have detailed traffic counts and demographics associated with each of your sales comps?  A. Yes. Q. Are all your sales in either a densely populated area or a strong retail corridor? A. Generally, yes. Q. You also had some questions from Mr. Seed about where would Lowe's be able to build a 135,000 square foot store in Brooklyn. Do you remember those questions?  A. Yes. Q. From what you know about what's going on with the big box industry and to the extent you	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes.  Q. Do you remember Mr. Seed expressing concern that you had said that that store, the Rocky River store, at six years old was functionally obsolete; do you remember that?  A. Yes.  Q. Isn't that consistent with your treatment of the subject property in this case?  A. Yes.  Q. Does it matter how old the store is if the market trends are what they are? A one-year-old store could be functionally obsolete; isn't that true?  A. It is.  Q. So is it your testimony that your treatment or description of the functional obsolescence of the subject is consistent with that description of the Rocky River store that was described in Appellee's 2?  A. Yes.  Q. Why didn't you use the sale of the Sam's Club in Brooklyn which was the subject of Appellee's

	Page 133		Page 135
1	A. There was more than one tenant on the	1	A. Frequently.
2	property.	2	Q. Frequently. Do we know whether this
3	Q. Really?	3	\$21 million includes the BP or not?
4	A. Yes.	4	A. Well, if you look at Exhibit B of the
5	Q. What were the other tenants?	5	deed, No. 3.
6	A. Part of it was ground lease to BP gas	6	Q. We're talking about Appellee's Exhibit 5
7		7	now?
	station.	0	
8	Q. You mentioned that in response to a	8	A. Correct, No. 3 there's a lease dated
9	question Mr. Seed had around that time, that you only	9	August 17th, 1994 by and between Betco Properties as
10	used sales you could verify; do you recall saying	10	lessor and BP Exploration and Oil as lessee.
11	that?	11	Q. You heard Mr. Seed make a big deal how
12	A. Yes.	12	much traffic went down 480; do you remember that?
13	Q. What was the problem with verifying the	13	A. Yes.
14	Sam's sale?	14	Q. How much is a BP filling station likely
15	A. Well, it basically has more than one	15	to be worth if it's along 480? A significant amount?
16	income source. Not only does Sam's Club pay a base	16	A. Well, this property does not have
17	renter, they have the potential of paying a	17	frontage along 480, but it is a corner at Tiedeman
18	percentage rent, and there's also a ground lease	18	and Brookpark Road.
19	being paid. So basically we have multi-tenanted	19	Q. I want to ask you again about Appellee's
20	property which our property is single tenant.	20	3. And you testified that we don't know whether the
21	Q. Do you find that reliance on Costar	21	BP rent is in the calculations or not in the
22	alone, which is the subject of Appellee's Exhibit 3,	22	calculations; is that right?
23	is ever professionally reasonable?	23	A. Correct.
24	A. I use it as a starting point and have to	24	Q. I'm confused by the transaction notes on
25	verify things further.	25	the second page of the Costar printout. Would you
	Page 134		Page 136
1			
11	O What about Real Capital Analytics I know	1	
	Q. What about Real Capital Analytics, I know	1	read the section of the transaction notes that begins
2	you said you don't know much about it, but would you	2	read the section of the transaction notes that begins with "A source deemed reliable"
3	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics	2 3	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that
3 4	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?	2 3 4	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate
3 4 5	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data	2 3 4 5	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however,
3 4	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they	2 3 4 5 6	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place
3 4 5 6 7	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar	2 3 4 5 6 7	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."
3 4 5 6 7 8	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.	2 3 4 5 6 7 8	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are
3 4 5 6 7 8 9	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5,	2 3 4 5 6 7 8 9	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?
3 4 5 6 7 8 9 10	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in	2 3 4 5 6 7 8 9	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.
3 4 5 6 7 8 9 10	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you	2 3 4 5 6 7 8 9 10	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying
3 4 5 6 7 8 9 10 11 12	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.	2 3 4 5 6 7 8 9 10 11	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?
3 4 5 6 7 8 9 10 11 12 13	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the	2 3 4 5 6 7 8 9 10 11 12 13	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage
3 4 5 6 7 8 9 10 11 12 13	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?	2 3 4 5 6 7 8 9 10 11 12 13 14	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.
3 4 5 6 7 8 9 10 11 12 13	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at	2 3 4 5 6 7 8 9 10 11 12 13	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying
3 4 5 6 7 8 9 10 11 12 13	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?	2 3 4 5 6 7 8 9 10 11 12 13 14	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?
3 4 5 6 7 8 9 10 11 12 13 14 15	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying
3 4 5 6 7 8 9 10 11 12 13 14 15 16	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.  Q. Is the lease attached anywhere here?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.  Q. Right. So how do you go about	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.  Q. Is the lease attached anywhere here?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.  Q. Right. So how do you go about	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.  Q. Is the lease attached anywhere here?  A. I have not seen it.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.  Q. Right. So how do you go about determining what actually might have been paid?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.  Q. Is the lease attached anywhere here?  A. I have not seen it.  Q. Okay. Would you go on and read the sentence beginning with "The base rent was
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.  Q. Right. So how do you go about determining what actually might have been paid?  A. You've got to contact the party involved in the transaction.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.  Q. Is the lease attached anywhere here?  A. I have not seen it.  Q. Okay. Would you go on and read the sentence beginning with "The base rent was reported"
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.  Q. Right. So how do you go about determining what actually might have been paid?  A. You've got to contact the party involved in the transaction.  Q. Have you ever come across instances where	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.  Q. Is the lease attached anywhere here?  A. I have not seen it.  Q. Okay. Would you go on and read the sentence beginning with "The base rent was reported"  A. "The base rent was reported to be
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	you said you don't know much about it, but would you ever rely solely on this Real Capital Analytics one-page write-up?  A. Again, I am familiar with it being a data service. And other than that, I don't know how they obtain their data, so I would say that it's similar to Costar and requires further verification.  Q. When it comes to Appellee's Exhibit 5, which is a Limited Warranty Deed, do you have that in front of you  A. I do.  Q what's the stated consideration in the body of the deed itself?  A. To the stated you mean the stamp at the top?  Q. No, in the body.  A. \$10.  Q. Right. So how do you go about determining what actually might have been paid?  A. You've got to contact the party involved in the transaction.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	read the section of the transaction notes that begins with "A source deemed reliable"  A. "A source deemed reliable reported that this trade occurred at a 6.93 percent cap rate equating to a NOI of about \$1,484,752.50; however, another source deemed reliable reported that in-place NOI of \$1,471,580 equating a cap of 6.87 percent."  Q. Does that say whether the BP rents are included?  A. It does not.  Q. Doesn't say whether BP is paying percentage rent?  A. Doesn't say anyone's paying percentage rent.  Q. Does it say if Sam's Club is paying percentage rent?  A. No.  Q. Is the lease attached anywhere here?  A. I have not seen it.  Q. Okay. Would you go on and read the sentence beginning with "The base rent was reported"

	Page 137		Page 139
1	than they said the NOI was, right?	1	isn't it?
2	A. I see three different dollar figures. I	2	A. It is.
3	don't know which one is correct.	3	Q. So is that what you meant when you said
4	Q. Mr. Seed asked you a lot of questions about	4	recent leasing activity?
5	why your rent's \$4.50; do you remember that?	5	A. Correct.
6	A. Yes.	6	Q. Isn't that critical to an appraiser when
7	Q. I want to turn to your facing Page 54 in	7	they get a Rent Comp in the same parking lot?
8	Exhibit A. Now, Mr. Racek, if we just stay in our	8	A. I think so.
9	parking lot, we just stay in our parking lot, we've	9	MR. GIBBS: I have nothing further.
10	got a couple of rent comps, don't we?	10	THE EXAMINER: Okay. Mr. Racek, you may
11	A. Basically, yes.	11	· · · · · · · · · · · · · · · · · · ·
	Q. Which ones are those?		step-down.
12	A. Ashley Furniture, No. 1, and Valu King,	12	THE WITNESS: Wonderful. Thank you.
13	No. 2.	13	THE EXAMINER: Anything further from the
14	Q. We have not heard from Miss Blosser yet,	14	Property Owner at this time?
15	but you have seen her report?	15	MR. GIBBS: No, your Honor.
16	A. I've seen it.	16	THE EXAMINER: Let's go off the record.
17	Q. Do you know if she's used any of these	17	(Off the record.)
18	rent comps that's in the same parking lot?	18	(At 12:10 a lunch recess was taken until
19	MR. SEED: Objection.	19	1:10.)
20	THE EXAMINER: Mr. Seed.	20	THE EXAMINER: Let's go back on the
21	MR. SEED: There's no foundation. We don't	21	record. Mr. Seed, if you'd like to present your case
22	have a report in the record yet.	22	in chief.
23	MR. GIBBS: I'll just recall him later	23	MR. SEED: Thank you. I'd like to call
24	then.	24	Karen Blosser to testify.
25	then.	25	THE EXAMINER: Thank you, if you'd come
			The second secon
	Page 138		Page 140
1	-	1	Page 140  up here.
	THE EXAMINER: I'm going to allow him to	1 2	up here.
2	THE EXAMINER: I'm going to allow him to ask the question since he's here.	1 2 3	
2 3	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as	3	up here. (Witness placed under oath.)
2 3 4	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.	3 4	up here.  (Witness placed under oath.)   KAREN BLOSSER
2 3 4 5	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the	3 4 5	up here.  (Witness placed under oath.)   KAREN BLOSSER  being first duly sworn, as prescribed by law, was
2 3 4	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size	3 4	up here.  (Witness placed under oath.)   KAREN BLOSSER  being first duly sworn, as prescribed by law, was examined and testified as follows:
2 3 4 5 6 7	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or	3 4 5 6 7	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION
2 3 4 5 6 7 8	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?	3 4 5 6 7 8	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Seed:
2 3 4 5 6 7 8 9	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.	3 4 5 6 7 8 9	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Seed:  Q. Good afternoon.
2 3 4 5 6 7 8 9 10	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents	3 4 5 6 7 8 9	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Seed:  Q. Good afternoon. A. Good afternoon.
2 3 4 5 6 7 8 9 10 11	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?	3 4 5 6 7 8 9 10	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Seed:  Q. Good afternoon. A. Good afternoon. Q. Could you state your name for the record.
2 3 4 5 6 7 8 9 10 11	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are	3 4 5 6 7 8 9 10 11 12	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.
2 3 4 5 6 7 8 9 10 11 12 13	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent	3 4 5 6 7 8 9 10 11 12	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,
2 3 4 5 6 7 8 9 10 11 12 13 14	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given	3 4 5 6 7 8 9 10 11 12 13 14	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?
2 3 4 5 6 7 8 9 10 11 12 13 14 15	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something	3 4 5 6 7 8 9 10 11 12 13 14 15	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should	3 4 5 6 7 8 9 10 11 12 13 14 15	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in Brooklyn, Ohio?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.  Q. Isn't that the real story in the income	3 4 5 6 7 8 9 10 11 12 13 14 15	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in  Brooklyn, Ohio?  A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in Brooklyn, Ohio?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.  Q. Isn't that the real story in the income	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in  Brooklyn, Ohio?  A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.  Q. Isn't that the real story in the income approach?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in  Brooklyn, Ohio?  A. Yes.  Q. How are you familiar with it?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.  Q. Isn't that the real story in the income approach?  A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in  Brooklyn, Ohio?  A. Yes.  Q. How are you familiar with it?  A. I've appraised the property for the tax
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.  Q. Isn't that the real story in the income approach?  A. Yes.  Q. With respect to Valu King, you did	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	up here.  (Witness placed under oath.)  KAREN BLOSSER being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession, Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in Brooklyn, Ohio?  A. Yes.  Q. How are you familiar with it?  A. I've appraised the property for the tax appeal.  Q. Would you take a look at what's marked as
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.  Q. Isn't that the real story in the income approach?  A. Yes.  Q. With respect to Valu King, you did utilize that in the earlier appraisal report, didn't you?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	up here.  (Witness placed under oath.)  KAREN BLOSSER  being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in  Brooklyn, Ohio?  A. Yes.  Q. How are you familiar with it?  A. I've appraised the property for the tax appeal.  Q. Would you take a look at what's marked as  Exhibit 6 and tell me when you're ready for a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THE EXAMINER: I'm going to allow him to ask the question since he's here.  A. She does not use either one of those as an actual rent.  Q. Mr. Seed asked you questions about the fact that the Ashley is about a quarter of the size and the Valu King is about a third of the size or half the size; do you remember that?  A. Yes.  Q. What does that mean vis-a-vis the rents that are being paid?  A. It would tell me that stores that are substantially smaller in this particular area rent for in this case between \$4.86 and \$5. And given economies of scale, you would think that something that's roughly twice or three times the size should rent for something less.  Q. Isn't that the real story in the income approach?  A. Yes.  Q. With respect to Valu King, you did utilize that in the earlier appraisal report, didn't	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	up here.  (Witness placed under oath.)  KAREN BLOSSER  being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION  By Mr. Seed:  Q. Good afternoon.  A. Good afternoon.  Q. Could you state your name for the record.  A. Karen Blosser.  Q. And do you have a business profession,  Miss Blosser?  A. Commercial real estate appraiser.  Q. Are you familiar with a Lowe's store in  Brooklyn, Ohio?  A. Yes.  Q. How are you familiar with it?  A. I've appraised the property for the tax appeal.  Q. Would you take a look at what's marked as

	Page 141		Page 143
1	Q. What is Exhibit 6?	1	Q. Parking garages?
2	A. Exhibit 6 is the appraisal that USRC	2	A. Yes.
3	prepared on the Lowe's in Brooklyn for tax appeal.	3	Q. Did you recently appraise a parking
4	Q. And when did you prepare this appraisal?	4	garage in Cleveland for the taxpayer against the
5	A. The final appraisal draft or appraisal	5	School Board?
6	was submitted September 11, 2017.	6	A. Yes.
7	Q. Does Exhibit 6 contain information about	7	Q. Do you do work for both sides in tax
0	your background or credentials?	8	appeals?
8		1	
9	A. Yes, it does in the addendum.	9	A. Yes.
10	Q. Where is that?	10	Q. Did you have any assistance in preparing
11	A. At the rear of the report.	11	the report?
12	Q. Could you briefly describe your	12	A. Yes, Melissa Hamilton, who is an
13	background.	13	appraiser with our firm, very experienced appraiser,
14	A. I've been a commercial appraiser for over	14	worked with me on this report.
15	25 years.	15	Q. Have you previously appraised any other
16	MR. GIBBS: I can stipulate that she's an	16	properties in Brooklyn, Ohio specifically?
17	MAI appraiser if that's okay with you.	17	A. I've done the Sam's Club in Brooklyn.
18	MR. SEED: That's fine.	18	Q. Have you appraised the Home Depot?
19	MR. GIBBS: I'll do that.	19	A. The Home Depot many years ago.
20	THE EXAMINER: Okay, thank you.	20	Q. Did you have to go to a hearing on that
21	MR. SEED: And she's testified at the BTA	21	case?
22	before?	22	A. I believe I did.
23	MR. GIBBS: Sure.	23	Q. Did you appraise the Wal-Mart?
24	MR. SEED: Okay. Saves me two questions,	24	A. Yes.
25	thank you.	25	
23	mank you.	23	Q. Thank you. What I'd like to do because
	Page 142		Page 144
1	Q. (By Mr. Seed) Are you a commercial, just	1	we had a hearing before is I'd like you to just go
2	briefly, beyond that?	2	through the beginning of your report and highlight on
3	A. Right, I'm general certified with the	3	the location of the property so we can quickly get to
4	State of Ohio and six other states. I've had my MAI	4	the substance, but I'd like you to what I'd like
5	designation for many years now, and like I said, I've	5	to start with is what date of value did you prepare a
6	been appraising for a little over 25 years.	6	report for?
7	Q. What kinds of properties do you tend to	7	A. January 1st, 2015.
,		8	*
Ö	appraise?	9	Q. What is the intended use of the report?
9	A. Commercial properties.	-	A. For tax appeal.
10	Q. How much of this work involves tax	10	Q. And on Page I-6 or 1-6, you have a
11	valuation work?	11	definition you provide a definition of fee simple.
12	A. Maybe five percent or so. Not a huge	12	Could you describe what fee simple means in your
13	amount, but maybe five to ten percent for the overall	13	definition?
14	company in terms of	14	A. Fee simple is basically absolute
15	Q. How much of your work is involved in tax	15	ownership unencumbered by any other interest or
16	work?	16	estate subject only to the limitations imposed by the
17	A. Probably closer to 30, 35 percent maybe.	17	governmental powers of taxation, eminent domain,
18	That's just an estimate.	18	police power and escheat.
19	Q. Okay. And do you appraise big box	19	Q. We're going to have some questions about
20	stores?	20	this word unencumbered today. What is your
21	A. Yes.	21	understanding the term unencumbered means in terms of
22	Q. Do you appraise office buildings?	22	tax appeals?
23	A. Yes.	23	A. Well, it shouldn't be based on an actual
24	Q. Apartments?	24	in-place lease; it should be based on what is a
25	A. Yes.	25	market lease. And that's the way the Appraisal
2 0	11. 100.		market lease. And mars me way me Appraisa
i		1	

Page 145 Page 147 Institute talks about how you value fee simple location, then there might be adjustments made to the 2 3 4 interest. 2 rents because you're trying to come up with the Q. So if a property is leased, what does 3 appropriate rent for that property in that location. this definition mean to you? 4 Q. If a property was leased at a dollar a 5 year or \$100 a year, \$1 a square foot or \$100 a A. Leased? 6 6 square foot, would you have to make adjustments? Q. If a property is leased. 7 A. If it's under a contractual lease, then A. It would be different adjustments because 8 the terms of that lease dictates what the payment 8 again, you have to determine what's market value, 9 9 what's market rent. So just the fact that will be, who takes care of what expenses and that 10 kind of thing and it encumbers the property for 10 something's encumbered by a lease doesn't make it 11 whatever period of time the lease is in place. 11 superior to fee simple because a property can be 12 Q. And in looking at if there's an actual 12 leased below market and that's actually a negative to 13 13 lease in place, how does that have to be treated or the property. Somebody's not going to pay you as 14 handled in appraising a property for tax purposes 14 much for a property that's leased below market as to 15 15 one that's leased at market. based on your understanding? 16 A. If it actually is leased, certainly that 16 Q. We'll come back to that throughout this 17 lease is one indication of what is market rent, but 17 discussion. What I'd like you to do is beginning on 18 if you're doing it for tax appeal, you're evaluating 18 descriptive data, could you just start to describe 19 the entire area, the type of building and the age of 19 the property, where it's located, walk us through 20 the building and what it is and where it is and all 20 vour report. 21 of that in trying to determine what would be a 21 A. Sure. The subject is located as part of 22 reasonable market rent. the Ridge Park Square Shopping Center which is 22 23 And that market rent may be the same as 23 located in Brooklyn. Q. What page are you looking at now? 24 the in-place lease or it may be lower or it may be 24 25 higher, but it's determined by looking at other 25 A. There's an illustration of that on II-11 Page 146 Page 148 properties that are similar and seeing what they in the appraisal report. 2 2 lease for to see what is market rent. O. Okav. 3 O. That's what you would do if the property A. The property itself actually has exposure to I-480 which runs just to the south of it, and it's is leased? 4 5 A. Correct, well, if asked for market value visible from I-480. There's access to I-480 from 6 fee simple. If asked for leased fee, I'm going to 6 Ridge Road which accesses the property just north of 7 base it on the lease in place. I-480. 8 Q. If a property happens to be occupied, Again, it's part of a larger shopping 9 9 owner occupied, what do you have to do when you center that's there. It's located in a high 10 10 consider leases in valuing the property? population area, and it was constructed in 1999. And 111 11 A. Again, you're looking to find properties it has 135,346 square feet and was built for a Lowe's 12 12 that are similar. So if I have a building that was and is operating as a Lowe's as of the date of value 13 constructed for and being used as a big box retail, 13 and currently. 14 then it makes sense to go look at rents that were 14 Q. If you turn to Page II-13, could you 15 paid for similar big box retail because that is what 15 identify some of the primary improvements. the market was doing, that's what an owner of the 16 A. This is a flood plain map. The subject 16 17 property and the tenant of the property agreed to. 17 is located where the circle is and then other parts 18 That's market rent. 18 of Park Ridge Square are surrounding that. To the 19 Q. Okay. Do you have to make adjustments 19 left there's actually some inline space attached to 20 for that? 20 the right. There's some outparcels, then there's 21 A. I mean, certainly you're looking to --21 another L-shaped property on the north side. 22 you would adjust different properties to the subject 22 Across 480 is a location, what used to be to determine what is market rent. If those -- if 23 23 a Kmart that has now been razed and Menards has purchased that. And then there's other retail. that 24 those are not similar, there might be adjustments. 24 25 25 maybe they're superior construction or better Brooksedge Shopping Center and I think the Savers is

	D 140		D 151
	Page 149		Page 151
1	where the HH Gregg is now that's shown on that map,	1	a lot of households around you gives you a larger
2	but there's a fair amount of retail right there.	2	customer base.
3	There's also another retail center located just to	3	Q. Okay. In the subject's immediate area,
4	the north of that at Biddulph Road.	4	is this subject's immediate area densely developed?
5	Q. Biddulph?	5	A. Yes.
6	A. Biddulph, sorry.	6	Q. How does that impact the valuation?
7	Q. If you turn to Page II-9, do you have a	7	A. I mean, to some degree, if it's built up,
8	neighborhood analysis?	8	it makes it harder for anybody new to come in. Just
9	A. Yes.	9	like with the Kmarts or the Menards purchase, they
10	Q. How would you characterize the	10	had to buy something that was already improved to get
11	neighborhood the property is located in?	11	into the area because there's not a lot of available
12	A. It's located in an urban area with, like	12	land to build on.
13	I said, a significant amount of residential back-up.	13	Q. And if there was a lack strike that.
14	The commercial is along the main roadways with	14	Let's go to the Menards. In your report, do you have
15	significant residential behind. I don't know if it	15	a photograph that shows the Menards, where it might
16	matters, but there's two different addresses that go	16	be located?
17	for the subject. The tax card is at 4900 Northcliff.	17	A. That sale is under a land sale in the
18	The address that's identified as Lowe's is 7327, and	18	cost approach.
19	if you put either in Google, they both come up to the	19	Q. In the beginning, would it be on II-13?
20	same building. I don't know if that matters.	20	A. Right, on the flood plain map. It's on
21	Q. Do you have information about the	21	the south side of 480, not the one where it says
22		22	Arhaus. The big building to the left of that is
23	population count, income, demographics of the area?	1	e e
	A. Yes.	23	where the former Kmart was.
24	Q. Where is that?	24	Q. Do you recall what that property was
25	A. Starting on Page III-6, basically within	25	purchased for?
	Page 150		Page 152
1		1	Page 152  A. It was a little over \$10 million,
	three miles of the subject in 2017 there was 149,000,	1	A. It was a little over \$10 million,
2		2	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014.
2 3	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.	2 3	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in
2 3 4	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?	2 3 4	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know?
2 3 4 5	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to	2 3 4 5	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's
2 3 4 5	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your	2 3 4 5 6	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population
2 3 4 5 6 7	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is	2 3 4 5 6 7	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a
2 3 4 5 6 7 8	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders	2 3 4 5 6 7 8	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a
2 3 4 5 6 7 8 9	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number	2 3 4 5 6 7 8 9	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home
2 3 4 5 6 7 8 9	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.	2 3 4 5 6 7 8 9	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores.
2 3 4 5 6 7 8 9 10 11	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information	2 3 4 5 6 7 8 9 10	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart?
2 3 4 5 6 7 8 9 10 11	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?	2 3 4 5 6 7 8 9 10 11 12	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears.
2 3 4 5 6 7 8 9 10 11 12 13	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy	2 3 4 5 6 7 8 9 10 11 12 13	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you
2 3 4 5 6 7 8 9 10 11 12 13	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have	2 3 4 5 6 7 8 9 10 11 12 13 14	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know?
2 3 4 5 6 7 8 9 10 11 12 13 14 15	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have the benefit.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes. Q. Thank you. If you can say, if the former
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have the benefit.  Q. Is this type of information helpful when	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes. Q. Thank you. If you can say, if the former Kmart sells for \$10 million or a couple hundred
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have the benefit.  Q. Is this type of information helpful when comparing the subject to comparables?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes. Q. Thank you. If you can say, if the former Kmart sells for \$10 million or a couple hundred thousand dollars, what would that indicate?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have the benefit.  Q. Is this type of information helpful when comparing the subject to comparables?  A. Yes, absolutely.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes. Q. Thank you. If you can say, if the former Kmart sells for \$10 million or a couple hundred thousand dollars, what would that indicate? A. It's basically talking about what the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have the benefit.  Q. Is this type of information helpful when comparing the subject to comparables?  A. Yes, absolutely.  Q. Why?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes. Q. Thank you. If you can say, if the former Kmart sells for \$10 million or a couple hundred thousand dollars, what would that indicate? A. It's basically talking about what the desirability of that location is. Somebody's going
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have the benefit.  Q. Is this type of information helpful when comparing the subject to comparables?  A. Yes, absolutely.  Q. Why?  A. Because, again, people tend to shop	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes. Q. Thank you. If you can say, if the former Kmart sells for \$10 million or a couple hundred thousand dollars, what would that indicate? A. It's basically talking about what the desirability of that location is. Somebody's going to pay what they think that property is worth. A
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	three miles of the subject in 2017 there was 149,000, just over 149,000 population and a little over 62,700 households.  Q. Why is that important?  A. Well, for retail, you obviously want to have people nearby that are going to need your product. For a home store, a lot of what they do is people either working on their own homes or builders working on homes, so definitely to have that number of residential property nearby is a benefit.  Q. Why do appraisers provide information about income, households, population in reports?  A. It kind of feeds into the ability to buy product, and for a retail store you need to have people out there and people that have money that can come and spend money at your store. If you don't have population around you, you're not going to have the benefit.  Q. Is this type of information helpful when comparing the subject to comparables?  A. Yes, absolutely.  Q. Why?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. It was a little over \$10 million, \$10,352,500, and that was in December of 2014. Q. Why would Menards have an interest in this property if you know? A. Again, I think in general, it's a it's an area that has a significant amount of population and households, and those are attractive to a retailer. And a Menards is somewhat similar to a Lowe's or a Home Depot. They have a lot of home products that they sell out of those stores. Q. Who owns Kmart? A. Sears. Q. Is Sears having financial problems if you know? A. Yes, they are. Q. Has Sears been closing stores? A. Yes. Q. Thank you. If you can say, if the former Kmart sells for \$10 million or a couple hundred thousand dollars, what would that indicate? A. It's basically talking about what the desirability of that location is. Somebody's going

	Page 153		Page 155
1		1	
1	they find that area attractive and want to be there.	1	A. Yes.
2	Q. If they were only willing to pay 2- or	2	Q. Is that a former Valu King store?
3	\$300,000, what could that indicate?	3	A. I believe that's correct, yes.
4	A. It would indicate that they can't really	4	Q. On III-6, go ahead with your discussion.
5	make it's probably not as desirable an area, maybe	5	A. Basically there was space available in
6	doesn't fit the criteria of the population base that	6	the Ridge Park Square Shopping Center which all
7	they're trying to reach.	7	together has 561,149 square feet. And the spaces
8	Q. Or some buyer?	8	available range from 1,413 to 50,537 square feet.
9	A. Some buyer, right.	9	And the 50,537 square foot, again, this
10	Q. Do you provide a market analysis in your	10	is currently when we discuss or talked to them, they
11	report of big box stores?	11	had a temporary tenant in there operating a Halloween
12	A. Yes.	12	store, but according to Zach Sogoloff with Goodman
13	Q. Where is that located?	13	Real Estate, that space is available on a long-term
14	A. Starting on Roman numeral starts on	14	lease or to be leased at \$10 per square foot on a
15	III-1 where first talking about some national	15	triple net basis and the smaller space are at \$18 to
16	information with cap rates and that kind of thing and	16	\$35 asking.
17	kind of just a general big box property. The median	17	Q. Have you seen Mr. Racek's report?
18	asking price which is shown on III-2 is \$189 per	18	A. I have.
19	square foot for an investment grade and \$139 per	19	Q. Or Exhibit A, I'm sorry. I apologize.
20	square foot for a non-investment grade. But a lot of	20	You've seen Mr. Racek's report?
21	that discussion on those first couple of pages are	21	A. Yes.
22	predominantly towards cap rate information.	22	Q. Are you familiar with on facing Page 53?
23	But then starting on III-3, present the	23	A. Right.
24	Costar Cleveland Retail Market Overview which the	24	<u> </u>
25		1	Q. Do you see item 2, Valu King?
25	first chart on the top of III-5 shows the overall	25	A. Right.
	Page 154		Page 156
1	Page 154 market, and then the second chart shows the southwest	1	Page 156  Q. Do you see the square footage?
1 2		1 2	
	market, and then the second chart shows the southwest market of which the subject is a part. And that	1	Q. Do you see the square footage?
2	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the	2	<ul><li>Q. Do you see the square footage?</li><li>A. Right, that matches the available space.</li><li>Q. Do you see a term indicated?</li></ul>
2 3 4	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104,	2	<ul><li>Q. Do you see the square footage?</li><li>A. Right, that matches the available space.</li><li>Q. Do you see a term indicated?</li><li>A. It ran from 2012 to 2017.</li></ul>
2 3 4 5	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively	2 3 4	<ul><li>Q. Do you see the square footage?</li><li>A. Right, that matches the available space.</li><li>Q. Do you see a term indicated?</li><li>A. It ran from 2012 to 2017.</li><li>Q. And do you know whether Valu King left</li></ul>
2 3 4	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.	2 3 4 5	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease?
2 3 4 5 6 7	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the	2 3 4 5	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween
2 3 4 5 6 7	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?	2 3 4 5 6 7 8	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for
2 3 4 5 6 7 8 9	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart	2 3 4 5 6 7 8 9	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease.
2 3 4 5 6 7 8 9	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the	2 3 4 5 6 7 8 9	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of
2 3 4 5 6 7 8 9 10	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter	2 3 4 5 6 7 8 9 10	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be?
2 3 4 5 6 7 8 9 10 11	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're	2 3 4 5 6 7 8 9 10 11 12	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they
2 3 4 5 6 7 8 9 10 11 12	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability	2 3 4 5 6 7 8 9 10 11 12 13	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around
2 3 4 5 6 7 8 9 10 11 12 13	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the subject.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot? A. Correct.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the subject.  Q. I'll come to that in one second. But if	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot? A. Correct. Q. How are you able to confirm that?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the subject.  Q. I'll come to that in one second. But if we turn to Page III-13, the aerial of Ridge Park	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot? A. Correct. Q. How are you able to confirm that? A. Again, that was speaking with Zach
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the subject.  Q. I'll come to that in one second. But if we turn to Page III-13, the aerial of Ridge Park Square, I think it's on the site plan you have on	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot? A. Correct. Q. How are you able to confirm that? A. Again, that was speaking with Zach Sogoloff with Goodman Real Estate.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the subject.  Q. I'll come to that in one second. But if we turn to Page III-13, the aerial of Ridge Park Square, I think it's on the site plan you have on II-11.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot? A. Correct. Q. How are you able to confirm that? A. Again, that was speaking with Zach Sogoloff with Goodman Real Estate. Q. Are they marketing the space?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the subject.  Q. I'll come to that in one second. But if we turn to Page III-13, the aerial of Ridge Park Square, I think it's on the site plan you have on II-11.  A. Uh-huh, yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot? A. Correct. Q. How are you able to confirm that? A. Again, that was speaking with Zach Sogoloff with Goodman Real Estate. Q. Are they marketing the space? A. They are.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	market, and then the second chart shows the southwest market of which the subject is a part. And that would show that as of the fourth quarter of 2014, the average quoted rents in that area were 1,104, currently in 2017 they're at 1,112, so relatively similar.  Q. What's the trend for rents in the Cleveland market?  A. You can see that kind of in the chart there. Relatively stable. I mean, looking at the southwest market, they were 1,025, and second quarter of 2013 they went up to a high of 1,152, and they're currently at 1,112. So a little bit of a variability but relatively stable.  Q. Do you see any evidence of decline of market rent such as a decline of 25 percent?  A. No, not at all. Then next on Page III-6 we provided, there weren't any as large as the subject.  Q. I'll come to that in one second. But if we turn to Page III-13, the aerial of Ridge Park Square, I think it's on the site plan you have on II-11.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Do you see the square footage? A. Right, that matches the available space. Q. Do you see a term indicated? A. It ran from 2012 to 2017. Q. And do you know whether Valu King left shortly after they commenced the lease? A. I know they're gone because the Halloween store is in there and that spot is available for lease. Q. So is this a item 2, the lease, as of what date would this item 2 be? A. Probably as of 2012, if that's when they started, they would have negotiated somewhere around 2012. Q. Okay. And what is the asking rent for that space? A. The current asking rent is \$10. Q. \$10 a square foot? A. Correct. Q. How are you able to confirm that? A. Again, that was speaking with Zach Sogoloff with Goodman Real Estate. Q. Are they marketing the space?

	Page 157		Page 159
1	rents.	1	Q. What was your thinking when you were
2	A. There were a couple other larger spaces	2	looking for rents?
3	that were available in the general area at 7240 to	3	A. Again, when you're looking for market
4	7340 Brookpark Road in Brooklyn. There was a retail	4	rent, you want something that's similar to what
5	center that was built in 1968, renovated in '95 with	5	you're appraising. And what we're appraising was a
6	98,741 square feet. They had a space of 38,108	6	building that was built for a Lowe's. It was
7	square feet that was available. They did say it was	7	operating as a Lowe's. As of 1-1-15, it was
8	divisible into smaller spaces.	8	continuing to operate as a Lowe's. So we primarily
9	And according to David Stein with Passov	9	looked at big box facilities that were similar to
10	Real Estate Group, that space is available for \$12 to	10	that including a significant number of Lowe's.
11	\$14 a square foot net depending on the size and	11	Q. If you see, Mr. Racek has a Rent Comp No.
12	strength of the tenant.	12	1, facing Page 53, it's Ashley Furniture.
13	The only other larger space we found in	13	A. Right.
14	the area was 31,128 square feet available within a	14	Q. What's the size of the Ashley Furniture?
15	56,997 square foot center located at 7200 Brookpark	15	A. 34,116.
16	Road that was built in 1977, and that space was being	16	Q. What's the size of the Lowe's?
17	listed for \$14 per square foot net.	17	A. 135,346.
18	Q. These are in Brookpark Road in Brooklyn?	18	Q. Okay. Does the size does the
19	A. Correct.	19	differential in the size indicate does the
20	Q. Immediate area of our subject?	20	differential in the size provide for less reliability
21	A. Yes.	21	for a Rent Comp if it's significantly different in
22	Q. The former Valu King, the former Staples	22	size?
23	and the 7200 Brookpark, these are smaller than our	23	A. It is. It's often difficult to find
24	subject property?	24	similar size. The one thing you typically find is
25	A. Correct, they are smaller.	25	that the larger if you have two buildings and
	D 150		David 160
	Page 158		Page 160
1	Q. These are three rent comps, right?	1	one's 30,000 square feet and the other one's 100,000
1 2	A. Correct.	1 2	square feet, typically, not always but typically the
1 2 3	<ul><li>A. Correct.</li><li>Q. What do they provide evidence of?</li></ul>	1 2 3	square feet, typically, not always but typically the one at a hundred thousand square feet will have
3 4	<ul><li>A. Correct.</li><li>Q. What do they provide evidence of?</li><li>A. They certainly provide evidence of what</li></ul>		square feet, typically, not always but typically the
3 4 5	<ul><li>A. Correct.</li><li>Q. What do they provide evidence of?</li><li>A. They certainly provide evidence of what is being asked currently in the market. Again, from the</li></ul>	3	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you
3 4	A. Correct. Q. What do they provide evidence of? A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any	3 4	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?
3 4 5 6 7	A. Correct. Q. What do they provide evidence of? A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of	3 4 5	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you
3 4 5	A. Correct. Q. What do they provide evidence of? A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any	3 4 5	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility
3 4 5 6 7 8 9	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly	3 4 5 6 7	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart,
3 4 5 6 7 8 9 10	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?	3 4 5 6 7 8 9	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building
3 4 5 6 7 8 9 10	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics,	3 4 5 6 7 8 9 10	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.
3 4 5 6 7 8 9 10 11 12	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within	3 4 5 6 7 8 9 10 11	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?
3 4 5 6 7 8 9 10 11 12 13	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of	3 4 5 6 7 8 9 10	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a
3 4 5 6 7 8 9 10 11 12 13	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within	3 4 5 6 7 8 9 10 11 12 13	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to
3 4 5 6 7 8 9 10 11 12 13 14	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a	3 4 5 6 7 8 9 10 11 12 13 14 15	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around	3 4 5 6 7 8 9 10 11 12 13 14 15 16	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market analysis looking at rents.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?  A. Not for what they're doing. Again, from
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?  A. Not for what they're doing. Again, from an appraiser's standpoint, you just try to find out
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market analysis looking at rents.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?  A. Not for what they're doing. Again, from an appraiser's standpoint, you just try to find out what rents are there, and that's why we did look at
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market analysis looking at rents.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?  A. Not for what they're doing. Again, from an appraiser's standpoint, you just try to find out what rents are there, and that's why we did look at the local rents and the ones that were bigger, and
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market analysis looking at rents.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?  A. Not for what they're doing. Again, from an appraiser's standpoint, you just try to find out what rents are there, and that's why we did look at the local rents and the ones that were bigger, and that's why we do want to talk about those, so like
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market analysis looking at rents.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?  A. Not for what they're doing. Again, from an appraiser's standpoint, you just try to find out what rents are there, and that's why we did look at the local rents and the ones that were bigger, and that's why we do want to talk about those, so like the former Valu King and those. It at least gives
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Correct.  Q. What do they provide evidence of?  A. They certainly provide evidence of what is being asked currently in the market. Again, from the Costar information, it does not look like there's been any significant variability in rentals over the last couple of years, so those would in theory be predictable or nearly predictable of a rent as of the 2015 date of value.  Q. Okay. Go ahead and then what's the next two pages?  A. We kind of already talked about the demographics, again, just highlighting there's nearly 150,000 people within three miles. There's over 338,000 people within five miles of this location, and then in terms of households, there's 62,726 households within three miles and over 146,000 households within five miles, so again, just kind of showing there's a significant population and household base that are around that would support this location.  Q. You then go through a discussion of market analysis looking at rents.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	square feet, typically, not always but typically the one at a hundred thousand square feet will have lesser rent than the one at 30,000 square feet.  Q. The class of big boxes, who do you include in those? What kind of users?  A. Lowe's, Home Depot, Sam's Club, BJ's. They're similar big boxes that build a facility that's generally the same, similar size. Wal-Mart, they all tend to build a fairly large sized building that meets their criteria.  Q. What size ranges do they tend to be in?  A. They normally will be somewhere from a hundred to some of the Super Wal-Marts get up to 200,000, but they're usually between 100- to 150,000. They can vary.  Q. Would they consider a 30,000 square foot space to be relevant?  A. Not for what they're doing. Again, from an appraiser's standpoint, you just try to find out what rents are there, and that's why we did look at the local rents and the ones that were bigger, and that's why we do want to talk about those, so like

## Page 161 Page 163 tenant went into negotiations and basically did a market. 2 But to find comps, you have to a lot of renewal but with a revised rent. So that rent was times go outside the market and find similar 3 negotiated in 2013 at \$4.92. buildings and then adjust for location and that kind Q. Let's go through this. Does a lease have 5 of thing, but you want to find similar buildings that a stated term usually? would be at similar type of product of what you have. 6 A. It does, yes. Q. Any of the big boxes in Brooklyn or the O. Do leases often have options with 8 immediate area vacant as of tax lien date? extensions? 9 A. Not that I'm aware of, no. A. They do. 10 Q. Now, in your report, you continue on. 10 Q. Are those rents of the options usually 11 You do a Rent Comp analysis of some rent comps. 11 stated at the beginning of the lease term? 12 Could you briefly go through those. 12 A. They typically are, but the tenant, they 13 13 A. Yes. Do you want me to go through each can have the ability to say no, I don't want to 14 14 one or just kind of summarize? renew. They may decide to renegotiate which they did 15 Q. Just hit the high points of them and why 15 16 you selected them so the Examiner can know why you 16 O. Just explain this to the Board from your 17 felt they were important. 17 experience, that if a tenant has a lease, what can 18 18 A. We basically have eight comps. There's happen at the end of lease term before the options 19 kind of a summary grid that might help instead of 19 begin? What are the various things that can occur? 20 looking at the individual ones. And that's located 20 A. They can leave. I mean, they can 21 on III-19. And again, our analysis included five 21 basically decide they don't want to stay in that 22 22 Lowe's, one Sam's Club, one Wal-Mart and one Arhaus location and leave. They can take the option. 23 Furniture. 23 O. As is? These -- The Arhaus is a little bit 24 24 A. As is, wherever it was written, or they 25 smaller -- actually, it's quite a bit smaller at 25 would have the ability to -- maybe the market has Page 162 Page 164 41,000 square feet, but the others all range between changed some and they don't think that rent is fair 2 2 anymore but they would like to stay there, they can 125,000 and the large Wal-Mart was at 200,000. 3 go and renegotiate which would be basically coming to And the actual in-place rents and the dates of those rents are shown. They basically range 4 new current terms. from \$4.25 to \$9.25. And these were leases that were 5 Q. From your experience, why are some leases signed between 2011 and 2017. And, again, each of 6 renegotiated and some are not renegotiated? A. Well, certainly if a tenant that's in those were net leases, and we've done a discussion on 8 there is doing well, their sales are good, they like all of them for market conditions, location. 9 9 that location, then they're going to want to either And for location, there's a detailed grid 10 10 take their option or renegotiate but still they want on Page III-17. Again, a retailer wants to be in an 11 area where there's population and where there's good 11 to stay in that location. 12 traffic counts and those kinds of things and 12 Q. What about from a landlord's perspective? 13 households. So for location adjustments, we use 13 A. I mean, the landlord certainly wants a 14 14 tenant in place. If he's got an investment property, Esri, which is through Site City Business, and we 15 15 he wants a tenant. If the option is not good in his look at the traffic count, the population, household favor -- although I take that back, if it's an option 16 incomes and then compare that to the subject and rate 16 17 17 that's written in, he has to honor that, but if they whether that comparable is in an inferior or superior 18 18 are to the end of it and he thinks he can do better location. 19 Q. Did you use any leases that were of 19 by starting with a new tenant, then he may not 20 properties where the tenant renegotiated the lease? 20 renegotiate with that current tenant. He may just 21 A. Yes. For example, in the Comp 1 was a 21 say no, you're done. 22 22 Lowe's in Fremont, and that tenant was in place and Q. Does a tenant and a landlord have 23 23 different bargaining strengths? continued to pay rent at \$5.18, and that lease A. Certainly. Again, the landlord wants the 24 24 expired in 2016. They renegotiated. The property 25 25 sold in December of 2013, and prior to that sale, the income stream, so he wants to make sure he has a

	Page 165		Page 167
1	tenant in place. The tenant is doing business. They	1	sale?
2	don't want to pay over market, so they're both coming	2	A. It was.
3	at it from their own priority to set whatever rents	3	Q. Where is this property located?
4	or terms. So they have to come to a mutual agreement	4	A. The property's located in Brooklyn on
5	to actually set a new agreement.	5	Brookpark Road.
6	Q. Any others that were renegotiated?	6	Q. What is the property?
7	A. No. 2, the one in West Carrollton, they	7	A. It's a Sam's Club.
8	renegotiated a ten-year extension at \$6.49 in	8	Q. Go ahead.
9	September of '11. Again, on No. 3, the one in	9	A. It transferred. We talked about the
10	Zanesville, it transferred in December of 2013.	10	sales and the sales comparison approach, but it was
11	Again, in order to get the tenant to renew, they	11	rented at \$9.25 per square foot.
12	wanted the tenant to renew the lease early because	12	Q. Now, was the property at the time of sale
13	the buyer wanted a longer term with the tenant in	13	in the original lease term or was it in the option
14	place, so they renewed at a rental rate of \$5.95.		period?
		14	
15	Q. Was No. 5 a renegotiation?	15	A. A new extension had been they signed a
16	A. Yeah, they had a lease that was going to	16	five-year extension in June of 2013.
17	expire in 2019, so they signed a new five-year	17	Q. How were you able to obtain this
18	extension in June of '13. Lowe's in Columbus, that	18	information on III-12?
19	was a five-year extension, and the Lowe's in	19	A. I may have more information on the sale
20	Hilliard, that was a ten-year extension. Then the	20	comp. The sale was confirmed which Scott Wiles of
21	Wal-Mart was a renewal. It was an option, so that	21	Marcus and Millichap, and he also provided
22	was a renewal option.	22	information on the rental information, and that's on
23	Q. So in that negotiation, if the tenant	23	Page VI-23. This has that information.
24	does not renew, what financial impact does that have	24	Q. As an experienced appraiser, would an
25	for the owner?	25	appraiser be familiar with the Sam's Club sale if
	Page 166		Page 168
1	A. Then they have to find a new tenant for	1	they appraised big box stores?
2	them. So there would be leasing costs and holding	2	A. I'm sorry?
3	costs until they get a new tenant in, they have	3	Q. Would an appraiser appraising a big box
4	commissions to pay to a realtor or broker to try to	4	store in Northeast Ohio be familiar with the
רו	get in potentially TI if the tenant needed tenant		
5 6	get in, potentially TI if the tenant needed tenant	5	A. They should be. It was a transaction,
5 6 7	improvements.		A. They should be. It was a transaction, yes.
	improvements.  Q. Did you make adjustments? We can quickly	5	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to
6 7 8	<ul><li>improvements.</li><li>Q. Did you make adjustments? We can quickly go through this.</li></ul>	5 6 7 8	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced
6 7 8 9	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were	5 6 7 8 9	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that
6 7 8 9	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And	5 6 7 8 9 10	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?
6 7 8 9 10 11	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to	5 6 7 8 9 10 11	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources
6 7 8 9 10 11	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.	5 6 7 8 9 10 11	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga
6 7 8 9 10 11 12	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the	5 6 7 8 9 10 11 12 13	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And
6 7 8 9 10 11 12 13	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar,	5 6 7 8 9 10 11 12 13	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find
6 7 8 9 10 11 12 13 14 15	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25. Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation	5 6 7 8 9 10 11 12 13 14	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to
6 7 8 9 10 11 12 13 14 15 16	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25. Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.	5 6 7 8 9 10 11 12 13 14 15	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the
6 7 8 9 10 11 12 13 14 15 16	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and	5 6 7 8 9 10 11 12 13 14 15 16 17	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.
6 7 8 9 10 11 12 13 14 15 16 17	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around	5 6 7 8 9 10 11 12 13 14 15 16 17	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the
6 7 8 9 10 11 12 13 14 15 16 17 18	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around it. And then the larger big box after adjustment	5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the information?
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around it. And then the larger big box after adjustment was the range was \$6.48 to \$9.25. All of that	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the information?  A. Yes, we confirmed it with Scott Wiles of
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around it. And then the larger big box after adjustment was the range was \$6.48 to \$9.25. All of that information was analyzed and a market rent of	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the information?  A. Yes, we confirmed it with Scott Wiles of Marcus and Millichap.
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around it. And then the larger big box after adjustment was the range was \$6.48 to \$9.25. All of that information was analyzed and a market rent of \$7.25 was concluded for the subject.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the information?  A. Yes, we confirmed it with Scott Wiles of Marcus and Millichap.  Q. Okay, let's go on. Did you determine the
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around it. And then the larger big box after adjustment was the range was \$6.48 to \$9.25. All of that information was analyzed and a market rent of \$7.25 was concluded for the subject.  Q. Rent Comp No. 4 on Page III-12.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the information?  A. Yes, we confirmed it with Scott Wiles of Marcus and Millichap.  Q. Okay, let's go on. Did you determine the highest and best use and could you go through that
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around it. And then the larger big box after adjustment was the range was \$6.48 to \$9.25. All of that information was analyzed and a market rent of \$7.25 was concluded for the subject.  Q. Rent Comp No. 4 on Page III-12.  A. Okay.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the information?  A. Yes, we confirmed it with Scott Wiles of Marcus and Millichap.  Q. Okay, let's go on. Did you determine the highest and best use and could you go through that analysis as vacant and improved.
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	improvements.  Q. Did you make adjustments? We can quickly go through this.  A. Yes, on III-19, all of the leases were evaluated in comparison to the subject. And basically from that, the range was narrowed to somewhere around or above \$6.49 and below \$9.25.  Then on Page III-20 we kind of summarized all of the different information that was looked at, the Costar, information, the local larger second generation tenant.  Those were at \$11.04 for the Costar and \$10 to \$14 for the second generation spaces around it. And then the larger big box after adjustment was the range was \$6.48 to \$9.25. All of that information was analyzed and a market rent of \$7.25 was concluded for the subject.  Q. Rent Comp No. 4 on Page III-12.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. They should be. It was a transaction, yes.  Q. Okay. And the techniques that you use to obtain the information, would an experienced appraiser have the skill sets to find that information?  A. Sure. I think it's there are sources out there like Costar. There's just the Cuyahoga County website where you can find transactions. And then there's like through LoopNet, you often can find out who the brokers were. So you typically want to try to call and talk to the brokers to confirm the information that you found from other sources.  Q. In this case, did you confirm the information?  A. Yes, we confirmed it with Scott Wiles of Marcus and Millichap.  Q. Okay, let's go on. Did you determine the highest and best use and could you go through that

Page 169 Page 171 IV-1 and basically just goes through what's sentence of the bottom paragraph, Mr. Racek states 2 3 4 2 physically possible, legally permissible, financially that, "While the improvements were approximately six feasible and what's the highest and best use. 3 years old as of the tax lien date and considered to The site is over ten acres, so it 4 be in average condition, they're functionally 5 physically could support a number of different types obsolete for most second generation users." What's 6 the definition of functional obsolescence? of real estate. Legally from a zoning standpoint, 7 it's zones GB, general business, which allows a A. Functional obsolescence means that it may 8 variety of office, professional, medical and retail not be what the market would want to see today. 9 O. Is that related to construction? 10 Existing use is legal. And then 10 A. It can be related to construction, like 11 financial feasibility just has to do with what 11 the size of the building or the way it's laid out or 12 returns, the highest return to the land. Typically 12 things like that. So it could be based on those 13 13 on something like that, that size, you normally are things. 14 14 not going to build that until you have a tenant in Q. Is a building six years old considered to 15 15 hand or it's a build to suit. be functionally obsolete? 16 16 So typically the highest and best use as A. No, especially if it's being used for 17 vacant would be to hold until you have either a 17 what it was designed for. Again, I think that's 18 tenant or owner user to develop, so that's as vacant. 18 where it gets into what was the market value as of 19 The highest and best use as improved is for continued 19 the date of value, what was taking place. At that 20 20 operation with the existing facility. point, you still have a first generation user using 21 21 Q. There's a term called maximally that building and if there's -- there's no reason to 22 22 productive. What does that mean in terms of highest think they're not going to be using it into the 23 23 foreseeable future, it's not appropriate to assume and best use? 24 A. Basically what brings the maximum return 24 that, well, they're just going to leave and we're 25 to that property. I mean, like in this case, both 25 going to find someone else to use it. Page 170 Page 172 office and retail are feasible legal uses, but if They built that building for a reason, 2 your rental rate for retail would be superior to what 2 they paid a lot of money to build that building, and 3 you would get for office, then that would be the the majority of the time, if they do enter into a maximally productive use for that site. 4 lease, they're there for 10, 15, 20 years. So I 5 Q. A property such as our subject, what was don't know why you would assume something is 6 the intended purpose it was built? 6 functionally obsolete when it's six years old and A. It was built for Lowe's. 7 it's still being used for what it was designed for. 8 O. If you're talking about an apartment O. The building that we're in today, what 9 9 was it built for? building or an office building, could the building at A. Office. 10 10 some point become functionally obsolete? Q. Is it conceivable that an office building 11 A. Any building could eventually become 11 functionally obsolete. Again, you're looking at real 12 at some point in its future may become functionally 12 13 obsolete? 13 estate at a point in time, and real estate does have 14 14 a life cycle. I mean, there's office buildings that A. It could sometime in the future, but when 15 you're doing an appraisal, you're looking at the here 15 are 150 years old that are still being used. and now what's going on. 16 So, again, it all kind of depends on --16 17 Q. Exhibit 2, I'm going to hand you a copy there's a lot of different factors that go into that, 17 18 of what's marked Exhibit 2, Mr. Racek's appraisal of 18 but again, I wouldn't see any reason why a building that's new and being used for what it's intended to 19 a Lowe's in Rocky River. Just tell me when you're 19 20 ready for a question. 20 be used for, why it would be considered functionally 21 A. Okay, I've got it. 21 22 Q. What I'm going to ask you about is if you 22 Q. Are you familiar with big boxes that were 23 turn to Page 25 --23 developed in the '60s and early '70s? 24 A. Okay. 24 Q. -- in the bottom paragraph, second 25 Q. Are you familiar with those? 25

## Page 173 Page 175 A. I mean, there's a lot of Kmarts that date \$2.9 million. 2 back that far, and a lot of those are now empty or Q. How do you explain Menards' purchase the Menards, somebody bought it and tore it down. 3 price? Q. But in general, when we think of -- is A. Sometimes somebody just really wants to 5 functional obsolescence related to a big box be in an area. It is a highly developed area. 6 generally, is that typically in regard to a 40, There's not a lot of land available, and they were 50-year-old building? 7 willing to pay that price to get it. And part of A. Certainly most of them are going to have 8 that would also have been they wanted to be there and a longer life than six years obviously, yes, I would 9 what was Kmart willing to sell it for. 10 10 Q. We haven't really talked about this, but say. 11 Q. If we could turn to your cost approach, 11 quickly, is our subject property located near an 12 where does that begin? 12 interstate? 13 13 A. Cost approach starts on VII-1. The good A. Yes. 14 14 news is we're going to a normal numbering soon. I Q. And two highway exits? 15 think we're the last appraisers that use the... In 15 A. Yes. 16 the cost approach, we started by looking at six land 16 O. What does that mean? 17 sales, and those took place between September of 2014 17 A. To have that availability for more people 18 and November of 2015. 18 to get there, I mean, again, you're already in a high 19 They had an unadjusted range of 76,614 to 19 population area, but then you also have a significant 20 452,667 per acre which is notably a wide range, but 20 amount of driveby traffic, and you have an immediate four of the six are in a much tighter range at 21 21 interchange there, so all of those are very positive 22 22 199,974 to 240,002 per square foot per acre. Each of factors for a retail. 23 23 the sales is written up on an individual sheet with Q. What did you conclude the land to be? 24 pictures. 24 A. \$2,900,000. 25 Q. Do you have the Brooklyn sale here? 25 Q. What's the next step in the cost Page 174 Page 176 A. Yes. approach? 2 2 A. Basically looking at the construction Q. What page is that on? 3 costs of the building, and that we use Marshall A. That's Land Sale 3 on VI-6. Q. VI-6? Valuation Service for that. There's a table on Page A. VI-6. See, that's why we're getting rid 5 VII-16 that shows the hard costs at \$9,850,695 for 6 of the Roman numerals. Yeah, that was a 22.87-acre the building. sale. It sold in December of 2014 for \$10,352,500. Next you add site improvements and 8 O. Did that price include demolition? indirect costs and profit or entrepreneurial 9 incentive, and then you look at depreciation based on A. That did not. That was just for the 9 10 10 the age of the building using the age life method and site. Then there would have been demolition costs on then adding in a land value. Based on that, we came 11 top of that. 11 12 12 Q. Any other sales that you thought were up with a current cost of \$11,370,000. 13 particularly relevant and we'll move on? 13 Q. Now, you said you determined the cost. 14 14 Did you make accommodations for each of the forms of A. Again, all of the sales were given some 15 weight. They're located generally approximately --15 depreciation quickly? Did you account for physical 16 depreciation? 16 they're all in the Cleveland market. There's a map 17 17 A. Yes. shown on VII-2, but that sale is the most proximal. 18 18 Q. How did you do that? All of the sales were looked at and location 19 adjustments were made, again, using the Site To Do 19 A. I mean, physical, again, we're looking at 20 Business information in terms of things like traffic 20 kind of an age life method. So the building was 21 count, population and median income and adjustments 21 built in 1999. It was 16 years old as of the date of 22 22 value. That type of building normally has, again, were made. 23 23 kind of a Marshall valuation, a typical life of 30 O. What did you conclude the value to be? 24 24 years. Real estate typically lasts much longer than A. Land value was completed at \$265,000 per 25 25 acre, 10.954-acre site for a total land value of that as long as you're maintaining it, but they give

Page 177 kind of an estimated available life. And based on the 16 years and the 40 years, that was the 40 percent depreciation. We did not feel there was any functional obsolescence. The building was being used for what it was designed for. It was functional. We didn't feel there was any external obsolescence which could be a thing like if a company, like a large employer nearby closed down and there was those kind of negative impacts. 10 Q. A great recession? 11 A. A recession. But we did not feel there 12 were any other obsolescence issues, so only the 13 physical was taken. 14 Q. Now, just briefly, the condition, the 15 argument is that some other big box user would pay a discount. So doesn't that show that there may or may 16 17 not be functional obsolescence? 18 A. I'm not sure what you're asking. 19 Q. Let me rephrase the question. The 20 argument is that in some other part of the state, 21 someone might pay X dollars, you know, we're going to 22 discuss the sales approach in a minute, we're going 23 to discuss the Sam's Club in a moment, doesn't that 24 show potentially that there's functional obsolescence 25 or there's an absence of functional obsolescence? Page 178 A. I mean, certainly every location is 2 different, and that's why you do multiple looks at sales to see how does it relate. So a sale in another part of the state, it can be on a dying interchange or it could be in an area that has some 6 kind of negative going on. So just because it's a big box somewhere else doesn't make it a perfect comp. You have to adjust for those elements that are 9 different from your subject. 10 O. You have a total replacement cost before depreciation of \$13 million on Page VII-16? 11 12 A. Right. 13 Q. That's 13 million, right? 14 A. Yes, right. If you're building it brand 15 new, yes, and that's without land. That's if we're 16 going to replicate that building today. 17 O. Now, look at the Menards sale on VII-5 or VII-6. That's a \$10 million purchase. 18

A. Right, just for the land.

to demolish that old Kmart?

A. Yes.

O. Then the old Kmart has to be demolished?

Q. Do you have any idea what it would cost

A. I don't have anything in front of me. I

know razing costs can be just a few dollars a square

19

20

21

22

23

24

25

Page 179

1

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

foot to \$20, in that range, but they're normally maybe 5 bucks a square foot because there's usually some salvage value out of it. Marshall's actually does that. I don't have that with me to tell you. But it's not a huge number, but it is at least a few bucks a square foot to tear it down and haul it out and make that site ready for new development.

Q. If that old Kmart was over a hundred thousand square feet, you have a land purchase that you indicate in your report, and you have a cost to build the building, you then have a project that's over \$25 million; is that fair to say?

A. Probably.

Q. Or around there?

A. That certainly would be possible that that's the cost, yes.

Q. I'm trying to for the sake of what we're trying to accomplish here, we have a building or site that you've indicated a total cost approach. How does that relate in the total picture of the valuation?

A. Well, I mean, that's just one of the three approaches for valuing property. You look at at the different ways. And, again, from a buyer's standpoint, you know, a lot of buyers don't

e 178 | Page 180

2

3

4

5

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

necessarily look at the cost approach if they're buying an existing building, but it does give an indication of value as of that point in time.

So, again, it's just one of the three approaches. It's not an approach that typically with an older building is given a significant amount of weight, but it does at least give you a downside value of, look, today if I was doing this, this thing is at least worth \$11 million on a cost approach because of what it would cost to build it and then taking into consideration --

Q. Is the Menards site inferior or superior to the subject?

A. The subject site actually has much better exposure and visibility from I-480. So from that standpoint, I would say it's superior, but I don't have right in front of me -- I don't know if I've got the traffic count. The traffic count on Brookpark may be a little bit better than it is on Ridge, but they're very similar, but I would say the subject has better exposure.

Q. Finally on the cost approach, knowing that we've discussed what Menards land could be with the Menards cost and what it could cost to build it, if a buyer approached Lowe's to pay 6- or

45 (Pages 177 to 180)

	Page 181		Page 183
1	\$7 million for it, would that be a reasonable value	1	operation. Whether it's fee simple at market or
2	if Lowe's wants to remain in that market?	2	leased fee, they want to be there. They're there.
2 3	A. I mean, again, that's kind of a weird	3	Q. But I mean, that's one example is it
4	question to try to ask.	4	two sides of a coin of a sale, of a seller that's
5 6 7	Q. Thank you.	5	motivated and also a buyer that's motivated?
6	MR. GIBBS: I thought so, too.	6	A. Right. You can't have a stupid buyer or
7	A. You know, again, if Lowe's is there and	7	a stupid seller. The whole definition of market
8	they're making money, which they obviously are, the	8	value is they're both acting in their best interests.
9	parking lot's packed and they wanted to be there,	9	So they are going to come to a decision that doesn't
10	they're not going to sell it for less than what it	10	overly benefit one or the other. They mutually
11	would cost them to go somewhereelse.	11	decide on a sale price that is reasonable and
12	So in that case, looking at the Menards,	12	supportive.
13	if they wanted to be in the same area, if they too	13	Q. Your income approach we already
14	are going to have to go pay \$10 million for a site	14	covered your market rent. What is your income
15	and then build their building, which based on	15	approach?
16	replication costs is 9 million easy, I think that was	16	A. The income approach starts on V-1. Our
17	before the soft costs, then no, they're not going to	17	conclusion of market rent based on all the evidence
18	sell it for \$6 million because they want to be there.	18	is \$7.25 per square foot. Because we're doing a
19	They're functioning there. They cannot	19	direct cap, it's important to look at market
20	replicate their store for probably again, if we're	20	occupancy, market vacancy, so we look at what's
21	looking at the cost approach before depreciation, you	21	typical.
22	know, you're at \$13 million, and that's before	22	And normally at a big box, you're
23	profit, so you're looking at at least \$13 million to	23	probably going to have somebody in there for 10 to 20
24	replicate what they have.	24	years, and then maybe you get a year or two of
25	Q. In terms of building costs?	25	vacancy and then you've got another long-term lease.
	Page 182		Page 184
1	A. In terms of building costs. So if they	1	So that's one way of looking at vacancy.
2 3 4 5 6 7	want to be there, which by all indications they do,	2	And those two, whether a one year or
3	they're not going to sell for in that case less than	3	two-year vacancy between a 20-year lease, you're at
4	13. Again, that's not taking into consideration	4	either at 4.8 percent or 9.1 percent vacancy. Costar
5	there is depreciation on the building, but it's going	5	had the local vacancy rate at 7.2 percent. The
6	to cost them roughly \$13 million to duplicate.	6	subject center itself had about a 12 percent vacancy,
	Q. But am I correct that you're looking at	7	although it was at 3.2 percent if you included the
8	two scenarios: One could be Lowe's vacates the	8	temporary lease on the 50,000 square foot space. So
9	property, abandons the property and is trying to sell	9	based on looking at all of that, I concluded 7
10	it, is that one sale?	10	percent vacancy and credit loss was included in our
11	A. Right, if Lowe's is moved out of the	11	analysis.
12	market like one of the sales we have in our	12	Q. Next was the expenses?
13	analysis is BJ's in Dublin. BJ's left the Central	13	A. Because it's a net lease, your expenses
14	Ohio market, so they left and they actually left	14	are really for operating costs, are just during your
15	before their lease expired. So there was actually	15	times of vacancy, so we talk about some expense
16	one transaction of that property while they were	16	counts there, and basically assumed operating
17	still I think eight years of BJ's lease rent made on	17	expenses of a dollar during times of vacancy and
18	it.	18	applied our 7 percent vacancy rate to that, and that
19	That was a business decision by BJ's to	19	gives a deduction of \$9,474. And then we added a
20	leave. So in that case, they may be willing to sell	20	2.25 percent management fee and replacement reserve
21	it for something else, for something lower than what	21	of 20 cents, and that's all illustrated on V-4 which
22	would make sense if they're an active participant in	22	gives us a net operating income of \$853,213.
23	the market. You've got Kmarts closing, you've got	23	Q. Was your replacement reserve and
24	Sears closing, they're leaving the market. That's	24	management fee supported by the market?
25	not the same thing as a vibrant, existing, ongoing	25	A. Yes, it was.
		1	

	Page 185		Page 187
1	Q. Did you do research for that?	1	THE WITNESS: Well, there are but
2	A. Yes.	2	MR. GIBBS: One of those is a written
3	Q. And what did you determine the net	3	certification. Do you have that with you today?
4	operating income to be?	4	THE WITNESS: I do not, no.
5	A. 853,213.	5	MR. GIBBS: Okay. Then I would object to
6	Q. What was your next step in the income	6	this line of questioning.
7	approach?	7	THE EXAMINER: I don't know the
8	A. Next was looking at what would be an	8	question's on the table yet. I understand your
9	appropriate cap rate. We already kind of previously	9	concern about a review appraiser.
10	talked about the Boulder Group cap rates. That was	10	MR. GIBBS: Well, I asked her if she
11	back in Section 3. We also listed PWC, the rates	11	reviewed Mr. Racek's report. I don't have
12	from that, which are shown on V-5, Realtyrate.com,	12	MR. SEED: I think he's gone a little far
13	Real Capital Analytics, and all of those are kind of	13	afield.
14	summarized on III-8.	14	MR. GIBBS: No, I don't think so.
15	The median kind of ranged from 6.48 to	15	THE EXAMINER: And I want to see I'll
16	10.64 from the surveys. And then from the extracted	16	allow him to ask the next question; however, I
17	sales, those cap rates ranged from 6.2 to 8.32 with	17	understand your concern, Mr. Gibbs.
18	an average of 7.02 and a median of 6.56. Again,	18	MR. GIBBS: It's something that's a new
19	looking at all the information, we concluded to	19	trend that's happening quite a bit and I'd like to
20	7 percent on the cap rate and then added in the	20	MR. SEED: Is Mr. Racek coming back
21	additur since we did not deduct or take into	21	later?
22	consideration taxes at that point.	22	MR. GIBBS: I haven't decided yet.
23	Q. The full additur or partial?	23	MR. SEED: Okay. The reason this is
24	A. The partial additur, so just the additur	24	commonly done, it's for your benefit, is why there
25	for the 7 percent, that would be what would be due	25	are differences in the appraiser's reports. And I'm
		_	
	Page 186		Page 188
1		1	-
1 2	during vacancy. That gave us a rounded cap rate of	1 2	trying to get candid responses as to why they come to
1 2 3	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market	1 2 3	-
	during vacancy. That gave us a rounded cap rate of		trying to get candid responses as to why they come to different conclusions, and I have not prepared this
3	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.	3	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.
3 4	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which	3	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever
3 4 5	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review	3 4 5	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay.
3 4 5	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.	3 4 5	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this
3 4 5	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?	3 4 5 6 7	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates
3 4 5 6 7 8	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you	3 4 5 6 7 8	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP.
3 4 5 6 7 8 9	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?	3 4 5 6 7 8	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.
3 4 5 6 7 8 9	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.	3 4 5 6 7 8 9	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted
3 4 5 6 7 8 9 10	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any	3 4 5 6 7 8 9 10	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you
3 4 5 6 7 8 9 10 11	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's	3 4 5 6 7 8 9 10 11 12	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.
3 4 5 6 7 8 9 10 11 12 13	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal	3 4 5 6 7 8 9 10 11 12	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.
3 4 5 6 7 8 9 10 11 12 13	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with	3 4 5 6 7 8 9 10 11 12 13 14	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to
3 4 5 6 7 8 9 10 11 12 13 14	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal. MR. GIBBS: You asked if she reviewed	3 4 5 6 7 8 9 10 11 12 13 14	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?
3 4 5 6 7 8 9 10 11 12 13 14 15 16	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal.	3 4 5 6 7 8 9 10 11 12 13 14 15 16	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you. Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes. Q. What was your conclusion of market rent? A. \$7.25.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal. MR. GIBBS: You asked if she reviewed	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?  A. \$7.25.  Q. Do you recall what Mr. Racek concluded
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal.  MR. GIBBS: You asked if she reviewed Mr. Racek's appraisal.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?  A. \$7.25.  Q. Do you recall what Mr. Racek concluded market rent would be?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal.  MR. GIBBS: You asked if she reviewed Mr. Racek's appraisal.  THE WITNESS: I did read the report.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?  A. \$7.25.  Q. Do you recall what Mr. Racek concluded
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal.  MR. GIBBS: You asked if she reviewed Mr. Racek's appraisal.  THE WITNESS: I did read the report.  MR. GIBBS: Well, you're an appraiser, right?  THE WITNESS: I am.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?  A. \$7.25.  Q. Do you recall what Mr. Racek concluded market rent would be?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal.  MR. GIBBS: You asked if she reviewed Mr. Racek's appraisal.  THE WITNESS: I did read the report.  MR. GIBBS: Well, you're an appraiser, right?  THE WITNESS: I am.  MR. GIBBS: When you review an appraisal,	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?  A. \$7.25.  Q. Do you recall what Mr. Racek concluded market rent would be?  A. \$4.50 I believe.  Q. Can you turn to facing Page 53 of his report.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal.  MR. GIBBS: You asked if she reviewed Mr. Racek's appraisal.  THE WITNESS: I did read the report.  MR. GIBBS: Well, you're an appraiser, right?  THE WITNESS: I am.  MR. GIBBS: When you review an appraisal, there are certain requirements under USPAP that go	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?  A. \$7.25.  Q. Do you recall what Mr. Racek concluded market rent would be?  A. \$4.50 I believe.  Q. Can you turn to facing Page 53 of his report.  A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	during vacancy. That gave us a rounded cap rate of the 7.20 which applied to the 853,213 gave a market value from the income approach of 11,851,015 which was rounded to 11,850,000.  Q. Did you have a chance to review Mr. Racek's report?  A. Yes.  Q. I'm going to hand you Exhibit A. Did you review his income approach?  A. I did.  MR. GIBBS: Objection. We didn't get any notice of any kind of review that was done. He's using the word review. Was there a review appraisal done? Because there are requirements associated with that, and we didn't get any disclosure of that.  MR. SEED: There was no review appraisal.  MR. GIBBS: You asked if she reviewed Mr. Racek's appraisal.  THE WITNESS: I did read the report.  MR. GIBBS: Well, you're an appraiser, right?  THE WITNESS: I am.  MR. GIBBS: When you review an appraisal,	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	trying to get candid responses as to why they come to different conclusions, and I have not prepared this with her ahead of time, so she'll offer whatever answer she sees fit.  MR. GIBBS: You know what, I'm okay. It's fine she wants to do it. I would just beg this Board to assess the credibility issue that it creates when someone deviates so cavalierly from USPAP. That's all I would ask.  THE EXAMINER: Your objection is noted and your point's well made. Mr. Seed, why don't you go ahead and ask your question.  MR. SEED: Thank you.  Q. (By Mr. Seed) Have you had a chance to read Mr. Racek's report?  A. I have read the report, yes.  Q. What was your conclusion of market rent?  A. \$7.25.  Q. Do you recall what Mr. Racek concluded market rent would be?  A. \$4.50 I believe.  Q. Can you turn to facing Page 53 of his report.

Page 189 Page 191 1 the rent comps? 1 little bit of perspective. There's a chart that's on 2 2 A. I did not do a dive-in. I mean, I think VI-2 a number of big boxes that transferred between 3 we've already talked about the Valu King, but he 3 January of 2011 and forward up to July of 2017. shows \$5 is currently being offered at \$10, and a lot 4 Q. Do these include first and second 4 of these are vacant that were former something as 5 5 generation sales? opposed to something that's being used for what it 6 6 A. They do, although primarily first 7 was designed for. generation, and that's when it's predominantly first 7 generation but not all. And that, again, certainly 8 Q. Are there significant differences in 8 9 shows a significant range from \$8.12 to \$164 per 9 size? 10 A. I mean, definitely has a broad range, 10 square foot with an average of \$55 per square foot. from 34,000 to 125,000 it looks like. So again, there can be certainly a huge 11 11 Q. Some of the rent comps have terms that amount of variability with things like rent or 12 12 began in 2010 or 2012? 13 13 occupancy or location. All of those factor into what 14 A. Yes. 14 somebody is willing to pay on a price per square 15 15 Q. Leases that have a term beginning in 2010 foot. and 2012, are those leases negotiated before the 16 16 After we looked at kind of that global 17 terms begin? 17 just to kind of give an overview, we looked at ten A. Typically. 18 18 sales that were analyzed individually. There's a 19 Q. When was the great recession? 19 chart for those on VI-3, a map on the following page, A. 2008, '09, '10. That was definitely a then individual write-ups and then we have a grid 20 20 bad time for real estate. showing our adjustments. 21 21 O. Briefly could you just go through the --Q. Would you have a concern about using 22 22 leases from 2010 and '12 for 2015? before you start adjustments, briefly highlight the 23 2.3 A. You always want lease information that's 24 24 25 as close to date of value. You would definitely want 25 A. Yeah. I mean, again, a lot of these were Page 190 Page 192 1 similar big boxes. We had --1 to consider what was happening in the market if 2 you're using older leases. 2 O. Sale 1? 3 A. -- five Lowe's facilities, one BJ's, one 3 O. Did you prepare a sales comparison 4 approach? 4 Home Depot and one Sam's Club and one former Wal-Mart 5 A. Yes. 5 and a former BJ's. Q. Just before you start, where would that 6 O. So what's Sale 1? 6 7 be in your report? 7 A. Sale 1 is a Lowe's in Zanesville. A. Roman VI-1 is where it starts. 8 8 Q. Sale 2? 9 A. A Lowe's in Fremont. Q. I'd like you to discuss pages VI-1 in 9 terms of what do you look for in a sales comparison 10 10 O. Sale 3? approach for a big box? 11 11 A. A BJ's in Canton. 12 A. Again, you're always trying to find 12 O. Sale 4? 13 comparable data that's similar to your subject. It's 13 A. A former BJ's. not always you're going to have sales that are 14 Q. Sale 5? 14 similar in the same areas, so sometimes you have to 15 A. Lowe's in Chillicothe. 15 go outside the market to find it and then you make 16 16 O. Sale 6? adjustments for that. 17 A. Former Wal-Mart in Streetsboro. 17 But again, the subject was built for and 18 18 O. Sale 7? 19 operating as a Lowe's. The definition of market 19 A. Lowe's in Columbus. 20 value fee simple says basically at market terms. And 20 O. On Brice Road? so looking at other similar buildings, what leases 21 21 A. Correct. are in place for those similar buildings was felt to 22 22 O. Sale 8? be most applicable. 23 A. Lowe's in Hilliard. 23 So we do an analysis of big boxes. We 24 24 O. Sale 9? start, again, just kind of a global to kind of get a 25 25 A. Home Depot in Highland Heights.

		1	
	Page 193		Page 195
1	Q. And Sale 10?	1	(EXHIBIT MARKED FOR IDENTIFICATION.)
2	A. A Sam's Club in Brooklyn.	2	THE EXAMINER: Exhibit 8.
3	Q. Let me ask you a few questions. Is there	3	Q. Do you have an authoritative source for
4	a definition of what's called market rent in the	4	that?
5	appraisal world?	5	A. Yes, this is out of the Dictionary of
6	A. Market rent?	6	Real Estate Appraisal published by the Appraisal
7	Q. Yes.	7	Institute, the 6th Edition. A property rights
8	A. Market rent is basically the rent that is	8	adjustment is an adjustment make to the indicated
9	supported by what is going on in the market. If you	9	property value if the value of the property is not at
10	look at I think I printed it out.	10	market occupancy or market rent.
11	Q. I can get it.	11	Q. What does that mean?
12	A. In the Appraisal of Real Estate, the 13th	12	A. It means basically if you're looking
13	Edition	13	at for a comparison standpoint, you need to
14	Q. Hold on a second. I want to mark it.	14	compare the subject to the comparables, so you need
15	MR. SEED: Exhibit 7?	15	to know whether or not that comparable is similar or
16	THE EXAMINER: Yes.	16	different from from you. And, again, when you're
17	(EXHIBIT MARKED FOR IDENTIFICATION.)	17	doing it for tax appeal, you're looking at market
18	A. Basically on Page 453 of the book, which	18	value at market, so you are assuming it's leased at
19	is again the Appraisal Institute, Appraisal of Real	19	market.
20	Estate, 13th Edition, market rent is the rental	20	Q. Okay. Just to be very brief here,
21	income a property would probably command in the open	21	because this is important for the sales approach, I
22	market. It is indicated by current rents that are	22	can have you can you give us an example of what
23	either paid or asked for comparable space with the	23	property rights adjustment, how that would work?
24	same division of expenses as the date of the	24	A. I lost mine. There it is. I kind of put
25	appraisal. Market rent is sometimes referred to as	25	an example together because sometimes there seems to
	••		
	Page 194		Page 196
1		1	
1 2	economic rent. Rent for vacant or owner occupied	1 2	be the feeling that because something is leased, it's
2	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and	2	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's
	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income	l	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four
2	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.	2	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what
2 3 4 5	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have	2 3 4	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?
2 3 4	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.	2 3 4 5	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.
2 3 4 5 6 7	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not.	2 3 4 5 6	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've
2 3 4 5 6 7 8	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important.	2 3 4 5 6 7	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after
2 3 4 5 6 7 8 9	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure	2 3 4 5 6 7 8	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on
2 3 4 5 6 7 8 9	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing.	2 3 4 5 6 7 8	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.
2 3 4 5 6 7 8 9 10	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook.	2 3 4 5 6 7 8 9	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just
2 3 4 5 6 7 8 9 10 11 12	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In	2 3 4 5 6 7 8 9 10 11	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.
2 3 4 5 6 7 8 9 10 11 12 13	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is	2 3 4 5 6 7 8 9 10 11 12	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of
2 3 4 5 6 7 8 9 10 11 12 13 14	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important	2 3 4 5 6 7 8 9 10 11 12 13 14	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when	2 3 4 5 6 7 8 9 10 11 12 13 14	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can get.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.  THE EXAMINER: This is Exhibit 9?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can get.  So I think it's very important to look at	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.  THE EXAMINER: This is Exhibit 9?  MR. GIBBS: Yes, and that will be all the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can get.  So I think it's very important to look at what the building is, how the building is operating	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.  THE EXAMINER: This is Exhibit 9?  MR. GIBBS: Yes, and that will be all the exhibits.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can get.  So I think it's very important to look at what the building is, how the building is operating as of your date of value to see what is the most	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.  THE EXAMINER: This is Exhibit 9?  MR. GIBBS: Yes, and that will be all the exhibits.  (EXHIBIT MARKED FOR IDENTIFICATION.)
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can get.  So I think it's very important to look at what the building is, how the building is operating as of your date of value to see what is the most reasonable estimate of market rent.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.  THE EXAMINER: This is Exhibit 9?  MR. GIBBS: Yes, and that will be all the exhibits.  (EXHIBIT MARKED FOR IDENTIFICATION.)  A. So basically just wanted to point out
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can get.  So I think it's very important to look at what the building is, how the building is operating as of your date of value to see what is the most reasonable estimate of market rent.  Q. Okay. Are you familiar with the term	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.  THE EXAMINER: This is Exhibit 9?  MR. GIBBS: Yes, and that will be all the exhibits.  (EXHIBIT MARKED FOR IDENTIFICATION.)  A. So basically just wanted to point out that just because something is leased fee doesn't
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	economic rent. Rent for vacant or owner occupied space is usually estimated at market rent levels and distinguished from the contract rent and the income analysis.  THE EXAMINER: There's no need to have Miss Blosser read the entire MR. SEED: I'm not. THE WITNESS: I think this is important. THE EXAMINER: I just wanted to make sure you weren't going to read the entire thing. MR. SEED: It's a heavy notebook. A. Yeah, only got 800 pages to go no. In the fee simple valuations, all rentable space is estimated at market rent levels. So the important thing to remember is that something that when you're talking about market rent and fee simple, you're talking about what the rent that property can get.  So I think it's very important to look at what the building is, how the building is operating as of your date of value to see what is the most reasonable estimate of market rent.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	be the feeling that because something is leased, it's superior to fee simple. So I did an example of let's assume you've got four  MR. GIBBS: Objection. I don't know what this is. Is this part of your appraisal report?  MR. SEED: Something she prepared.  MR. GIBBS: I just first time I've seen it. We had a letter that was submitted after the fact that there's a motion to strike pending on and now we get this.  MR. SEED: I can have her just  MR. GIBBS: Come on.  MR. SEED: I have to see a stack of documents I'm going to be seeing from you.  MR. GIBBS: I'm sorry, it's all hurting your credibility. We'll just let it in. I'll stipulate to it. It's fine.  THE EXAMINER: This is Exhibit 9?  MR. GIBBS: Yes, and that will be all the exhibits.  (EXHIBIT MARKED FOR IDENTIFICATION.)  A. So basically just wanted to point out

Page 199

identical properties and the first property, A, the owner is an out of town owner moving to Florida and he just wants rental income, he doesn't want to deal with the building. So he puts a 15-year lease on it, a dollar per square foot, so that building is leased fee.

The second building, you're lucky and you

The second building, you're lucky and you get an international company that comes in and they want to start a new business right away and the building is available and they come in and they sign a \$25 per square foot net lease for five years.

In the third building, it's listed on the market, there's been several showings, and you've got different offers on it and you end up concluding -- or the landlord settles at a market rent of \$10 on a five-year lease. So you've got three buildings that are leased fee.

Then the fourth building, let's say, is the owner occupied building that now I've been asked to appraise that building. I'm going to do market value at market terms. My other analysis I do shows that market occupancy for this market is 95 percent.

So I've got these three buildings and lucky for me they've all three sold and they're all leased fee, and now I need to adjust them to my

Q. In your report, did you look at the rental rate, the contract rental rate, of any leased fee sales and compare it to your market rental rate?

A. Yes.

Q. Did you look at the occupancy of the property?

A. Yes.

Q. Did you perform a property rights adjustment in compliance with the authoritative materials you provided?

A. Yes. The only thing I didn't do, I know in the text, the text should have been worded differently because it says we did not do an adjustment, and what it should have said is we didn't do an adjustment under that heading, but we absolutely, positively did a market condition adjustment because we did an occupancy adjustment and we did a rent adjustment.

Q. Is doing an occupancy adjustment and rent adjustment by definition a property rights adjustment?

A. Yes.

Q. Would it be appropriate to just knock off ten percent if the property happens to be leased?

A. No.

Page 198

market value. My market value is market value at market terms, market rent, market occupancy.

So I'm very close to identical to property C because market rent we established because that one was on the market and leased at \$10, so that's market rent. The only possible adjustment you might make to property C is the fact that because we're doing market occupancy, we're assuming 95 percent occupied and that one was 100 percent occupied when it sold, so maybe you make a minor adjustment.

The other two sales, property A, you're going to have a significant upward adjustment because at least for a dollar a square foot and market's at 10

Comparable B, it was a \$25, so it's going to get a negative adjustment. So the only purpose of this was to say just something is leased does not make it superior because you're adjusting to market, you're not adjusting to vacant.

Q. Right. So the dollar a year or \$100 a square feet, would you need to adjust it?

A. You've got to say what is market for what I'm appraising and how are my comps different from that.

Page 200

Q. Is that for the reasons you stated before?

A. Just because it's leased doesn't mean it's superior.

Q. In preparation for the hearing, did we discuss Page VI-26?

A. Yes.

Q. And did we discuss the adjustments you made for rent and occupancy in the report?

A. They were discussed in the report. It was just not done under the property right convey paragraph or heading.

Q. Did we discuss whether you would revise and correct Page VI-26?

A. Yes.

Q. Or for you to write a letter to explain your conclusions?

A. Right, I did a supplemental letter to explain.

THE EXAMINER: For purposes of the record, this has been marked as Appellee's Exhibit 10?

MR. SEED: Correct.

24 (EXHIBIT MARKED FOR IDENTIFICATION.)

Q. What I'd like you to do because I want to

50 (Pages 197 to 200)

Page 201

finish up is for you now to go through your -- you could do it here for property rights adjustment, but just go through the adjustments to the sales approach you have done.

A. Okay. There's a table on VI-32 that shows all of the adjustments. Again, under the title Property Rights on that page, there is no adjustment made, but that was because we did those property right adjustments as an occupancy and a rent adjustment which meets the definition of how you take into consideration property rights.

Those are listed at the far right of the table where it shows what the rent was at the comparable, and our subject rent is at the bottom. The market rent is at the bottom, and then it shows the occupancy. So, again, the adjustment was made; it was just not made under the Property Rights heading.

- Q. In hindsight, would you have drafted this a different way?
- A. I would have written -- I would have explained that on Page VI-26.
  - Q. Is that the purpose of this letter?
  - A. That is the purpose of the letter.
  - Q. Go ahead with your conclusions.

Page 203

these comps different from the subject. The subject is assumed -- or is concluded to have a market rent of \$7.25. The comparables where we had rent, the rents ranged from \$4.25 to \$10.66.

So, again, what we've done is a percentage variance to say, okay, there's obviously a a difference on rent, and based on those, we get an adjusted range of \$87 to \$119 with an average of \$106.61.

So all of those were taken into consideration, the physical adjustments where we looked at the ten and then the economic adjustment alone, not doing any other variances or any other adjustments but just looking at the economics, and based on all of that data, we concluded to \$90 per square foot for 12,181,140 or a rounded 12,180,000.

- Q. Looking quickly at Mr. Racek's report, did you review his sales approach?
  - A. I read through it, yes.
- Q. Did Mr. Racek make some adjustments to a sale based on his conclusion of market rent versus contract rents?
- A. There were no individual adjustments shown. It basically was kind of an upward or downward. And he did indicate that he adjusted many

Page 202

A. Again, the ten sales that were looked at ranged in value, and it was a very broad range from \$15.70 per square foot to \$164 per square foot. But the two sales that sat at the low end of the range were the ones that were former something, they were vacant and available.

That is really contrary to the definition of fee simple at market because fee simple at market means you're occupied at market occupancy and at market rent. So something that is vacant is going to need significant adjustments to come to an appropriate value for your subject at market occupancy.

But, again, all of the sales were considered, adjustments were made for location, size, age, quality and condition and then the economic characteristics and the occupancy. And based on all of those, a range of value was presented. I guess it was around -- was kind of around 87 to around \$104 was kind of the median of the range there. Then a second analysis was done on those where the rent was available and again --

O. Where's that?

A. That is on Page VI-33. Again, that's taking into consideration the market rent, how are

Page 204

of them downward because of superior rents, although some of those, the rent was actually lower than his concluded market rent for the subject.

- Q. So to the extent you can decipher, did he look at a contract rent versus a market rent?
- A. It appeared. And again, it's his analysis, but it appeared if it was leased, he assumed it was superior.
- Q. Okay. Part of your adjustment was in addition to looking at the difference between the market rent and the contract rent, you made an adjustment for occupancy?
  - A. Correct.
  - Q. Why did you do that?

A. Well, again, the subject is 100 percent occupied. It was 100 percent occupied, but when you're doing market, you're assuming market terms, so not only market rent but market occupancy. Since we determined in the income approach a market occupancy of -- I think of 93 percent -- let me double check that real quick -- yeah, so we assumed a market occupancy of 93 percent.

And because those sales were at 100 percent occupied when they sold, we did consider a minor downward adjustment since we were doing the

	Page 205		Page 207
L	market occupancy.	1	Q. Would that be enough time for an
2	Q. I have a couple more questions and we're done. Do	2	appraiser to investigate a sale?
	you need a break for a second or are you okay?	3	A. I would assume so. It was in Costar. We
	A. Before we go through on here, I'll need a break,	4	were able to contact the broker.
	but	5	Q. Finally, you can hand that back to me,
	Q. Five more minutes, is that okay?	6	are you familiar with Brice Road in Columbus?
	A. Yes.	7	A. A little bit, yeah.
	Q. Can you just describe your letter, your October 10 letter?	8	Q. How are you familiar with it?
	A. Can I describe it?	9	A. I've lived in Columbus for many years. I
0		10	don't spend a lot of time in that area but I know
	Q. What's that say?		•
1	A. Yeah, basically, again, it was worded poorly in the report. Appraisals are not always perfect and that was a	11	where it is.
2	mistake to say that we did not do a property rights	12	Q. In your report, do you have the Lowe's
3	adjustment because, again, property rights adjustment is	13	and Brice Road as a comparable sale?
4	looking at occupancy and rent and we did that. We just	14	A. Yes.
5	didn't do it under that heading. And that's basically what was	15	Q. Was that the sale of a renegotiated
6	explained in that clarification statement letter	16	lease?
7	dated October 10th.	17	A. Yes.
8	Q. I have two other quick areas. We covered this	18	Q. Is that a short-term lease now?
9	briefly, Sale No. 10.	19	A. I don't think it's that short-term, no.
0	A. Okay.	20	They exercised their option which expired in December
1	Q. Is this in Brooklyn, Ohio?	21	of 2019 and the sale was in '14.
2		22	Q. So five years?
3		23	A. Right.
4		24	Q. So it's not 20 years?
:5		25	A. Right, no.
	Page 206		Page 208
	Page 206	1	Page 208
	A. It is.	1	Q. So they can leave the property in 2019?
	A. It is. Q. Is this sale within a year-and-a-half of	1 2	<ul><li>Q. So they can leave the property in 2019?</li><li>A. Correct.</li></ul>
	A. It is.  Q. Is this sale within a year-and-a-half of our tax lien date?	1 2 3	<ul><li>Q. So they can leave the property in 2019?</li><li>A. Correct.</li><li>Q. Are you familiar with what's called</li></ul>
	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes.	1 2 3 4	<ul> <li>Q. So they can leave the property in 2019?</li> <li>A. Correct.</li> <li>Q. Are you familiar with what's called</li> <li>I'm showing you Exhibit F. Are you familiar and</li> </ul>
	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date?		Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you
:	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes.	4	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's?
:	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date?	4 5	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you
:	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15.	4 5	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's?
5	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this	4 5	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps.
	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report?	4 5 6 7 8	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly
0	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's	4 5 6 7 8 9	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but
0 1	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date.	4 5 6 7 8 9	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area?
0 1 2	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in	4 5 6 7 8 9 10 11	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know.
0 1 2 3	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report?	4 5 6 7 8 9 10 11 12	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those
0 1 2 3 4	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here.	4 5 6 7 8 9 10 11 12 13 14	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties
0 1 2 3 4 5	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report?	4 5 6 7 8 9 10 11 12 13 14 15	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold
0 1 2 3 4 5	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017.	4 5 6 7 8 9 10 11 12 13 14 15	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in
0 1 2 3 4 5 6 7	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017?	4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate
0 1 2 3 4 5 6 7 8	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017? A. Yes.	4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate anything to you?
0 1 2 3 4 5 6 7 8 9	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017? A. Yes. Q. Is that a four-year did four years	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate anything to you? A. Well, it certainly shows what the
0 1 1 2 3 4 5 6 7 8 9 0	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017? A. Yes. Q. Is that a four-year did four years pass from the date of the sale and the writing of the	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate anything to you? A. Well, it certainly shows what the underlying land is worth. Again, Menards obviously
0 1 2 3 4 5 6 7 8 9 0	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017? A. Yes. Q. Is that a four-year did four years pass from the date of the sale and the writing of the report?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate anything to you? A. Well, it certainly shows what the underlying land is worth. Again, Menards obviously wanted to be in that location and they were willing
1	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017? A. Yes. Q. Is that a four-year did four years pass from the date of the sale and the writing of the report? A. The date of	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate anything to you? A. Well, it certainly shows what the underlying land is worth. Again, Menards obviously wanted to be in that location and they were willing to pay substantially for that. So this area is I
1 5 5 5 7 8 8 9 0 0 1 1 2 2 3 3 4 4 5 5 6 6 6 7 7 8 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017? A. Yes. Q. Is that a four-year did four years pass from the date of the sale and the writing of the report?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate anything to you? A. Well, it certainly shows what the underlying land is worth. Again, Menards obviously wanted to be in that location and they were willing
1	A. It is. Q. Is this sale within a year-and-a-half of our tax lien date? A. Yes. Q. How close is it to the tax lien date? A. It was June '13 and we're January '15. Q. Why did you select this sale for this report? A. Well, one, it's very proximal. Two, it's a big box. And three, it's dated time wise within an acceptable timeframe of the subject valuation date. Q. Did Mr. Racek include the Sam's Club in his report? A. I don't see it in here. Q. What's the date of his report? A. July 2017. Q. July of 2017? A. Yes. Q. Is that a four-year did four years pass from the date of the sale and the writing of the report? A. The date of	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. So they can leave the property in 2019? A. Correct. Q. Are you familiar with what's called I'm showing you Exhibit F. Are you familiar and we're going to quickly go through this, are you familiar with a former Target and a former Meijer's? A. I mean, I don't have those sale comps. Again, I know that area somewhat, but I'm not overly familiar. I know Meijer's did leave that area, but I'm not familiar with the others. Q. Do you know if Target left that area? A. I don't know. Q. If do you have an opinion if those properties, if the occupants left those properties and the Target sold for 200,000 and the Meijer's sold for \$429,400 and the former Kmart sells to Menards in Brooklyn for over \$10 million, does that indicate anything to you? A. Well, it certainly shows what the underlying land is worth. Again, Menards obviously wanted to be in that location and they were willing to pay substantially for that. So this area is I

1	Page 209		Page 211
	area.	1	A. A lease can be an encumbrance, yes.
2	Q. Does a number of big box vacancies	2	Q. Isn't a lease always an encumbrance?
3	indicate anything about the location?	3	A. But market value assumes at market terms
4	A. It would indicate a weakness. If you	4	which assumes a market rent.
5	start getting a lot of vacancies, that will sometimes	5	Q. Yeah, but when
6	snowball and the whole area may go down.	6	MR. SEED: Would you like her to finish
7	Q. Do you think the Brice Road location in	7	her sentence?
8	general is relevant to the Brooklyn?	8	MR. GIBBS: She answered my question.
9	A. Again, you've got population back, but	9	Q. (By Mr. Gibbs) When the owner of a
10	that area has struggled. A lot of the retail has	10	property leases the property to a third party, a
11	moved to other locations and that happens sometimes.	11	tenant, that landlord no longer has the right to
12	That certainly impacts property values, but I don't	12	occupy that property; isn't that true?
	see obviously we didn't look at those sales, so I		A. Correct.
13	·	13	
14	can't really get into a lot of detail about it.	14	Q. Which is an encumbrance, it encumbers the
15	I don't have the details on it to	15	landlord's rights with respect to the property. They
16	discuss, but just on face value, it would look like	16	cannot occupy the property during the term of the
17	the less desirable area, and that's negatively	17	lease, correct?
18	impacted, and it's not reflective of what's happening	18	A. Correct.
19	in the Brooklyn market.	19	Q. Okay. So you state in your appraisal
20	MR. SEED: I have no other questions.	20	report, and I believe it's on VI-26, if you'll turn
21	THE EXAMINER: Let's go off the record	21	there for me, you've got a heading there Property
22	and take a short break.	22	Rights Conveyed; do you see that?
23	(Recess taken.)	23	A. I do.
24	THE EXAMINER: Back on the record.	24	Q. The second sentence, would you read that
25	Mr. Seed, you're done with your direct examination?	25	for me, it starts "For tax"
	Page 210		Page 212
1	MR. SEED: Yes.	1	A. "For tax valuation purposes, properties
2	THE EXAMINER: Cross-examination?	2	are to be valued fee simple assuming market terms."
3	MR. GIBBS: Thank you.	3	Q. Now, who instructed you that was the law?
4		4	A. That is my understanding of how you do a
5	CROSS-EXAMINATION	5	tax appeal. You look at market conditions.
6	By Mr. Gibbs:	6	Q. But you're not a lawyer, right?
7	Q. I want you to read from one of our	7	A. I am not an attorney, no.
, δ	statutes here in Ohio, Ohio Revised Code Section	/  2	Q. Did Mr. Seed inform you that that was the
9	5713.03. Would you read the highlighted portion for	9	law?
10	me.	10	A. Not to my knowledge, no.
11	A. "The County Auditor from the best sources	11	Q. Okay. I'm just curious because in the
12	of information available shall determine as nearly as	12	next paragraph down, the last sentence the first
13	practical the true value of the fee simple estate as	13	sentence, you say, "We are appraising", would you
14	if unencumbered."	14	read that sentence for me.
15	Q. Now, you're aware that was amended to	15	A. "We are appraising the fee simple estate
16	this current version about three years ago? Are you	16	and the subject assuming lease at market terms."
17	aware of that?	17	Q. So your understanding of your assignment
18	A. I'm not an attorney. I'm just doing	18	was to appraise the property as if leased; is that
19	market value.	19	fair to say?
20	Q. Encumbered, Mr. Seed asked you some	20	A. Market value.
20	questions about the word encumbered, remember that?	21	Q. No, I'm just asking
	A. Right.	22	A. Like the Appraisal Institute says, if
21			
21 22		23	you're doing market value, you're assuming market
21 22 23	Q. I think it was how he started his direct	23	
21 22 23 24 25		I	you're doing market value, you're assuming market terms, market lease, market occupancy.  Q. No, but I'm asking you about the sentence

	Page 213		Page 215
1	on VI-26, you're assuming a lease on the property in	1	(Record read.)
2	place; is that correct?	2	A. Could you repeat that again, please, what
3	A. We're assuming it's at market terms,	3	you're trying to say.
4	correct, market value.	4	Q. So if you're supposed to be valuing a
5	Q. Leased at market terms?	5	property in its market value, we established that
6	A. Correct.	6	implicit in that definition is a hypothetical sale of the property, correct?
7	Q. Okay. But we agree that a lease is an	/	1 1 0
8	encumbrance?	8	A. An appraisal assumes a sale.
9	A. You're saying that then if you have a	9	Q. Okay. And so you are to be valuing the
10	multi-tenant retail facility, that you're going to	10	property at its market value in fee simple as if
11	assume it's vacant; is that your assumption?	11	unencumbered, correct?
12	Q. Did you testify that a lease is an	12	A. Yes, but I think you're misinterpreting
13	encumbrance?	13	unencumbered because, again, let's say that
14	A. Yes, but I don't think that's	14	Q. So you said yes, though, right?
15	contradictory to doing market value at market terms.	1	MR. SEED: Would you let her
16	Q. Okay. So your premise was leased at	16	MR. GIBBS: I just want a yes or no.
17	market terms, and you took your instruction, I think	17	THE EXAMINER: Miss Blosser, I want to
18	you said, from the Appraisal Institute; is that	18	make sure we're answering the questions and not
19	right?	19	THE WITNESS: The way they're worded,
20	A. Well, that's the appropriate way to do	20	they're awfully misleading.
21	owner occupied real estate, yes.	21	THE EXAMINER: That's up to your counsel
22	Q. So the definition of market value,	22	to handle. We'll let Mr. Gibbs ask the questions.
23	implicit in that definition is a hypothetical sale of	23	MR. SEED: Our objection is that she's
24	the subject; is that correct?	24	trying to as she's finishing her answer, he's
25	A. Correct.	25	stopping her in mid sentence, and she should at least
	Page 214		Page 216
1	Page 214	1	Page 216
1	Q. So if you're to be valuing the property	1	be able to finish her thought.
1 2	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and	1 2	be able to finish her thought.  MR. GIBBS: This is how a proper
3	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value,	3	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question
3 4	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're	3 4	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a
3 4 5	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the	3 4 5	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you
3 4	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?	3 4	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the
3 4 5 6 7	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market	3 4 5 6 7	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.
3 4 5 6 7 8	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put	3 4 5 6 7 8	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on,
3 4 5 6 7 8 9	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the	3 4 5 6 7 8 9	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.
3 4 5 6 7 8 9 10	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?	3 4 5 6 7 8 9	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be
3 4 5 6 7 8 9 10	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.	3 4 5 6 7 8 9 10	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if
3 4 5 6 7 8 9 10 11	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I	3 4 5 6 7 8 9 10 11 12	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?
3 4 5 6 7 8 9 10 11 12	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.	3 4 5 6 7 8 9 10	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.
3 4 5 6 7 8 9 10 11 12 13	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the	3 4 5 6 7 8 9 10 11 12 13 14	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market
3 4 5 6 7 8 9 10 11 12 13 14 15	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.	3 4 5 6 7 8 9 10 11 12 13 14 15	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the
3 4 5 6 7 8 9 10 11 12 13	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her	3 4 5 6 7 8 9 10 11 12 13 14	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?
3 4 5 6 7 8 9 10 11 12 13 14 15	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and	3 4 5 6 7 8 9 10 11 12 13 14 15	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain
3 4 5 6 7 8 9 10 11 12 13 14 15	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her	3 4 5 6 7 8 9 10 11 12 13 14 15 16	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?
3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and that's not the purpose of examination.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain something? Am I allowed to explain something?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and that's not the purpose of examination.  THE EXAMINER: I think we just want to	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain something? Am I allowed to explain something?  THE EXAMINER: Just answer the question.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and that's not the purpose of examination.  THE EXAMINER: I think we just want to get answers to the questions that are being asked.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain something? Am I allowed to explain something?  THE EXAMINER: Just answer the question.  A. I've tried to answer the question, but,
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and that's not the purpose of examination.  THE EXAMINER: I think we just want to get answers to the questions that are being asked. There will be an additional opportunity for you to	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain something? Am I allowed to explain something?  THE EXAMINER: Just answer the question.  A. I've tried to answer the question, but, again, if I'm appraising a multi-tenant retail center
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and that's not the purpose of examination.  THE EXAMINER: I think we just want to get answers to the questions that are being asked. There will be an additional opportunity for you to ask questions of your witness to clarify anything that you think needs to be clarified, too.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain something? Am I allowed to explain something?  THE EXAMINER: Just answer the question.  A. I've tried to answer the question, but, again, if I'm appraising a multi-tenant retail center and you tell me to do it unencumbered
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. So if you're to be valuing the property fee simple as if unencumbered under the statute and you're supposed to be developing the market value, isn't it true that in a hypothetical sale, you're trying to determine what someone would pay for the property on the open market, correct?  A. Yes, but, again, you're doing market terms. Why would we do an income approach and put market terms on it if then we turn around in the sales comparison approach and assume it's empty?  Q. Just bear with me.  A. You're mixing two different things. I mean, you have to value it appropriately.  MR. GIBBS: Your Honor, I just want the answers to my questions.  MR. SEED: He keeps interrupting her answers because he doesn't like her answers and that's not the purpose of examination.  THE EXAMINER: I think we just want to get answers to the questions that are being asked. There will be an additional opportunity for you to ask questions of your witness to clarify anything	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	be able to finish her thought.  MR. GIBBS: This is how a proper cross-examination is conducted. You end the question with the word, correct, and you ask the question in a way that it could be answered yes or no so that you elicit only the testimony that you want from the witness.  THE EXAMINER: Let's go ahead. Move on, Mr. Gibbs, ask your question.  Q. (By Mr. Gibbs) Again, you're to be determining the market value in fee simple as if unencumbered, correct?  A. Based on market terms, correct.  Q. And you're taking the based on market terms from the Appraisal Institute, not from the statute; is that correct?  A. Can I answer this can I explain something? Am I allowed to explain something?  THE EXAMINER: Just answer the question.  A. I've tried to answer the question, but, again, if I'm appraising a multi-tenant retail center and you tell me to do it unencumbered  MR. GIBBS: Your Honor, I move to strike

	Page 217		Page 219
1	unencumbered	1	A. I do not see it in there. It ends at
2	THE EXAMINER: Miss Blosser, I think	2	but you do have something written out here that you
3	you're jumping ahead. You know where he's going with		crossed out "but subject to" for some reason.
4	this, and I appreciate that. Let's answer the	4	Q. May I have that back?
5	**	5	
	question so we can move on here. Again, Mr. Seed can	1	A. Sure.
6	ask you some questions to make sure that	6	Q. So we agree that at market terms is not
7	clarification is in the record.	/	part of the requirement under that statute; is that
8	MR. GIBBS: Thank you. I'm trying to be	8	correct?
9	very precise and efficient. I keep forgetting where	9	A. It is not worded in there with those
10	I was because of all the meandering answers.	10	specific terms, correct.
11	Q. (By Mr. Gibbs) So we agree that your	11	Q. All right. But you made clear in the
12	challenge or your project or your assignment was to	12	opening pages of your appraisal that your assignment
13	appraise the subject property at market value in fee	13	was as if leased at market?
14	simple as if unencumbered, correct?	14	A. Yes.
15	A. Yes.	15	Q. Okay. Now, we heard a lot of questions
16	Q. Okay. And you answered previously that	16	from Mr. Seed about this big land sale in Brooklyn,
17	it was at market terms, you added that; do you recall	17	right, the old Kmart was torn down, purchased by
18	that?	18	Menards for \$10.8 million, I think it's your land
19	A. Yes.	19	Sale No. 3. Do you recall all those questions?
20	Q. And isn't it true that you take the	20	A. Yes, it was bought for 10,350,500.
21	support for the idea that you're supposed to value it	21	Q. It's not really relevant, though, is it?
22	at market terms from the Appraisal Institute and not	22	It's not really relevant to determining the value of
23	from 5713.03; isn't that correct?	23	the subject, is it?
24	A. I would say yes, but again, I think that	24	A. Well, it's an indication of interest in
25	you have to for tax appeal you do an income	25	the market, so yes.
	Page 218		Page 220
1	Page 218 approach and a sales comparison both, and if you're	1	Page 220  Q. Okay. It's a big number to be sure and
1 2		1 2	
	approach and a sales comparison both, and if you're	1 2 3	Q. Okay. It's a big number to be sure and
2	approach and a sales comparison both, and if you're doing an income approach, you have to assume market	1	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?
2	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market	3	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking
2 3 4	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market  Q. Do you have 5713.03 in front of you	3 4	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If
2 3 4 5	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still?	3 4 5	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the
2 3 4 5 6	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not.	3 4 5	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large
2 3 4 5 6 7	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell	3 4 5 6 7	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.
2 3 4 5 6 7 8 9	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't	3 4 5 6 7 8	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost
2 3 4 5 6 7 8 9	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you?	3 4 5 6 7 8 9	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant
2 3 4 5 6 7 8 9 10	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an	3 4 5 6 7 8 9 10	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land
2 3 4 5 6 7 8 9 10 11 12	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed	3 4 5 6 7 8 9 10 11	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got
2 3 4 5 6 7 8 9 10 11 12 13	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a	3 4 5 6 7 8 9 10 11 12 13	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.
2 3 4 5 6 7 8 9 10 11 12 13	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and	3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and
2 3 4 5 6 7 8 9 10 11 12 13 14 15	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting.	3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an	3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an attorney. I think you're getting close to where	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said something like would Lowe's sell their in your
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an attorney. I think you're getting close to where you're going here.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said something like would Lowe's sell their in your opinion, would Lowe's sell their location in Brooklyn
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an attorney. I think you're getting close to where you're going here. Q. (By Mr. Gibbs) Would you tell me where	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said something like would Lowe's sell their in your opinion, would Lowe's sell their location in Brooklyn for \$6 million; do you remember him asking you that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an attorney. I think you're getting close to where you're going here. Q. (By Mr. Gibbs) Would you tell me where the words at market terms appear in the statute	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said something like would Lowe's sell their in your opinion, would Lowe's sell their location in Brooklyn for \$6 million; do you remember him asking you that question?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an attorney. I think you're getting close to where you're going here. Q. (By Mr. Gibbs) Would you tell me where the words at market terms appear in the statute there. Do they appear there?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said something like would Lowe's sell their in your opinion, would Lowe's sell their location in Brooklyn for \$6 million; do you remember him asking you that question?  A. Yes, I do.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an attorney. I think you're getting close to where you're going here. Q. (By Mr. Gibbs) Would you tell me where the words at market terms appear in the statute there. Do they appear there? A. I haven't read the entire thing.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said something like would Lowe's sell their in your opinion, would Lowe's sell their location in Brooklyn for \$6 million; do you remember him asking you that question?  A. Yes, I do. Q. And you said no, the parking lot's really
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	approach and a sales comparison both, and if you're doing an income approach, you have to assume market rents and market Q. Do you have 5713.03 in front of you still? A. I do not. Q. Okay. So I've taken it back away from you. I wanted to have you look at it again and tell me where the word market terms appears. I didn't leave that with you? MR. SEED: Can you note can I make an objection? The Supreme Court has already addressed the issue of fee simple as if unencumbered and what a lease is and appraisal terms in their own cases, and it's contrary to what Mr. Gibbs is asserting. THE EXAMINER: Again, this may be an issue for briefing. Again, Miss Blosser is not an attorney. I think you're getting close to where you're going here. Q. (By Mr. Gibbs) Would you tell me where the words at market terms appear in the statute there. Do they appear there?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. It's a big number to be sure and do you think maybe that's why Mr. Seed kept asking you about it?  A. It's relevant because it's proximal. If you look at this map, it's like right across the street, so I think it is relevant that it's a large land parcel that's proximal to the subject and is going to be used for a big box.  Q. Right, but to be clear, in your cost approach, you didn't think it was very relevant because you only valued the subject property's land at \$2.9 million, right? For the record, you got \$2.9 million for the subject's land, not 10 million.  A. The subject site is about half as big and that's one sale, so you're not going to give all your weight to one sale.  Q. Right. So Mr. Seed asked you, he said something like would Lowe's sell their in your opinion, would Lowe's sell their location in Brooklyn for \$6 million; do you remember him asking you that question?  A. Yes, I do.

	Page 221		Page 223
1	want to be in that market, it costs them more to	1	A. That's what you say.
2	locate elsewhere within Brooklyn; is that right?	2	Q. Did we read the statute together?
3	A. That is Yeah, there's not a lot of	3	A. We did.
4	available land in Brooklyn, and if they want to be	4	Q. So we can agree. So Lowe's puts up less
5	there, they're going to have to pay for it. And	5	than half the same amount of land that sells to
6	again, if you do just our cost approach numbers, it	6	Menards for \$10 million; why does Lowe's get more
7	would cost them over \$13 million to duplicate what	7	than \$4-and-a-half million?
8	they have.	8	A. Again, Kmart was a vacant available sale,
9	Q. Right, but the problem is the Lowe's site	9	and it's one sale, and that sale was used for land
10	is less than half the size of the site that Menards	10	value. It wasn't used for improved value. So you're
	bought, right? Menards paid 10-and-a-half million	1	assuming that my market value for Lowe's is based on
11 12		11	
	and we're like 40 percent the size, right?	12	redevelopment. That's not the highest and best use
13	A. No, about half.	13	of that site. The highest and best use is for as it
14	Q. No, I think we're like 10.3 and it's	14	is being operated.
15	22.8; does that sound right?	15	Q. How old was the former Kmart when it sold
16	A. Yeah, it's about half.	16	to Menards?
17	Q. No, it's about 40 percent. We can do the	17	A. I don't know.
18	math if you want. 45 percent.	18	Q. Let's go to that section of your
19	A. 10 is half of 20, so go with that.	19	appraisal report.
20	Q. Sale price was 22 million, right?	20	A. Again, Kmart is in financial distress and
21	A. We're not talking about sale price.	21	leaving a lot of markets, so it's not there's
22	We're talking about acreage. You were just talking	22	different elements that go into play.
23	about acreage.	23	Q. Would you believe that it's correct that
24	Q. \$10 million was the sale price. So if	24	Kmart was built in 1994 at that location?
25	the Lowe's site is about half the size, or	25	A. I don't have that information with me.
	Page 222		Page 224
1	40 percent, somewhere in between there, why wouldn't	1	Q. Okay. Now, you pulled some comps, let's
_			
2	the Lowe's sell for \$4 million, \$4-and-a-half	2	see, I think that big list is VI-2, right, in your
3	the Lowe's sell for \$4 million, \$4-and-a-half million? That's what happened at Menards.	3	see, I think that big list is VI-2, right, in your appraisal report, what Mr. Seed marked as Appellee
		3 4	
3	million? That's what happened at Menards.	3 4 5	appraisal report, what Mr. Seed marked as Appellee
3 4	million? That's what happened at Menards.  A. Well, Menards was the site that was	3 4 5 6	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?
3 4 5	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site	3 4 5 6 7	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right.
3 4 5	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available,	3 4 5 6	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right.  Q. Do you know there are 46 sales in that
3 4 5 6 7	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.	3 4 5 6 7 8	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right.  Q. Do you know there are 46 sales in that list?
3 4 5 6 7 8	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition	3 4 5 6 7 8 9 10 11	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch.
3 4 5 6 7 8 9	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.	3 4 5 6 7 8 9 10 11 12	appraisal report, what Mr. Seed marked as Appellee Exhibit 6? A. Right. Q. Do you know there are 46 sales in that list? A. There's a bunch. Q. Do you believe it's 46?
3 4 5 6 7 8 9 10	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit	3 4 5 6 7 8 9 10 11 12 13	appraisal report, what Mr. Seed marked as Appellee Exhibit 6? A. Right. Q. Do you know there are 46 sales in that list? A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like.
3 4 5 6 7 8 9 10	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're	3 4 5 6 7 8 9 10 11 12 13 14	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any
3 4 5 6 7 8 9 10 11 12 13	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.	3 4 5 6 7 8 9 10 11 12 13 14 15	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46.
3 4 5 6 7 8 9 10 11 12 13	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm	3 4 5 6 7 8 9 10 11 12 13 14 15 16	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the
3 4 5 6 7 8 9 10 11 12 13 14	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't
3 4 5 6 7 8 9 10 11 12 13	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site is n't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the definition of market value provided by the Appraisal	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes. Q. Does that appear on this list? About
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the definition of market value provided by the Appraisal Institute; we agree on that?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes. Q. Does that appear on this list? About midway down.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the definition of market value provided by the Appraisal Institute; we agree on that?  A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes. Q. Does that appear on this list? About midway down. A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the definition of market value provided by the Appraisal Institute; we agree on that?  A. Yes.  Q. I'm asking you to imagine that Lowe's	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes. Q. Does that appear on this list? About midway down. A. Yes. Q. Okay. Now, tell me how you went about
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the definition of market value provided by the Appraisal Institute; we agree on that?  A. Yes.  Q. I'm asking you to imagine that Lowe's puts the property up for sale unencumbered, right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes. Q. Does that appear on this list? About midway down. A. Yes. Q. Okay. Now, tell me how you went about developing this list. You did a computer search
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the definition of market value provided by the Appraisal Institute; we agree on that?  A. Yes.  Q. I'm asking you to imagine that Lowe's puts the property up for sale unencumbered, right?  A. Okay.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes. Q. Does that appear on this list? About midway down. A. Yes. Q. Okay. Now, tell me how you went about developing this list. You did a computer search essentially?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	million? That's what happened at Menards.  A. Well, Menards was the site that was available. The Lowe's site isn't. The Lowe's site is an improved site that's operating.  Q. But you have to assume it's available, don't you, under the market value definition implicit  A. Again, there's three approaches to value.  We did three approaches to value, correct?  Q. I'm not answering your questions. You're answering mine.  A. You're not asking good ones, so I'm trying to help you.  Q. Okay. So you have to imagine the subject property as being offered for sale implicit in the definition of market value provided by the Appraisal Institute; we agree on that?  A. Yes.  Q. I'm asking you to imagine that Lowe's puts the property up for sale unencumbered, right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	appraisal report, what Mr. Seed marked as Appellee Exhibit 6?  A. Right. Q. Do you know there are 46 sales in that list?  A. There's a bunch. Q. Do you believe it's 46? A. I can count them if you'd like. Q. I've counted them. Do you have any reason to believe that I'm not correct? A. There's 46. Q. Okay. Now, you utilized the sale of the Lowe's property and leased fee at Brice Road, didn't you, that was one of your improved sale comps? A. Yes. Q. Does that appear on this list? About midway down. A. Yes. Q. Okay. Now, tell me how you went about developing this list. You did a computer search

	Page 225		Page 227
1	A. Basically looked at Costar and Real	1	were recorded out there in public domain.
2	Capital Analytics just trying to find some big box	2	Q. Are you saying those three sales aren't
3	sales that had transferred.	3	recorded in Franklin County where you live?
4	Q. Your parameters were what?	4	A. Again, the source that we were using was
5	A. Basically just looking for larger single	5	Real Capital Analytics and Costar.
6		6	
	tenant.	7	Q. Is it fair to say the sources you used to
7	Q. Now, I'm looking at VI-1 under Big Box		select your sales have shortcomings?
8	Market Sales Data, do you see that heading?	8	A. Sometimes all sources we have have
9	A. Yes.	9	shortcomings. That's why you do follow-up. Again,
10	Q. Correct me if I'm wrong, but your	10	this was kind of a general overview. Then we focused
11	parameters were big box and freestanding buildings of	11	on ten sales, and those were verified in additional
12	55,000 square feet or more that occurred in Ohio	12	manner.
13	after January 1st, 2011; is that right?	13	Q. Okay. So those ten sales, we'll go
14	A. That sounds correct.	14	through them in detail shortly, but my understanding
15	Q. Now, what we marked as Appellant's	15	is eight of the ten at the time of sale were
16	Exhibit F, in addition to the Lowe's, which you did	16	encumbered by a lease, correct?
17	include on that list and became one of your improved	17	A. Correct.
18	sales, do you see the former Target on there on your	18	Q. Two of your improved sales were fee
19	list?	19	simple unencumbered at the time of sale, correct?
20	A. I do.	20	A. That's correct.
21	Q. No, is it on your list, on VI-1?	21	Q. Now, I'm looking at this list here, and I
22	A. I do not see it, no.	22	think you testified to Mr. Seed where it says Former
23	Q. How about the former Meijer there at	23	in that first column, that means they sold
24	Brice Road, is that on the list?	24	unencumbered, correct?
25	A. I do not see it, no.	25	A. Generally, yes.
	Page 226		Page 228
1	Page 226  Q. How about the Hobby Lobby that was at one	1	Q. I understand that. Would you believe
1 2	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to	1 2	
	Q. How about the Hobby Lobby that was at one	1	Q. I understand that. Would you believe
2	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to	2	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here
2 3	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the	2	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so.
2 3 4	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all	2 3 4	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?
2 3 4 5	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was	2 3 4 5	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay.
2 3 4 5 6	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those	2 3 4 5	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So
2 3 4 5 6 7	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.	2 3 4 5 6 7 8	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample
2 3 4 5 6 7 8 9	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at	2 3 4 5 6 7 8	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for
2 3 4 5 6 7 8 9	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the	2 3 4 5 6 7 8 9	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?
2 3 4 5 6 7 8 9 10 11	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?	2 3 4 5 6 7 8 9 10	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into
2 3 4 5 6 7 8 9 10 11	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me,	2 3 4 5 6 7 8 9 10 11	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are
2 3 4 5 6 7 8 9 10 11 12	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those	2 3 4 5 6 7 8 9 10 11 12	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There
2 3 4 5 6 7 8 9 10 11 12 13	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show	2 3 4 5 6 7 8 9 10 11 12 13	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question was
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?  A. That's very possible.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question was  THE WITNESS: Please let me answer the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?  A. That's very possible.  Q. You say here that you did exclude sales	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question was  THE WITNESS: Please let me answer the question.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?  A. That's very possible.  Q. You say here that you did exclude sales with known distressed or non-arm's-length conditions.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question was  THE WITNESS: Please let me answer the question.  MR. GIBBS: Is 20 fee simple sales
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?  A. That's very possible.  Q. You say here that you did exclude sales with known distressed or non-arm's-length conditions. What other sales did you exclude? Do you have that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's MR. GIBBS: Your Honor, my question was THE WITNESS: Please let me answer the question.  MR. GIBBS: Is 20 fee simple sales enough to determine fee simple value.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?  A. That's very possible.  Q. You say here that you did exclude sales with known distressed or non-arm's-length conditions. What other sales did you exclude? Do you have that with you today?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question was  THE WITNESS: Please let me answer the question.  MR. GIBBS: Is 20 fee simple sales enough to determine fee simple value.  THE WITNESS: No, because those are
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?  A. That's very possible.  Q. You say here that you did exclude sales with known distressed or non-arm's-length conditions. What other sales did you exclude? Do you have that with you today?  A. No. Again, the purpose was to kind of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question was  THE WITNESS: Please let me answer the question.  MR. GIBBS: Is 20 fee simple sales enough to determine fee simple value.  THE WITNESS: No, because those are vacant and available. Those are not leased at market
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. How about the Hobby Lobby that was at one time a Builders Square that Mr. Racek testified to the Board, is that on your list on VI-2 one of the ones you considered?  A. Again, Costar does not always pick up all sales and that was the parameter that was used, was to go into Costar and Real Capital and put in those parameters.  Q. So you used the only leased fee sale at Brice Road at \$51 but you didn't utilize any of the fee simple sales?  A. I don't have the search in front of me, but again, the search was done based on those parameters, and, again, sometimes sales do not show up on Costar or Real Capital.  Q. Is it possible you excluded those three from your chart on VI-2 because they were distressed or not arm's-length; is that possible?  A. That's very possible.  Q. You say here that you did exclude sales with known distressed or non-arm's-length conditions. What other sales did you exclude? Do you have that with you today?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. I understand that. Would you believe there are what I would call 20 fee simple sales here unencumbered; would you believe that?  A. If you say so. Q. Okay. And 26 leased fee A. Okay. Q that were encumbered at the sale. So would you consider 20 fee simple sales to be an ample number to provide a reliable indication of value for when the appraisal assignment is fee simple?  A. Again, I think this is where we're into an understanding of fee simple. There are different fee simple is not an easy word. There are different definitions or different things that happen under fee simple. Fee simple, like if a bank engages me to appraise a Lowe's  MR. GIBBS: Your Honor, my question was  THE WITNESS: Please let me answer the question.  MR. GIBBS: Is 20 fee simple sales enough to determine fee simple value.  THE WITNESS: No, because those are

Page 229 Page 231 do an income approach and you're saying if I'm because you're saying that only the vacant and 2 valuing the income approach, I'm going to come up available fee simple are the appropriate sales, and I with a market rent and market occupancy and do my 3 don't believe that to be true. Q. Well, I'm not the one who included them income approach based on that. 5 If I turn around in the sales comparison on my table on VI-2, you did, and those are 6 approximately 40 percent of the total amount of approach and say only my best sales are those that 7 are empty, that's not correct. You would not sales, but when it came to select just ten for your 8 analysis, basically 20 -- 18 of them got left out appraise -- again, you would not appraise a 9 even though they sold in the same interest. That's multi-tenant office building for tax appeal assuming what I'm trying to figure out. 10 it's vacant, and I've seen appraisals for tax appeals 10 11 that were done for the owners. They don't assume 11 A. Again, my feeling is that I did the 12 12 appropriate analysis, and I understand what you're vacant sales for the comparables. 13 13 saying, but I think we differ on what fee simple Q. (By Mr. Gibbs) Miss Blosser, do you 14 14 provide a definition of market value in your market value means. So by saying that we should have 15 15 only used the ones that were fee simple I think would appraisal report? 16 A. Yes. 16 have inappropriately valued the property. 17 Q. Because you just said that market value 17 Q. Okay. Do you know what the average sale 18 requires lease at market. Do you provide that 18 price was of the 20 unencumbered sales on your chart 19 definition somewhere? I'll direct you to the bottom 19 on VI-2? 20 of I-6. Could you read that? A. I do not. 20 Q. Would you believe it was \$22 a square 21 A. "Absolute ownership unencumbered by any 21 22 22 other interest or estate subject only to the foot? 23 limitations imposed by governmental powers of 23 A. I'm sure it would be lower. 24 taxation, eminent domain, police power and escheat." 24 Q. Your conclusion, correct if I'm wrong, is 25 Q. So when you say your task was to 25 \$88 a square foot; is that correct? Page 230 Page 232 determine the value of the property as if leased at A. That's correct. 2 2 market, you're encumbering it with an interest or Q. Would you believe that the average sale 3 estate, aren't you? price per square foot in the chart on VI-2 of your A. It's not a contracted rate --4 leased fee sales, those that were unencumbered at the 5 O. Yes or no? time they sold, was \$79 a foot; would you believe 6 A. -- if it's based on market. 6 that? Q. Yes or no? A. That probably is correct. 8 A. I am assuming market rent, yes, because O. And yet your conclusion of value is 9 nowhere near the average of your fee simple sales, that is.... 10 10 MR. GIBBS: Could we go off the record correct, it's four times? 11 for a second? 11 A. It's based on what I feel is the correct 12 THE EXAMINER: Go off the record. 12 market value for the subject. 13 (Off the record.) 13 Q. Okay. So you adjusted up 400 percent? 14 14 THE EXAMINER: Let's go back on. A. Again, you're mixing the sales, so, 15 15 again, my market value is based on what I feel is the Mr. Gibbs. 16 16 Q. (By Mr. Gibbs) I want to refer you now, appropriate market rent for the subject. 17 17 Miss Blosser, to VI-2. That's the chart of 46 sales Q. Okay. So why is your conclusion of value 18 at \$88 so close to the average of the properties that again. And I think we established that there were 20 18 19 fee simple unencumbered sales and 26 leased fee 19 sold in the leased fee but four times the average of 20 sales. And I asked whether 20 fee simple sales was a 20 the properties that sold in the legal interest you 21 sufficient amount of data to determine the amount of 21 say you appraised? 22 22 A. Again, the sales were each individually fee simple. 23 23 A. No. My answer is no because I don't adjusted to the subject and the concluded value is 24 think they're appropriate sales. I don't know how to 24 felt to be appropriately supported by the market 25 25 answer that yes or no without some caveat on that data.

Page 233  Q. I want to move now to your highest and best use, and it's on Page IV-2. Now, would you agree with me, Miss Blosser, that highest and best use is sometimes overlooked by appraisers but is extremely important?  A. Yes.  Q. And if you don't get the highest and best use determinations and conclusions correct when your task is to determine the market value of a legal interest, you can err, you can be led astray if the highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Because doesn't the highest and best use Q. Because doesn't the highest and best use as improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved, or example, when the subject is as improved, or example, when the subject is as improved, one you're looking for 'R' Would you say that's true?  A. I m.  Page 235  A. I am.  Q. So you understand why when I asked you questions earlier about your comments on how many cars were in the parking lot, do you remember that?  A. Yes.  Q. And for you don't get the highest and best use using it rather than availed be for sue in a tradit and the concern that goes along with that, that you're trying to assign value based on who's using it rather than availed for sale in a hypothetical transaction, right, unencumbered? You can understand where the concern comes from?  A. Sure.  Q. Because doesn't the highest and best use as improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved, you're looking for 'R' Would you say that's true?  A. I man, yeah, your highest and best use as improved, you're looking for 'R' Would you say that's true?  A. I suppose so.  Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  A. Howe's.  Q. What is instongoing business?  A. Howe's.  Q. What is instongoing business?  A. H	
best use, and it's on Page IV-2. Now, would you agree with me, Miss Blosser, that highest and best use is sometimes overlooked by appraisers but is extremely important?  A. Yes.  Q. And if you don't get the highest and best use determinations and conclusions correct when your task is to determine the market value of a legal understand the concern that goes along with that, that you're trying to assign value based on who's uninterest, you can err, you can be led astray if the highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Bocause doesn't the highest and best use as improved, for example, when the subject is improved, doesn't that highest and best use as improved, over looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for? Would you asy that's true?  A. I suppose so.  Q. Okay, I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's. Q. Who is that current occupant? A. Lowe's. Q. Who is that current occupant? A. Lowe's. Q. Who is that current occupant? A. Lowe's for selling home inprovement items. Q. Once you determine that highest and best use to be for use by Lowe's for selling home inprovement goods, aren't you then looking at 10 understand why when I asked you canse were in the parting lot, do you remember that? A. Yes. Q. And now it's till being used by Lowe's, that was one of your comments to Mr. Seed. You understand who it's till being used by Lowe's, that was one of your comments to Mr. Seed. You understand who with still being used by Lowe's till that that, a positive lone don't want it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Home Depot	
agree with me, Miss Blosser, that highest and best use is sometimes overlooked by appraisers but is extremely important?  A. Yes.  Q. And if you don't get the highest and best use determinations and conclusions correct when your task is to determine the market value of a legal interest, you can err, you can be led astray if the lib highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Because doesn't the highest and best use as improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved, odosn't that highest and best use as improved, odosn't that highest and best use as improved, ovoir looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, vou're looking for similar properties. Q. And so is there a danger that you can define highest and best use too narrowly?  A. I suppose so. Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best Q. Who is that current occupant? A. Lowe's. Q. Who is that current occupant? A. Home improvement tiems. Q. Once you determine that highest and best use to be for use by Lowe's for selling home in a retail area. You have a lot of population and households around you.  So, again, you have a good location, it is being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's. But somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where	
use is sometimes overlooked by appraisers but is extremely important?  A. Yes. Q. And if you don't get the highest and best use determinations and conclusions correct when your stask is to determine the market value of a legal interest, you can err, you can be led astray if the highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Because doesn't the highest and best use as improved, for example, when the subject is improved, doesn't that highest and best use as improved conclusion dictate what types of comparables you're looking for? Would you say that's true?  A. I suappose so.  Q. And so is there a danger that you can define highest and best use too narrowly?  A. I suappose so.  Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. Wes.  A. Yes. A. A. Yes. A. A. Yes. A. Yes. A. Yes. A. Yes. A. Yes. A. Yes. A. A. Yes. A. A. Yes. A. Yes. A. A. Yes. A. A. Yes. A. Yes. A. A. Yes. A. Yes. A. A. Yes. A. A. Yes. A. Yes. A. A. Yes. A. A. Yes. A. A. Yes. A. Yes. A. A. Yes. A. Yes. A. A. Yes. A. A. Yes. A. A. Yes. A. Yes. A. A. Saged and you commente the market value based on who's uning it rather than available for sale in a hypothetical transaction, rig	
extremely important?  A. Yes.  Q. And if you don't get the highest and best use determinations and conclusions correct when your task is to determine the market value of a legal 10 interest, you can err, you can be led astray if the 11 highest and best use conclusion is not correct; isn't 12 that true?  A. Sure.  Q. Because doesn't the highest and best use as improved, for example, when the subject is 16 improved, doesn't that highest and best use as improved, for example, when the subject is 20 improved, or example, when the subject is 21 improved, doesn't that highest and best use as improved, or example, when the subject is 22 improved, or example, when the subject is 23 improved, over it has in the parking lot, that shows it's a viable location. You have people that want to be there. There's a shopic genter across the street. You're in a retail area. You have a lot of population and households around you.  A. I mean, yeah, your highest and best use 24 improved, you're looking for? Would you say that's true? 25 improved, you're looking for similar properties. 26 Q. And so is there a danger that you can 27 define highest and best use too narrowly? 27 define highest and best use too narrowly? 28 Q. Okay. I want you to read the sentence on 29 define highest and best use too narrowly? 29 define highest and best use too narrowly? 20 define highest and best use too marrowly? 21 define highest and best use too marrowly? 22 define highest and best use too here of the subject site as improved is for continued use by 30 define highest and best use of	
A. Yes.  Q. And if you don't get the highest and best use determinations and conclusions correct when your task is to determine the market value of a legal interest, you can err, you can be led astray if the highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Because doesn't the highest and best use as improved, doesn't that highest and best use as improved, of you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use Q. And so is there a danger that you can define highest and best use too narrowly? A. I suppose so. Q. And so you have a good location, it so being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it the subject site as improved is for continued use by the current occupant for its ongoing business? A. Home improvement items. Q. Once you determine that highest and best use to be for use by Lowe's for selling home improveement goods, aren't you then looking at  Q. User? So the user again is the concern? A. Who's the most likely tenant. Who's the	
Q. And if you don't get the highest and best use determinations and conclusions correct when your task is to determine the market value of a legal interest, you can err, you can be led astray if the highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Because doesn't the highest and best use to get easi miproved, for example, when the subject is improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved, for example, when the subject is you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for similar properties.  Q. And so is there a danger that you can define highest and best use too narrowly?  A. I suppose so.  Q. Okay, I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business? A. Home improvement items. Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  that was one of your comments to Mr. Seed. You that twas one of your comments to Mr. Seed. You that twat voor that goes along with that, that you can can please a leading with that op who's using it rather than available for sale in a hypothetical transaction, right, that you're looking the sale in a hypothetical transaction, right, that you're nature varied as a hypothetical transaction, right, that you're nature varied as a hypothetical transaction, right, that you're nature varied where the concern cmes from?  A. You know, again, by saying there's a lot of cars in the parking lot, that shows it's a viable location. You have people that want to be there.  There's a shopping center across the street. You're in a retail area. You have a lot of population and households around you.  So, again, you have a lot of population and households around you.  So, again, you ha	
use determinations and conclusions correct when your task is to determine the market value of a legal 9 interest, you can err, you can be led astray if the 10 lighest and best use conclusion is not correct; isn't 11 highest and best use conclusion is not correct; isn't 12 can understand where the concern comes from? 13 A. Sure. 14 Q. Because doesn't the highest and best use 14 of cars in the parking lot, that shows it's a viable 15 as improved, for example, when the subject is 15 location. You have people that want to be there. 16 improved conclusion dictate what types of comparables you're looking for? Would you say that's true? 18 households around you. 18 A. I mean, yeah, your highest and best use 19 So, again, you have a good location, it is being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's. But 3 somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where 10 understand the concern that goes along with that, that you're trying to assign value based on who's using it rather than available for sale in a hypothetical transaction, right, unencumbered? You can understand where the concern comes from? 14 hypothetical transaction, right, unencumbered? You can understand where the concern comes from? 15 A. You know, again, by saying there's a lot of cars in the parking lot, that shows it's a viable location. You have a pool between a viable location, You have a pool between a flare and be a lot of population and households around you. 15 So, again, you have a good location, it is being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's. But somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where 19 Lowe's. To we have to assume who's your most likely user. 19 Q. Who is that current occupant? 19 A. Howe's for selling home 10 Q. Seer? So the user again is the co	
task is to determine the market value of a legal interest, you can err, you can be led astray if the highest and best use conclusion is not correct; isn't that true?  12 can understand where the concern comes from?  A. Sure. 13 A. Sure. 14 Q. Because doesn't the highest and best use 15 as improved, for example, when the subject is 15 improved, doesn't that highest and best use as 16 improved, doesn't that highest and best use as 17 improved conclusion dictate what types of comparables 18 you're looking for? Would you say that's true? 19 A. I mean, yeah, your highest and best use 20 as improved, you're looking for similar properties. 21 Q. And so is there a danger that you can 22 define highest and best use to be for use by Lowe's for continued use by 23 A. I suppose so. 24 Q. Okay. I want you to read the sentence on 25 the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of 25 the subject site as improved is for continued use by 26 A. Lowe's. 27 A. Lowe's. 28 Q. Who is that current occupant? 39 A. Lowe's. 40 Q. Who is that current occupant? 41 A. Home improvement items. 42 Q. Once you determine that highest and best 43 Q. Once you determine that highest and best 44 Q. Who's the most likely tenant. Who's the 45 A. But you have to assume who's your most 16 Intervising trather than available for saile in a hypothetical transaction, right, unencumbered? You can understand where the concern comes from?  A. You know, again, by saying there's a lot of cars in the parking lot, that shows it's a viable location for as inthe parking lot, that shows it's a viable olocation for as inthe parking lot, that shows it's a viable olocation for as inthe parking lot, that shows it's a viable olocation for as inthe parking lot, that shows it's a viable olocation for as inthe parking lot, that shows it's a viable olocation for as inthe parking lot, that shows it's park a lot of population and households around you.  So, again, you have a good location, it is being used for what it was	
interest, you can err, you can be led astray if the highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Because doesn't the highest and best use as improved, for example, when the subject is improved conclusion dictate what types of comparables you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for similar properties.  Q. And so is there a danger that you can define highest and best use to on arrowly?  A. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved occupant for its ongoing business."  Q. Who is that current occupant?  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. I was.  Q. Who is that current occupant?  A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  10 using it rather than available hor hypothetical transaction, right, unencumbered? You can understand where the concern comes from?  A. You know, again, by saying there's a lot of cars in the parking lot, that shows it's a viable location. You have people that want to be there. There's a shopping center across the street. You're in a retail area. You have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Wall-Mart instead of a Lowe's or it obtained best use to narrowly?  20 Colkay. I want you to read the sentence on 24 page 14 page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  A. I was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But	
highest and best use conclusion is not correct; isn't that true?  A. Sure.  Q. Because doesn't the highest and best use as improved, for example, when the subject is improved, doesn't that highest and best use a you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for similar properties. Q. And so is there a danger that you can define highest and best use to be for you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business." Q. Who is that current occupant? A. I was, Q. Who is that current occupant? A. I was, Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  10 you know, again, by saying there ocan understand where the concern comes from? A. You know, again, by saying there's a lot of cars in the parking lot, that shows it's a viable location. A. You have people that want to be there. There's a shopping center across the street. You're in a retail area. You have a lot of population and households around you.  So, again, you have a good location, it is being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's but somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where  Page 234  Page 236  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  10 A. Who's the most likely tenant. Who'	
that true?  A. Sure.  Q. Because doesn't the highest and best use as improved, for example, when the subject is improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved conclusion dictate what types of comparables you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for similar properties.  Q. And so is there a danger that you can define highest and best use too narrowly?  A. I suppose so. Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business." A. Lowe's. Q. What is its ongoing business? A. Home improvement items. Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  12 can understand where the concern comes from? A. You know, again, by saying there's a lot of cars in the parking lot, that shows it's a viable of cars in the parking lot, that shows it's a viable of cars in the parking lot, that shows it's a viable of cars in the parking lot, that shows it's a viable of cars in the parking lot, that shows it's a viable of cars in the parking lot, that shows it's a viable of cars in the parking lot, that shows it's a viable of cars in the parking lot, that shows it's a viable of cars in the parking lot, that show is the store in the cation. Therefore as shopping center across the street. You're in a retail area. You have a lot of population and households around you.  So, again, you have a lot of population and households around you.  So, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's But could have been a Wal-Mart instead of a Lowe's be there which would indicate, unlike the Kmart where  Page 234  Page	
A. Sure.  Q. Because doesn't the highest and best use as improved, for example, when the subject is as improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved conclusion dictate what types of comparables you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for similar properties.  Q. And so is there a danger that you can 21 define highest and best use to be fire use to be fer use of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  A. I was.  Q. Who is that current occupant?  A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at 10 defined as improved, you then looking at 10 defined as improved, you have a good location, it is being used for what it was intended. It could households around you.  So, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's. But somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where they moved out, that that is a positive location.  Q. It was built for Lowe's, right?  A. It was.  Q. Who is that current occupant?  A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at 10 A. Who's the most likely tenant. Who's the	
Q. Because doesn't the highest and best use as improved, for example, when the subject is improved, doesn't that highest and best use as improved, doesn't that highest and best use as improved conclusion dictate what types of comparables in a retail area. You have a lot of population and households around you.  A. I mean, yeah, your highest and best use as improved, you're looking for similar properties. Q. And so is there a danger that you can define highest and best use too narrowly?  A. I suppose so. Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant? A. Home improvement items. Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  14 of cars in the parking lot, that shows it's a viable location. You have a lot of population and households around you.  There's a shopping center across the street. You're in a retail area. You have a lot of population and households around you.  So, again, you have a good location, it is being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's or is being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's on the vest of population and households around you.  So, again, you have a good location, it is being used for what it was intended. It could have been a Wal-Mart instead of a Lowe's on the well and households around you.  So, again, you have a lot of population and households around you.  So, again, you have a lot of population and households a	
as improved, for example, when the subject is improved, doesn't that highest and best use as 16 improved, doesn't that highest and best use as 16 improved conclusion dictate what types of comparables you're looking for? Would you say that's true? 18 households around you. 20 A. I mean, yeah, your highest and best use 19 So, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Home Depot instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's. But somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be the last page of IV-2, starts with "Therefore" 25 there which would indicate, unlike the Kmart where 26 Page 234 Page 236  A. "Therefore, the highest and best use of the current occupant for its ongoing business." 3 A. It was. Q. Who is that current occupant? 4 Q. What is its ongoing business? 4 A. Home improvement items. 7 A. Home improvement items. 9 Q. Once you determine that highest and best use to be for use by Lowe's for selling home 10 improvement goods, aren't you then looking at 10 in cation. You have people that want to be there. There's a shopping center across the street. You're in a retail area. You have a lot of population and households around you. So, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's. But so, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's. But somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where 12 there which would indicate, unlike the Kmart where 12 they moved out, that that is a positive location. Q. It was built for Lowe's, right? A. It was. Q. Once you determine that highest and best 12 they moved out, that that is a positive location. Q. It was built for L	
improved, doesn't that highest and best use as improved conclusion dictate what types of comparables you're looking for? Would you say that's true? 18 households around you.  A. I mean, yeah, you're looking for similar properties. 20 is being used for what it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's. But somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be the last page of IV-2, starts with "Therefore" 25 who is the eurrent occupant for its ongoing business." 3 A. I was.  Q. Who is that current occupant? 4 Q. Who is that current occupant? 4 A. Home improvement items. 5 Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at 10 Mart in a retail area. You have a lot of population and households around you.  17 In a retail area. You have a lot of population and households around you.  18 households around you.  19 So, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's. But somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where operating, and they're obviously continuing to be there	
improved conclusion dictate what types of comparables you're looking for? Would you say that's true?  A. I mean, yeah, your highest and best use as improved, you're looking for similar properties.  Q. And so is there a danger that you can define highest and best use too narrowly?  A. I suppose so.  Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  A. Lowe's.  Q. Who is that current occupant?  A. Home improvement items.  Q. Once you determine that highest and best use to for use by Lowe's for selling home improvement goods, aren't you then looking at in a retail area. You have a lot of population and households around you.  So, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's but somebody chose that spot, they went in there, they're operating, and they're obviously continuing to be there which would indicate, unlike the Kmart where  Page 234  Page 236  Page 236  A. It was.  Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.	
18 you're looking for? Would you say that's true? 19 A. I mean, yeah, your highest and best use 20 as improved, you're looking for similar properties. 21 Q. And so is there a danger that you can 22 define highest and best use too narrowly? 23 A. I suppose so. 24 Q. Okay. I want you to read the sentence on 25 the last page of IV-2, starts with "Therefore"  Page 234  1 A. "Therefore, the highest and best use of 2 the subject site as improved is for continued use by 3 the current occupant for its ongoing business." 4 Q. Who is that current occupant? 5 A. Lowe's. 6 Q. What is its ongoing business? 7 A. Home improvement items. 8 Q. Once you determine that highest and best 9 use to be for use by Lowe's for selling home 10 improvement goods, aren't you tan 20 is being used for what it was intended. It could 20 is being used for what it was intended. It could 21 have been a Home Depot instead of a Lowe's or it 22 could have been a Wal-Mart instead of a Lowe's or it 23 somebody chose that spot, they went in there, they're 24 operating, and they're obviously continuing to be 25 there which would indicate, unlike the Kmart where 25 there which would indicate, unlike the Kmart where 26 they moved out, that that is a positive location. 27 Q. It was built for Lowe's, right? 3 A. It was. 4 Q. Who is that current occupant? 4 Q. The subject was built for Lowe's. Do we 3 not agree, though, in determining market value, you 4 have to assume it's put on the market, right? 4 A. But you have to assume who's your most 3 likely user.  Q. User? So the user again is the concern? 4 A. Who's the most likely tenant. Who's the	
A. I mean, yeah, your highest and best use as improved, you're looking for similar properties.  Q. And so is there a danger that you can define highest and best use too narrowly?  A. I suppose so.  Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  A. Lowe's.  Q. Who is that current occupant?  A. Lowe's.  A. Home improvement items. Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  19  So, again, you have a good location, it is being used for what it was intended. It could have been a Home Depot instead of a Lowe's is being used for what it was intended. It could have been a Home Depot instead of a Lowe's rould have been a Wal-Mart instead of a Lowe's. Outled have been a Wal-Mart instead of a Lowe's. But could have been a Wal-Mart instead of a Lowe's. But could have been a Wal-Mart instead of a Lowe's. But could have been a Wal-Mart instead of a Lowe's. But could have been a Wal-Mart instead of a Lowe's be the ween a Wal-Mart instead of a Lowe's. But could have been a Wal-Mart instead of a Lowe's. But could have been a Wal-Mart instead of a Lowe's. But ween the ween a Wal-Mart instead of a Lowe's between there would have been a Wal-Mart instead of a Lowe's. But ween the ween the ween the how here a wal-Mart instead of a Lowe's. But ween the ween the ween the how here open the ween there could have been a Wal-Mart instead of a Lowe's. But ween the been a Wal-Mart instead of a Lowe's be the tould have been a Wal-Mart instead of a Lowe's. But would have been a Wal-Mart instead of a Lowe's but ween in theme.  Page 236  Page 236  Page 236  A. It was.  Q. Who is that current occupant?  A. It was.  Q. Whe subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume who's your most likely user.  Q.	
as improved, you're looking for similar properties.  Q. And so is there a danger that you can  define highest and best use too narrowly?  A. I suppose so.  Q. Okay. I want you to read the sentence on  the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of  the subject site as improved is for continued use by  the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best  use to be for use by Lowe's for selling home  improvement goods, aren't you then looking at  is being used for what it was intended. It could  have been a Home Depot instead of a Lowe's could have been a Wal-Mart instead of a Lowe's. could have been a Wal-Mart instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's but and beat was left may been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot instead of a Lowe's. But  could have been a Home Depot inst	
21 Q. And so is there a danger that you can 22 define highest and best use too narrowly? 23 A. I suppose so. 24 Q. Okay. I want you to read the sentence on 25 the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of 25 the subject site as improved is for continued use by 3 the current occupant for its ongoing business." 4 Q. Who is that current occupant? 5 A. Lowe's. 6 Q. What is its ongoing business? 7 A. Home improvement items. 8 Q. Once you determine that highest and best 9 use to be for use by Lowe's for selling home 10 improvement goods, aren't you then looking at  2 could have been a Home Depot instead of a Lowe's or it could have been a Wal-Mart instead of a Lowe's could have been a Home Depot instead of a Lowe's could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's. But could have been a Home Depot instead of a Lowe's. But could have been a Wal-Mart instead of a Lowe's but in there, they're opriously continuing to be there which would indicate, unlike the Kmart where there which would indicate	
define highest and best use too narrowly?  A. I suppose so.  Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best use of the subject site as improved items.  Q. User? So the user again is the concern? improvement goods, aren't you then looking at the somebody chose that spot, they went in there, they're operating, and they're obviously continued in they moved out, they moved out, that that is a positive location.  Page 236  Page 236  1 they moved out, that that is a positive location.  Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
A. I suppose so. Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's. Q. What is its ongoing business? A. Home improvement items. Q. Once you determine that highest and best use of they moved out, that that is a positive location. Q. It was built for Lowe's, right? A. It was. Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right? A. But you have to assume who's your most likely user. Q. User? So the user again is the concern? A. Who's the most likely tenant. Who's the	
Q. Okay. I want you to read the sentence on the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best use of they moved out, that that is a positive location.  Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best use of they moved out, that that is a positive location.  Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
the last page of IV-2, starts with "Therefore"  Page 234  A. "Therefore, the highest and best use of the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best use of they moved out, that that is a positive location.  Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
1 A. "Therefore, the highest and best use of 2 the subject site as improved is for continued use by 3 the current occupant for its ongoing business." 4 Q. Who is that current occupant? 5 A. Lowe's. 6 Q. What is its ongoing business? 7 A. Home improvement items. 8 Q. Once you determine that highest and best 9 use to be for use by Lowe's for selling home 10 they moved out, that that is a positive location.  Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  2 Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
the subject site as improved is for continued use by the current occupant for its ongoing business."  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  2 Q. It was built for Lowe's, right?  A. It was.  Q. The subject was built for Lowe's. Do we not agree, though, in determining market value, you have to assume it's put on the market, right?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
the current occupant for its ongoing business."  A. It was.  Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best  use to be for use by Lowe's for selling home  improvement goods, aren't you then looking at  3	
Q. Who is that current occupant?  A. Lowe's.  Q. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best  use to be for use by Lowe's for selling home  improvement goods, aren't you then looking at  Q. The subject was built for Lowe's. Do we  not agree, though, in determining market value, you  have to assume it's put on the market, right?  A. But you have to assume who's your most  likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
5 A. Lowe's. 6 Q. What is its ongoing business? 6 A. Home improvement items. 7 A. Home improvement items. 8 Q. Once you determine that highest and best 9 use to be for use by Lowe's for selling home 10 improvement goods, aren't you then looking at 5 not agree, though, in determining market value, you have to assume it's put on the market, right? 7 A. But you have to assume who's your most likely user. 9 Q. User? So the user again is the concern? 10 A. Who's the most likely tenant. Who's the	
G. What is its ongoing business?  A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  G. What is its ongoing business?  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
A. Home improvement items.  Q. Once you determine that highest and best use to be for use by Lowe's for selling home improvement goods, aren't you then looking at  A. But you have to assume who's your most likely user.  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
Q. Once you determine that highest and best use to be for use by Lowe's for selling home  Q. User? So the user again is the concern?  A. Who's the most likely tenant. Who's the	
9 use to be for use by Lowe's for selling home 10 improvement goods, aren't you then looking at 9 Q. User? So the user again is the concern? 10 A. Who's the most likely tenant. Who's the	
improvement goods, aren't you then looking at 10 A. Who's the most likely tenant. Who's the	
Comparables that are other Lowes?	
12 A. That certainly is one appropriate 12 that. Again, I think you can't ignore the fact that	
comparable, yes, but, again, you're it's a first 13 it was built for Lowe's, and therefore, what is	
generation use, it was built for Lowe's, and it's  Lowe's willing to pay for or what is Home Depot	
being used by Lowe's, and it's still occupied by  15 willing to pay for.	
Lowe's, so it's a first generation user, so yes, in 16 To assume that it's now second	
17 my opinion, the better comparables are those that are 17 generation, third generation and that we just are	
think you said it about three times just then. You  21 wouldn't go out and look at vacant buildings and say,  22 wolden't go out and look at vacant buildings and say,  23 wolden't go out and look at vacant buildings and say,	
said used by Lowe's for its current use. You  22 unless the bank said I want to go dark value. And go  23 unless the bank said I want to go dark value. And go	
23 understand there's a concept called use value, right, 24 dark and fee simple, they're not again, they both	
that's different than market value? Are you familiar 24 may be fee simple but they're not the same concept.	
25 with that? 25 Q. But we agree the word at market terms	

Page 237 Page 239 and I look at the column marked Property Rights next doesn't appear in the statute, right? 2 2 3 4 to Zanesville Sale No. 1, I'll see leased fee, zero A. But that's -- but you're implying that it's distressed. By saying it's vacant, you're 3 percent; is that right? implying it's distressed, but it's not. It's there, A. That is correct. 5 Q. So back to VI-5, when was this lease they're using it for what they want it to be done. Again, it goes back in my mind to a multi-tenant, if 6 originally signed? How long has Lowe's -vou're appraising a multi-tenant center, vou don't A. Probably would have been there since it assume the whole thing is vacant if you're doing 8 was built in 1995. market value. You assume it's leased at market, but 9 Q. So it's your understanding that this was 10 now suddenly it's a single tenant --10 a build to suit transaction: is that correct? 11 MR. GIBBS: Your Honor, can I move to 11 A. Correct. 12 strike everything that was nonresponsive? 12 Q. All right. The lease commenced in 1995, THE EXAMINER: Miss Blosser, I think, 13 correct? 13 14 14 again, that's something you need to deal with on A. Yes. 15 redirect by your counsel. 15 Q. And the property sold encumbered by that 16 MR. SEED: I think we're covering the lease, correct? 16 17 same ground over and over. 17 A. Not exactly, no, because they 18 THE EXAMINER: And I think that's part of 18 renegotiated the lease prior to the sale. 19 the problem. If you'd let Mr. Gibbs get through his 19 Q. Well, you mean the landlord put the 20 questions, I think -building out on the market and offered it for lease? 20 21 MR. SEED: But he's coming back to the 21 A. They renegotiated -- They were going to 22 22 sell it, but they renegotiated with Lowe's with a new same question. 23 23 THE EXAMINER: I think he's trying to get lease before it sold because a buver would want a back to the same point, but we're getting there in 24 24 longer term, so they renegotiated it prior to the 25 different ways. I'm going to allow him to keeping 25 sale. Page 238 Page 240 asking his questions. Q. But the property was never exposed to the 2 2 market? Isn't market exposure important to determine Q. (By Mr. Gibbs) Now, we talked about the 3 fact user, you're concerned with who the user is and the integrity of data? A. It would have been exposed to market for what the use is. Of your ten sales, despite those 20 4 5 fee simple transactions that turned up in your list the sale, it's just that to prepare it for sale, they from Costar, you used six Lowe's; is that correct? 6 renegotiated the lease so there would be a term A. I believe so, yes. there. 8 O. So let's look at VI-5, Improved Q. But I'm asking about the lease that you 9 said was, quote unquote, negotiated. Was the market Comparable Sale No. 1. This is one in Zanesville, 9 10 10 tested? Was the property put on the market and right? offered to other prospective suitors who may want to 11 A. Yes. 11 12 Q. Now, would you consider Zanesville, Ohio 12 become the tenant? 13 comparable to Brooklyn, Ohio in terms of its 13 A. Two different things. 14 demographics, its population, its household income? 14 Q. Just answer my question. A. No, that's why adjustments were made. 15 15 A. It's two different things. I mean, they 16 O. It's a Lowe's, though, right? It's a 16 weren't selling the property -- they were 17 Lowe's, right? 17 renegotiating the lease to prepare it to sell. So the renegotiation of the lease would have had to be 18 A. It's a similar building that sold in the 18 where the landlord and the tenant came to terms. 19 timeframe that was felt appropriate. 19 20 Q. Same user, right? 20 O. You said the lease commenced in 1995? 21 A. That is the same user, correct. 21 A. Correct. 22 Q. That property sold leased fee, correct? 22 Q. So whatever the rental rate was 23 A. It did. 23 determined based on the 1995 construction costs, plus 24 Q. And you made no specific property rights 24 some return to the developer, that's how the rent was 25 adjustment. If I go to your sales grid on Page VI-32 25 determined, correct?

	Page 241		Page 243
1	A. The original rent, but they renegotiated	1	Lowe's?
2	prior to sale.	2	A. They renegotiated the lease. If they
3	Q. I understand that, but what I'm asking	3	wanted to leave, they could have left.
4	you is, did the landlord offer the space on the	4	Q. Right, but you're using this as an
5	market for anyone else to take other than Lowe's?	5	indication of the value of the subject property,
6	A. Lowe's didn't buy it.	6	correct, this sale?
7	Q. I'm asking for lease. When you say	7	A. Yes.
8	renegotiated, what kind of negotiation was it? Was	8	Q. It's premised on a very old lease,
9	it a market based negotiation? Were there other	9	correct?
10	offers received for the space in terms of leasing?	10	A. The original lease, but again, you had to
11	A. It was renegotiated with Lowe's, the	11	renegotiate it.
12	tenant that's there.	12	Q. Do you have the lease? Do you have the
13	Q. So this sale price was for how much?	13	lease
14	A. 11,500,000.	14	A. I do not have the lease.
15	Q. So you made an adjustment then for the	15	Q between the Lowe's and the owner of
16	costs that would be incurred by Lowe's to move to a	16	Sale No. 1?
17	new store; is that right?	17	A. No.
18	A. I made an adjustment of that.	18	Q. I have the lease.
19	Q. Did you consider an adjustment for that?	19	MR. GIBBS: Bear with me just one minute,
20	A. No.	20	your Honor. I'd like to mark this as Appellant's B.
21	Q. No, okay. Did you consider the lost	21	These are all the exhibits, David, I intend to
22	profits that Lowe's would have incurred had they	22	introduce this afternoon.
23	decided not to extend or take advantage of an option	23	MR. SEED: Thank you.
24	and move to a new location that might take two years	24	MR. GIBBS: It's marked C. I guess it's
25	to build? Did you make an adjustment for that?	25	marked C. I have one for you, too, your Honor.
	Page 242		Page 244
1	A. Why would I have made an adjustment for	1	(EXHIBITS MARKED FOR IDENTIFICATION.)
1 2	A. Why would I have made an adjustment for that?	2	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the
	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up	2 3	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser?
2	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.	2 3 4	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease.
2 3	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and	2 3 4 5	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease?
2 3 4	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And	2 3 4 5 6	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease.
2 3 4 5 6 7	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased	2 3 4 5 6 7	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease?
2 3 4 5 6	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease	2 3 4 5 6 7 8	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease.
2 3 4 5 6 7	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.	2 3 4 5 6 7 8	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease?
2 3 4 5 6 7 8	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a	2 3 4 5 6 7 8 9	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there.
2 3 4 5 6 7 8 9 10	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for	2 3 4 5 6 7 8 9 10	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011.
2 3 4 5 6 7 8 9 10 11	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?	2 3 4 5 6 7 8 9 10 11 12	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there.
2 3 4 5 6 7 8 9 10 11 12 13	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.	2 3 4 5 6 7 8 9 10 11 12 13	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it?
2 3 4 5 6 7 8 9 10 11	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option	2 3 4 5 6 7 8 9 10 11 12	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah.
2 3 4 5 6 7 8 9 10 11 12 13	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as	2 3 4 5 6 7 8 9 10 11 12 13 14 15	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to some rental rate that was determined in 1995 under	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign or enter into this renegotiation?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to some rental rate that was determined in 1995 under the option, they could have stayed, right?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign or enter into this renegotiation? If there was other consideration that you
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to some rental rate that was determined in 1995 under the option, they could have stayed, right?  A. They could have. They did stay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign or enter into this renegotiation? If there was other consideration that you weren't aware of, would that affect
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to some rental rate that was determined in 1995 under the option, they could have stayed, right?  A. They could have. They did stay.  Q. But instead they renegotiated why?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign or enter into this renegotiation? If there was other consideration that you weren't aware of, would that affect A. It could, yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to some rental rate that was determined in 1995 under the option, they could have stayed, right?  A. They could have. They did stay.  Q. But instead they renegotiated why?  A. They looked at current market terms and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign or enter into this renegotiation? If there was other consideration that you weren't aware of, would that affect A. It could, yes. Q. Okay. For example, are you aware that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to some rental rate that was determined in 1995 under the option, they could have stayed, right?  A. They could have. They did stay.  Q. But instead they renegotiated why?  A. They looked at current market terms and that's why this is an appropriate sale.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign or enter into this renegotiation? If there was other consideration that you weren't aware of, would that affect A. It could, yes. Q. Okay. For example, are you aware that Lowe's got a right of first refusal in response for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Why would I have made an adjustment for that?  Q. Well, not if you're trying to come up with a high value, you wouldn't.  A. No, I'm trying to do market value, and market value is based on the sale that occurred. And the sale occurred with the property that was leased at \$5.95. So that was a recently renegotiated lease with Lowe's.  Q. Right. And I'm asking you, isn't that a better indication of what a property would sell for unencumbered by a 22-year old lease?  A. What would be? You lost me.  Q. Were they not within one of their option periods during this, quote unquote, renegotiation as you rephrase it?  A. They would have been.  Q. So if Lowe's decides to stay pursuant to some rental rate that was determined in 1995 under the option, they could have stayed, right?  A. They could have. They did stay.  Q. But instead they renegotiated why?  A. They looked at current market terms and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	(EXHIBITS MARKED FOR IDENTIFICATION.) Q. (By Mr. Gibbs) What does it say at the top, Miss Blosser? A. Third Amendment to the Lease. Q. Does it say renegotiated lease? A. It says Third Amendment to the Lease. Q. Does it say lease, just lease? A. It says Third Amendment to the Lease. Q. What was the original date of the lease? It's referenced there. A. June 1st, 2011. Q. That's the date of the amendment, isn't it? A. Oh, yeah. Q. What's the lease A. October 4th, 1994. Q. Okay. Now, do you know what other inducements Lowe's may have gotten in order to sign or enter into this renegotiation? If there was other consideration that you weren't aware of, would that affect A. It could, yes. Q. Okay. For example, are you aware that

	Page 245		Page 247
1	A. I did not know that, but, again, I would	1	Q. Are you aware this merit hearing was
2 3	assume the buyer would have known that and they were	1	originally scheduled for October 10th, 2017?
3	willing to pay 11-million-5.	3	A. Yes.
4 5 6	Q. So are you aware that Lowe's previously	4	Q. And this letter marked Appellee's 10 is
5	was responsible for paying percentage rent and that	5	dated October 10th, 2017, correct?
6 7	this amendment marked Appellant's C eliminates that I	6	A. Yes.
	requirement?	7	Q. Are you aware that Mr. Seed and I spoke on October 9th in the afternoon and I told him that
8 9	A. I did not know that.	8	
	Q. Are you aware that Lowe's was given a new	9	we'd be proceeding to hearing on this?  A. I don't know that I got that message. I
10 11	roof and/or at their option \$250,000 as an inducement to sign this amendment?	10	knew the hearing had gotten changed to this date.
12	A. I did know the landlord was responsible	12	Q. Are you aware, did he call you on
13	for the roof.	13	October 9th asking you to clarify yourself with a
14	Q. Okay. But you didn't know that Lowe's	14	letter?
15	secured a \$250,000 credit toward that?	15	A. He called me, and we talked about it.
16	A. No.	16	And then, like I said, I explained that we did do
17	Q. I'm moving on to Sale No. 2. This is	17	property rights but we did it under the economic
18	VI-7. This is another Lowe's, right?	18	characteristics and the occupancy, so I wrote this to
19	A. Yes.	19	clarify that the way it was written in the report was
20	Q. Again, another leased fee transaction,	20	wrong.
21	right?	21	Q. Did Mr. Seed pay you for your time to
22	A. Yes.	22	write the letter?
23	Q. And if I go to VI-32, which is your sales	23	A. No. He did say that you had brought it
24	grid, and I look at your Sale No. 2 and I look at the	24	up. And when I looked at it, the clarification was
25	Property Rights column, I'm going to see that the	25	needed, but again, the adjustment itself was done; it
	Dama 246		
	Page 246		Page 248
1	property rights transferred are leased fee, right?	1	just wasn't done under that category.
1 2	<del>-</del>	1 2	just wasn't done under that category. Q. So I pointed out to Mr. Seed that you
1 2 3	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.	1 2 3	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific
1 2 3 4	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.	3	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in
1 2 3 4 5	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.	3 4 5	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find
6	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.	3 4 5 6	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we
6 7	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.	3 4 5 6 7	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.
6 7 8	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights,	3 4 5 6 7 8	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.
6 7 8 9	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked	3 4 5 6 7 8 9	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading
6 7 8 9 10	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?	3 4 5 6 7 8 9 10	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.
6 7 8 9 10	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.	3 4 5 6 7 8 9 10	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.
6 7 8 9 10 11	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone	3 4 5 6 7 8 9 10 11	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.
6 7 8 9 10 11 12	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in	3 4 5 6 7 8 9 10 11 12	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this
6 7 8 9 10 11 12 13	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this	3 4 5 6 7 8 9 10 11 12 13	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is
6 7 8 9 10 11 12 13 14 15	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the	3 4 5 6 7 8 9 10 11 12 13 14	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."
6 7 8 9 10 11 12 13 14 15 16	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.	3 4 5 6 7 8 9 10 11 12 13 14 15	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out
6 7 8 9 10 11 12 13 14 15 16 17	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the	3 4 5 6 7 8 9 10 11 12 13 14 15 16	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?
6 7 8 9 10 11 12 13 14 15 16 17	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the record before us, and we've had all that discussion	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?  A. I am, but again
6 7 8 9 10 11 12 13 14 15 16 17 18	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the record before us, and we've had all that discussion before as you said. You can go ahead and proceed.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?  A. I am, but again  Q. Then he called you?
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the record before us, and we've had all that discussion before as you said. You can go ahead and proceed.  Q. (By Mr. Gibbs) Let me ask you a question	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?  A. I am, but again  Q. Then he called you?  A. But the components for the Property
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the record before us, and we've had all that discussion before as you said. You can go ahead and proceed.  Q. (By Mr. Gibbs) Let me ask you a question about your letter which I think is marked as Appellee	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?  A. I am, but again  Q. Then he called you?  A. But the components for the Property Rights condition have been in the report all along.
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the record before us, and we've had all that discussion before as you said. You can go ahead and proceed.  Q. (By Mr. Gibbs) Let me ask you a question about your letter which I think is marked as Appellee 10; is that right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?  A. I am, but again  Q. Then he called you?  A. But the components for the Property Rights condition have been in the report all along.  Q. But he called you and asked you to write
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the record before us, and we've had all that discussion before as you said. You can go ahead and proceed.  Q. (By Mr. Gibbs) Let me ask you a question about your letter which I think is marked as Appellee 10; is that right?  THE EXAMINER: Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?  A. I am, but again  Q. Then he called you?  A. But the components for the Property Rights condition have been in the report all along.  Q. But he called you and asked you to write this letter; is that right?
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	property rights transferred are leased fee, right?  MR. SEED: Objection I withdraw the objection.  MR. GIBBS: I'll ask the question again.  THE EXAMINER: There's still a question.  MR. SEED: Go ahead and answer.  A. Not under that column, no, but elsewhere.  Q. And you in terms of the property rights, specific property rights adjustment here, it's marked as zero percent, correct?  A. Yes, because that was adjusted elsewhere.  MR. SEED: Objection. We've already gone through for half hour that we corrected an error in the letter, but to ask a gotcha question on this column you put zero when we went through the testimony that was corrected is not appropriate.  THE EXAMINER: Right, and we have the record before us, and we've had all that discussion before as you said. You can go ahead and proceed.  Q. (By Mr. Gibbs) Let me ask you a question about your letter which I think is marked as Appellee 10; is that right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	just wasn't done under that category.  Q. So I pointed out to Mr. Seed that you were very specific in your appraisal that no specific property rights adjustments were made. You say it in writing, and I think it's let me see, I'll find it. Okay, if you look at VI-26, I don't think we actually covered this yet.  MR. SEED: We did.  Q. The last sentence under the heading Property Rights Conveyed.  A. Right.  Q. Would you read that for me.  A. Again, it says, "For the purpose of this analysis, a specific property rights adjustment is not made."  Q. So you're aware that I pointed that out to Mr. Seed on the 9th?  A. I am, but again  Q. Then he called you?  A. But the components for the Property Rights condition have been in the report all along.  Q. But he called you and asked you to write

	Page 249		Page 251
1	Q. And it was not attached to the appraisal	1	rent that was determined 19 years previously,
2 3 4 5 6 7	that was originally timely filed, correct?	2	correct?
3	A. Correct, but, again, the property rights	3	A. Although a tenant would sometimes have
4	were in there with the economic and the occupancy	4	control over that if the option rent was higher, they
5	adjustment.	5	may be able to come back and say, hey, we want to
6	Q. Okay. I want to go back to Sale No. 2 on	6	stay, but we want to look at the rent again.
	VI-7. Now, we established I think that that's a	7	Q. Isn't this what you might call not a real
8	leased fee sale and that you do not under the	8	lease transaction but an extension? Wouldn't you
9	Property Rights column have the specific property	9	call this an extension?
10	rights adjustment. Did you inspect this property?	10	A. To me this is real. It's what is
11	A. I believe I've been to this one. I'd	11	happening between a landlord and a tenant. So, yes,
12	have to go back and check. It would have been	12	that tenant was already there, but that happens in
13	several years ago.	13	all kinds of properties. Again, if I'm doing a
14	Q. Now, this is part of a portfolio	14	multi-tenant property and I've got somebody that
15	transaction, wasn't it?	15	renewed or renegotiated, that's an indication of what
16	A. Yes.	16	market rent is now. So I don't see any difference as
17	Q. And there was a premium paid according to	17	to why that wouldn't be an indication of market rent.
18	the broker for	18	Q. Why use the word extension for
19	A. He noted that there probably was a 5 to	19	transactions like this throughout your report? Is an
20	10 basis point premium, and therefore, an adjustment	20	extension different from a lease? Why make the
21	was made.	21	difference verbally?
22	Q. And this is another Lowe's, right? It's	22	A. Because the tenant is still in place, but
23 24	the same user?	23	it was negotiated.
24	A. Correct.	24	Q. But an extension is different from a new
25	Q. Now, when this property sold, the lease	25	lease, correct, very different?
			Page 252
1	<del>-</del>	1	
1	originally commenced like 19 years prior to the		A. Not necessarily very different. You're
2 3	assessment date in 1996; is that right?	2	still encumbering the property with a lease.
3	A. Yes.	3	Q. Well, but when these stores were
4	Q. So when it transferred, what are the	4	constructed for the user Lowe's originally, they got
5	chances in your mind that the rent that was in place	5	a brand new custom built store that is tailored to
4 5 6 7	in any way represented the market as of 1-1-15 in	6	their current business plan as of 1996, correct?
/ 8	Fremont, Ohio?	7	A. Correct.
U	A. Again, there was a renegotiation of the	8	Q. When they extended the lease prior to
9	lease to get them to renew.	9	this sale, Sale No. 2, did they get a brand new store
10	Q. But the property was not offered on the	10	that was custom built for their purposes and their
11	market for lease to another party, correct?	11	current business plan or did they get a 14, 15,
12	A. No, but it's represented they did	12	16-year-old store?
13	negotiate, the landlord and tenant negotiated to a	13	A. Again, that lease is based on what they
14	new lease.	14	have at that time, so that is a new lease rate to
15	Q. But as with Comparable No. 1, whatever	15	continue operating there.
16	the resulting rental rate was was not the result of	16	Q. But when you look at some of these leases
17	free market behavior, it wasn't the result of the	17	as comparables in your income approach, you use the
18	space being offered and securing a tenant willing to	18	word extension for them. You don't call them leases,
19	pay the highest rent, was it?	19	correct?
20	A. It was based on a willing tenant paying	20	A. We can go back there if you want. It's
21	an agreed upon rent with the landlord. So if they	21	an extension of the lease, so I mean, the
22	had not come to terms, then Lowe's could have left.	22	terminology I don't know what difference I
23	Q. But they're in an option period, so	23	mean, it's an extension of the lease. I think the
24	nothing the landlord could do could cause Lowe's to	24	pertinent is that it was renegotiated so it's more
25	have to leave should they want to stay at the option	25	current than the original 1996 lease because some
1			

	Page 253		Page 255
1	activity happened between the landlord and the tenant	1	know that. Again, I'm a manager. I do lots of
2	to say here's what rental rate we're willing to pay	2	review work. The ones that I'm more actively
3	now.	3	involved with tend to be tax appeal, but if you
4	Q. I want to go to III-9 which is the place	4	looked at the total jobs that I had, it probably
5	in your report that you use the lease signed in 1996	5	would be on the lower side of that or maybe a little
6	as your very first Rent Comp. Do you see that,	6	bit lower, but I do do tax appeals on a regular
7	III-9?	7	basis.
8	A. Yes.	8	Q. Right. I'm not that interested in
9	Q. Am I not correct that you called it an	9	accuracy, but an estimate is fine. I think the one
10	extension?	10	you gave before, correct, was 30, 35? I don't have
11	A. Well, it was a lease extension that was	11	any way of disproving that, but that's what you said,
12	signed in 2013.	12	correct?
13	Q. Okay. But you're not calling it a lease?	13	A. Yeah, again, that was
14	I mean, it's not an example of a space that was	14	Q. So how many times have you been engaged
15	available and a tenant who came along and reached an	15	by tax counsel to BJ's Wholesale to do an appraisal
16	agreement with the owner to take the space, correct,	16	for them for tax purposes?
17	that's not what happened here?	17	A. By BJ's?
18	A. Again, it was an agreed upon lease	18	Q. Yeah.
19	between a landlord and tenant so, yes, I think that's	19	A. I don't think I have for a BJ's.
20	appropriate to	20	Q. And how many times have you been
21	Q. That wasn't the question, Miss Blosser.	21	contacted by me to do an appraisal for Lowe's for tax
22	I asked you isn't it the case that the space was	22	purposes?
23	available to anyone who could come along and reach an	23	A. I don't know that I've done any. I have
24	agreement with the landlord, and that the resulting	24	done again, I've done work for both sides. To me,
25	transaction was an open market lease between two	25	market value is market value. It doesn't matter who
	Page 254		Page 256
1	unrelated parties; is that what happened here on	1	
		11	the user is. I'm trying to get at what's a
		2	the user is. I'm trying to get at what's a reasonable market value.
2	III-9?	2	reasonable market value.
	III-9? A. No.		
2 3	III-9?	3	reasonable market value.  Q. But six of your ten improved sales are
2 3 4	III-9? A. No. Q. Is that what happened with the lease on	3	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the
2 3 4 5	III-9? A. No. Q. Is that what happened with the lease on the Zanesville Lowe's?	3 4 5	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.
2 3 4 5 6	III-9? A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No.	3 4 5	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to
2 3 4 5 6 7	<ul><li>A. No.</li><li>Q. Is that what happened with the lease on the Zanesville Lowe's?</li><li>A. No.</li><li>Q. So I'm going to go to Sale No. 3 which is</li></ul>	3 4 5 6 7	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar
2 3 4 5 6 7	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee	3 4 5 6 7 8	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.
2 3 4 5 6 7 8 9 10	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple	3 4 5 6 7 8 9 10	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to
2 3 4 5 6 7 8 9	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your	3 4 5 6 7 8 9 10 11	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?
2 3 4 5 6 7 8 9 10	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee	3 4 5 6 7 8 9 10 11 12 13	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.
2 3 4 5 6 7 8 9 10 11 12 13	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right?	3 4 5 6 7 8 9 10 11 12 13	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so. Q. Okay. Sam's Club, the attorney who
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct.	3 4 5 6 7 8 9 10 11 12 13 14 15	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him	3 4 5 6 7 8 9 10 11 12 13 14 15 16	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think	3 4 5 6 7 8 9 10 11 12 13 14 15 16	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think you said Lowe's, Home Depot, BJ's, Sam's and then I	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?  A. Again, I don't have all my company
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think you said Lowe's, Home Depot, BJ's, Sam's and then I think you threw Wal-Mart in there, too. Does that	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?  A. Again, I don't have all my company records here. I do know that we do tax appeal for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think you said Lowe's, Home Depot, BJ's, Sam's and then I think you threw Wal-Mart in there, too. Does that sound about right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?  A. Again, I don't have all my company records here. I do know that we do tax appeal for both sides, so I normally
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think you said Lowe's, Home Depot, BJ's, Sam's and then I think you threw Wal-Mart in there, too. Does that sound about right? A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?  A. Again, I don't have all my company records here. I do know that we do tax appeal for both sides, so I normally  Q. You only do big box for one side; is that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think you said Lowe's, Home Depot, BJ's, Sam's and then I think you threw Wal-Mart in there, too. Does that sound about right? A. Yes. Q. You also mentioned that I think you said	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?  A. Again, I don't have all my company records here. I do know that we do tax appeal for both sides, so I normally  Q. You only do big box for one side; is that fair to say?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think you said Lowe's, Home Depot, BJ's, Sam's and then I think you threw Wal-Mart in there, too. Does that sound about right? A. Yes. Q. You also mentioned that I think you said 30 to 35 percent of your work is property tax work;	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?  A. Again, I don't have all my company records here. I do know that we do tax appeal for both sides, so I normally  Q. You only do big box for one side; is that fair to say?  A. I cannot think of one offhand where I've
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. No. Q. Is that what happened with the lease on the Zanesville Lowe's? A. No. Q. So I'm going to go to Sale No. 3 which is the BJ's in North Canton. That's another leased fee sale, right? A. Yes. Q. You disregarded the 20 fee simple unencumbered sales that were on your chart, your Costar chart, and you selected another leased fee sale; is that right? A. Correct. Q. I remember Mr. Seed asked you to give him some examples of who the big boxes were, and I think you said Lowe's, Home Depot, BJ's, Sam's and then I think you threw Wal-Mart in there, too. Does that sound about right? A. Yes. Q. You also mentioned that I think you said	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	reasonable market value.  Q. But six of your ten improved sales are Lowe's and you mentioned that you considered who the user was, and it's in your highest and best use.  A. The type of user, correct. I mean, to me, those are similar. Those are similar comparables, and that's why they're used, and that's the purpose of an appraisal, is to come up with comparables that are similar.  Q. Has Home Depot's tax counsel asked you to do an appraisal for tax purposes for Home Depot?  A. I do not believe so.  Q. Okay. Sam's Club, the attorney who represents Sam's Club in Ohio for property tax purposes, have they ordered an appraisal from you for tax purposes?  A. Again, I don't have all my company records here. I do know that we do tax appeal for both sides, so I normally  Q. You only do big box for one side; is that fair to say?

1	Page 257		Page 259
1	value.	1	Q. It's got it's losing population,
2	Q. I'm at VI-9 looking at Sale No. 3.	2	unemployment is up, household income is below the
3	That's a leased fee transaction, correct?	3	state, below the county, below the national, is that
4	A. Correct.	4	right, in Brooklyn?
5	Q. If I'm looking at the sale grid which is	5	A. Yes, but it still has a very significant
6	VI-32 and I went to Sale No. 3 and went across to the	6	population and household base.
7	Property Rights column, I would see that you've	7	Q. Sure. Is Dublin losing population, to
8	identified that as a leased fee sale, and I would	8	your knowledge?
9	also see that you made no specific property rights	9	A. No, it's not.
10	adjustment in this column for that sale; is that	10	Q. What's Dublin's household population
	-		compared to Brooklyn? It's got to be double, isn't
11	right?	11	it?
12	MR. SEED: Objection.	12	
13	A. In that column, you're right.	13	A. The Dublin population?
14	THE EXAMINER: Your objection is noted.	14	Q. I'm sorry, the income, household income.
15	I think we've already gone through this.	15	A. Income, yes, is much higher.
16	MR. GIBBS: We can stipulate it will be	16	Q. The 1 and 3 and 5-mile radius around this
17	same for all of them.	17	Dublin property, is the population projected to
18	Q. (By Mr. Gibbs) So this is another build	18	decline?
19	to suit like the first two, is that right?	19	A. No.
20	A. Yes.	20	Q. But that is the case around Brooklyn?
21	Q. Okay. So the rental rate would have been	21	A. There's a slight decline, but it's still
22	determined based on what it cost to construct the	22	a very high population. It exceeds Dublin.
23	building back in 1998; is that fair to say?	23	Q. Right. But isn't that important to a
24	A. Yes, probably.	24	buyer when they look at the trends? Don't they
25	Q. That's 17 years before the assessment	25	A. Certainly it's one of the aspects, but
	Page 258		Page 260
1	date?	1	this property also has very poor exposure. BJ's had
2	A. (Nods head.)	2	left the market. They were no longer in the market
3	Q. Okay. Would you think it was appropriate your	3	at all, so, yes, this is one sale. It's been
4	appraisal would be adopted if you were to use 17-year-old	4	considered. And all of the things you've been
	sales in the sales approach? Would you use 17-year-old sales	1	
5		5	
5 6	in the sales approach?	5	bringing up were considered in the location and other
5 6 7	in the sales approach?  A. No, not typically.	5 6	bringing up were considered in the location and other adjustments.
5 6 7	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-	6 7	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale
7 8	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?	6 7 8	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you
7 8 9	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the	6 7 8 9	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?
7 8 9 10	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.	6 7 8 9 10	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.
7 8 9 10 11	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the	6 7 8 9 10 11	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I
7 8 9 10 11	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been	6 7 8 9 10 11	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On
7 8 9 10 11 12	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.	6 7 8 9 10 11 12 13	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid
7 8 9 10 11 12 13	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a	6 7 8 9 10 11 12 13 14	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under
7 8 9 10 11 12 13 14 15	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?	6 7 8 9 10 11 12 13 14	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the
7 8 9 10 11 12 13 14 15 16	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.	6 7 8 9 10 11 12 13 14 15 16	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as
7 8 9 10 11 12 13 14 15 16 17	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?	6 7 8 9 10 11 12 13 14 15 16 17	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?
7 8 9 10 11 12 13 14 15 16 17	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.	6 7 8 9 10 11 12 13 14 15 16 17	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.
7 8 9 10 11 12 13 14 15 16 17 18	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.  Q. Now, you did a whole bunch of work on	6 7 8 9 10 11 12 13 14 15 16 17 18	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.  Q. Now, your final concluded value was \$88 a
7 8 9 10 11 12 13 14 15 16 17 18 19 20	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.  Q. Now, you did a whole bunch of work on demographics for Brooklyn in the first few pages of your	6 7 8 9 10 11 12 13 14 15 16 17	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.  Q. Now, your final concluded value was \$88 a foot; is that right?
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.  Q. Now, you did a whole bunch of work on demographics for Brooklyn in the first few pages of your report.	6 7 8 9 10 11 12 13 14 15 16 17 18	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.  Q. Now, your final concluded value was \$88 a
7 8 9 10 11 12 13 14 15 16 17 18 19 20	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.  Q. Now, you did a whole bunch of work on demographics for Brooklyn in the first few pages of your	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.  Q. Now, your final concluded value was \$88 a foot; is that right?
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.  Q. Now, you did a whole bunch of work on demographics for Brooklyn in the first few pages of your report.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.  Q. Now, your final concluded value was \$88 a foot; is that right?  A. Yes.
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.  Q. Now, you did a whole bunch of work on demographics for Brooklyn in the first few pages of your report.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.  Q. Now, your final concluded value was \$88 a foot; is that right?  A. Yes.  Q. And this fee simple sale is \$36 a foot?
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	in the sales approach?  A. No, not typically.  Q. Why would you use sales that are premised on 17-year-old lease rates in your sales approach?  A. Again, it's a current sale. The sale was around the time of and it was felt to be appropriate to use.  Q. Sale No. 2 was 19 years, the lease had been negotiated 19 years prior.  A. But it had been renegotiated. That's correct, yes.  Q. Sale No. 4 is that former BJ's. Now, this is a fee simple sale, right?  A. Yes.  Q. It sold for \$36 a foot, correct?  A. Correct.  Q. Now, you did a whole bunch of work on demographics for Brooklyn in the first few pages of your report.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	bringing up were considered in the location and other adjustments.  Q. So this is the first fee simple sale that's unencumbered at the time of sale that you provided, correct?  A. It's vacant, yes.  Q. So moving on to Sale No. 5 Oh, wait, I want to go back to your sales grid on this. On Sale No. 4, when I look at the BJ's sale on your grid VI-32, I see that it's identified as fee simple under property rights, no adjustments made, and I see the adjusted price about midway from left to right as \$36.38; do you see that?  A. Yes.  Q. Now, your final concluded value was \$88 a foot; is that right?  A. Yes.  Q. And this fee simple sale is \$36 a foot?  A. It's vacant, yes.

	Page 261		Page 263
1	A. Well, that's what you're saying, but	1	the value conclusion is \$88 and fee simple
	again, that is not my understanding. Vacant and	2	unencumbered in your appraisal, and Sale No. 4 is a
2 3 4	available is not the same as vacant at market or	3	
ک 1			fee simple unencumbered sale, then how much is each
4	leased fee at market.	4	plus worth by deduction under the occupancy
5	Q. So did you appraise the property in	5	adjustment? 100 percent each plus? 300 percent?
5 6 7	conformity with 5713.03 or not?	6	A. One sale does not make a value. Again,
	A. I believe I did, yes, but I don't think	7	that was one sale that was adjusted and the
8	it means it should be vacant because, again, if you	8	assumption was that the value would be well above
9	look at multi-tenant stuff, you're not going to	9	that number.
10	assume it's all vacant, so why would you assume a	10	Q. But you've got to find a way to get that
11	single tenant is.	11	one up, right?
12	Q. Okay. So what were the adjustments that	12	A. I'm doing market value. I am doing what
13	were made to Sale No. 4? Because the adopted value	13	I feel are appropriate adjustments.
14	of \$88 is like 245 percent higher than the \$36 sale	14	Q. Okay. Now, Sale No. 5 is another Lowe's,
15	price.	15	a leased fee Lowe's?
16	A. Again, that's one sale. That's not	16	A. Yes.
17	one sale doesn't make a market, and it was adjusted	17	Q. What year was that built?
18	upward for location because, again, while there's a	18	A. 1995.
19	lot of positives about the Dublin market overall, the	19	Q. That's when the lease commenced, correct?
20	subject market was considered superior because of the	20	A. That would have been correct.
21	higher population and the access and the visibility	21	Q. So about 20 years before the sale date;
22	of that site. So it got an upward adjustment for	22	is that correct?
23	location, it got an upward adjustment for age, and it	23	A. Yes.
24	got a significant upward adjustment for occupancy.	24	Q. Okay. You testified earlier you wouldn't
25	Q. So the only fee simple sale you've looked	25	use 20-year-old sale data, right?
	Page 262		Page 264
1	at so far, you've adjusted twice, once for location,	1	A. Again, you're mixing metaphors or
2	once for age, and then three pluses for occupancy?	2	mixing you know, this is not a 20-year-old sale.
3	A. Correct.	3	It's almost the same as the sale date. It's July of
4	Q. How much is each plus worth?	4	2015, so yes, it's considered to be an appropriate
5	A. Again, it's a qualitative adjustment and	5	sale.
6	not assigned an actual percentage to it. That is	6	Q. You only used one other fee simple sale
7	perfectly acceptable appraisal, and each of the sales	7	out of the ten and that's that former Wal-Mart, Sale
8	were adjusted. That's why you look at multiple sales	8	No. 6 in Streetsboro, right?
9	to try to narrow a range to what you think is an	9	A. Yes.
10	applicable value.	10	Q. Now, I want to just draw the Board's
11	Q. So you used a qualitative, not	11	attention to the fact that both Sales No. 4 and Sales
12	quantitative?	12	No. 6 you identify in the Property Rights column as
13	A. Correct.	13	fee simple; is that right?
14	Q. What I found odd about that is I believe	14	A. Correct.
15	you said earlier in your report that in your grid,	15	Q. So isn't it true that the range of fee
16	you made specific numeric adjustments; do you	16	simple improved sale comps you established was \$15.70
17	remember saying that?	17	to \$36.38?
18	A. Well, we do do numeric adjustments for	18	A. For those two sales but not for all of
19	conditions of sale and date of sale.	19	the sales that were considered.
20	Q. Right, but you say it's in your grid, but	20	Q. Right, but you said that these are two
	it's not true, is it? In the VI-32, you're not	21	fee simple, so the range of your fee simple sales
21			
22	making specific numeric adjustments, you're making	22	that you've selected is 15 to 36, correct?
23	qualitative adjustments?  A. It's a mixture of both.	23	A. No, because all of my sales are
24		24	considered to be adjusted to my subject; therefore,
25	Q. It's a mixture of both, okay. Well, if	25	the overall range is what's out there, not just those

Use two sales. Q. Okay. So you're saying because the subject is owner occupied and Sales. 4 and 6 were uncancumbered by any lease available, right, just like the subject, you adjusted them up 240 percent for conclusion of \$881. It men that \$50 percent? A. Again, you're not – you're not taking one sale and aljusting that one sale to whatever your conclusion is \$ You're looking at all of the sales. So yes, those two sales set the lower end of the burbecause they're vacant, but those were only two of the considerations that were made. All of the sales were considered. Q. How can you demonstrate to the Board today that you gave those any weight whatsoever despite the fact that they're the only ones that sold in the same legal interest you said you appraised? A. I think the Board will have to read the appraisal and see the analyse, but I believe all of the sales were analyzed appropriately to come to fee simple at market. Q. So no lease in place, you jack them up for large and the place of the sales were analyzed appropriately to come to fee simple at market. Q. And your assignment was leased at market terms, right? A. That is my feeling of what is the appropriate market value, correct. M. GIBBS: Can have just a minute, your Honor? THE EXAMINER: Let's go off the record to give the court traporter a break. Q. When you were first starting out, did you appraise houses, right, for financing and for other easily appropriate out of the traporter a break. Q. When you were first starting out, did you appraise houses, right, for financing and for other easily the court reporter a break. Q. When you were first starting out, did you appraise houses, right, for financing and for other easily the properties to acquire the fact that you made lease the appropriate market value, correct.  THE SAMINER: Back on the record to give the court reporter a break. Q. When you were first starting out, did you appraise houses, right, for financing and for other easily the court reporter a break. Q. When you were first starting out, did you ap		Page 265		Page 267
So, O, Okay, So you're saying because the unencumbered by any lease available, right, just like the subject, you adjusted them up 240 percent for Sale 4, and Sale No. 6, you went from \$15.70 to your conclusion of \$88.1 mean, that \$50 percent?  A Again, you're not-you're not taking one sale and adjusting that one sale to whatever your conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at all of the sales.  O conclusion is. You're looking at wards and you appraised?  I the sales were analyzed with the sales.  O conclusion is. You're looking at wards and you appraised?  A lat in the same legal interest you said you appraised?  A lat in the same legal interest you said you appraised?  A lat in the same legal interest you said you appraised?  A correct. I mean, it would be inferior  Fage 266  Page 266  Page 266  Page 266  Page 266  Page 266  Page 266  Q. And your assignment was leased at market terms, right?  A lat is my feeling of what is the appropriate wards value, correct.  MR. GIBBS: Can I have just a minute, your look is the resort of give the court reporter a break.  O correct I mean, it would be inferior  THE EXAMINER: Back on t		Page 265		Page 267
subject is owner occupied and Sales 4 and 6 were unencumbered by any bease available, right, just like the subject, you adjusted them up 240 percent for Sale 4, and Sale No. 6, you went from \$15.70 to your conclusion of \$88. I mean, that's \$59 percent? A. Again, you're not raking one sale and adjusting that one sale to whatever your conclusion is. You're looking at all of the sales. So yes, those two sales set the lower end of the bur because they're vacant, but those were only two of the considerations that were made. All of the sales were considered. Q. How can you demonstrate to the Board today that you gave those any weight whatsoever despite the fact that they're the only ones that sold in the same legal interest you said you appraised? A. I think the Board will have to read the appraisal and see the analysis, but Delieve all of the sales were analyzed appropriately to come to fee supplied and sales than analysis, but Delieve all of the sales were analyzed appropriately to come to fee the sale were analyzed appropriately to come to fee the sale sale and adjusting that is the appraisal and see the analysis, but Delieve all of the sale sale and adjusting that the sale of the home up for the fact that it's not occupied. Will you do that? A. A think the Board will have to read the appraisal and see the analysis, but Delieve all of the sales were analyzed appropriately to come to fee supplied and the sales and the same things, so I mean Q. So no lease in place, you jack them up for lack of occupancy; is that right? A. That is my feeling of what is the appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  THE EXAMINER: Back on the record. Q. (By Mr. Gibss) No I wan to go back to give the court reporter a break. (Off the record.) Q. (By Mr. Gibss) No I wan to go back to give the court reporter a break. (Off the record.) Q. (By Mr. Gibss) No I wan to go back to give the fact that you made large adjustments for lack of occupancy to th	1			
the subject, you adjusted them up 240 percent for Sale 4, and Sale No. 6, you went from \$15.70 to your conclusion of \$88. I mean, that's \$50 percent?  A Again, you're not - you're not daring one sale and adjusting that one sale to whatever your conclusion is. You're looking at all of the sales.  So yes, those two sales set the lower end of the bar the considerations that were made. All of the sales the considerations that were made. All of the sales to daily that you gave those any weight whatsoever despired to daily that you gave those any weight whatsoever despired to take the fact that they're the only ones that sold in the same legal interest you said you appraised?  A I think the Board will have to read the appraisal and see the analysis, but I believe all of appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee the sales were analyzed appropriate to the sales wer	2		1	
the subject, you adjusted them up 240 percent for Sale 4, and Sale No. 6, you went from \$15.70 to your conclusion of \$88.1 mean, that's 550 percent?  A Again, you're not – you're not taking on one sale and adjusting that one sale to whatever your conclusion is. You're looking at all of the sales.  So yes, those two sales set the lower end of the bar because they're vacant, but those were only two of the considerations that were made. All of the sales were considered.  Q, thow can you demonstrate to the Board today that you gave those any weight whatsoever despite the fact that they're the oaly ones that sold in the same legal interest you said you appraised?  A, I think the Board will have to read the appraisal and see the analysis, but believe all of the sales were analyzed appropriately to come to fee simple as market.  Q, So no lease in place, you jack them up to face the sales were analyzed appropriately to come to fee simple as market.  Q, So no lease in place, you jack them up to face the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriately to come to fee simple as fine the sales were analyzed appropriate market to compare the sales were analyzed appropriat	3			
Sale 4, and Sale No. 6, you went from \$15.70 to your conclusion of \$88.1 mean, that's \$50 percent?  A Again, you're not — you're not itaking one sale and adjusting that one sale to whatevery your conclusion is. You're looking at all of the sales.  Conclusion is. You're looking at all of the sales.  So yes, those two sales set the lower end of the bur because they're vecant, but those were only two of the considerations that were made. All of the sales were considered.  Q. How can you demonstrate to the Board today that you gave those any weight whatsoever of depits the fact that they're the only ones that sold from the same legal interest you said you appraised?  A. I think the Board will have to read the appropriated agreement of the sales were analyzed appropriately to come to fee simple at market.  Q. So no lease in place, you jack them up alpha to the sales were analyzed appropriately to come to fee simple at market.  Fago 266  Fago 266  Fago 266  Fago 266  Fago 266  Fago 266  Fago 267  A. That is my feeling of what is the appropriate market value, correct.  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  A. Ay ow we were this work of the cord. In the pust a minute, your Honor?  M. GillaBS: Can I have just a minute, your Honor?  A. Ay ow we have that this would be inferior the fight to occupy?  A. Again, I hink you're putting words in my mouth, Yes, if y	4	* *	1	
conclusion of \$88.1 mean, that's \$50 percent?  A Again, you're not – you're not taking one sale and adjusting that one sale to whatever your conclusion is. You're looking at all of the sales. 10 So yes, those two sales et the lower end of the bar 11 because they're vacant, but those were only two of 12 he considerations that were made. All of the sales 13 Q. How can you demonstrate to the Board 14 were considered. 15 Q. How can you demonstrate to the Board 16 today that you gave those any weight whatsoever 16 despite the fact that they're the only ones that sold 17 despite the fact that they're the only ones that sold 18 in the same legal interest you said you appraised? 19 A. I think the Board will have to read the 20 appraisal and see the analyzed appropriately to come to fee 21 appraisal and see the analyzed appropriately to come to fee 22 simple at market. 23 Q. So no lease in place, you jack them up 24 for lack of occupancy; is that right? 25 A. Correct. I mean, it would be inferior  Eage 266  Fage 268  Fa	5		5	
A Again, you're not — you're not laking on one sale and adjusting that one sale to whatever your conclusion is. You're looking at all of the sales.  So yes, those two sales set the lower end of the bar 12. because they're vicami, but those were only two of 12. he considerations that were made. All of the sales 13. Q. Would it be your testimony that you would work or considered.  Q. I'm just asking you to answer my question.  A, Yes, the house would normally be vacant.  Q. Would it be your testimony that you would dramatically adjust that sale of the home up for the fact that they're the only ones that sold 17. A. A house and investment grade read that it's not occupied and that it's worth a lot more when it's occupied and that it's worth a lot more when it's occupied and that it's worth a lot more when it's occupied and that it's worth a lot more when it's occupied and that it's worth a lot in the same legal interest you said you appraised?  A. I think the Board 17. A. A house and investment grade read estate, not have a considered.  A. I think the Board 18. A. I think the Board 19. A. I think the Board will have to read the appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee 21. A. I think the Board 20. Q. So no lease in place, you jack them up 23. M. Correct. I mean, it would be inferior 25. A. Correct. I mean, it would be inferior 25. A. Correct. I mean, it would be inferior 25. A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Fage 268  Page 26	6		6	Q. So isn't that home vacant at the time it
one sale and adjusting that one sale to whatever your conclusion is, You're looking at all of the sales.  10 Combision is, You're looking at all of the sales. 11 So yes, those two sales set the lower end of the bar 12 to because they're vacant, but those were only two of 12 to because they're vacant, but those were only two of 13 the considerations that were made. All of the sales 13 were considered. 14 were considered. 15 Q. How can you demonstrate to the Board 15 to day that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that you gave those any weight whatsoever 16 today that its worth a lot more when it's occupied, 17 that it is worth a lot more when it's occupied, 18 to sail investment property is not the same thing, so I mean 17 to the same that it's worth a lot that?  16 A. Think the Board will have to read the 19 that any weight whatsoever 19 that any weight that you gave those in particular that you want to be occupancy is that right?  18 A. Correct. I mean, it would be inferior 25 to what is the 29 aprenal occupied.  19 Q. And your assignment was leased at market 29 to white the paper of the same and all of the rights and weight that weight to be valuing the property in fee simple as if unencumbered, do	7		7	sells?
conclusion is. You're looking at all of the sales.  So yes, those two sales set the lower end of the bar 11  So yes, those two sales set the lower end of the bar 12  because they're vacant, but those were only two of 12  the considerations that were made. All of the sales 13  G. Would it be your testimony that you would word considered. 14  were considered.  Q. How can you demonstrate to the Board 15  Go. How can you demonstrate to the Board 15  today that you gave those any weight whatsoever 16  today that you gave those any weight whatsoever 16  to despite the fact that they're the only ones that sold 17  A. A house and investment property is not the same legal interest you said you appraised? 18  the same legal interest you said you appraised? 18  the same legal interest you said you appraised? 18  the same same legal interest you said you appraised? 19  A. I think the Board will have to read the 19  Q. So the answer is no, you would not do that? 20  the sales were analyzed appropriately to come to fee 21  the sales were analyzed appropriately to come to fee 21  the sales were analyzed appropriately to come to fee 22  simple at market. 22  Q. So no lease in place, you jack them up 23  MR. SEED: Objection. Let her answer. 25  A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 266  Page 268	8	A. Again, you're not you're not taking	8	A. But we're talking about investment grade
So yes, those two sales set the lower end of the bar because they're vacant, but those were only two of 12 A. Yes, the house would normally be vacant. Q. Would it be your testimony that you would dramatically adjust that sale of the horne up for the fact that it's not occupied, would you do that? A. A house and investment property is not today that you gave those any weight whatsoever despite the fact that it hey're the only ones that sold in the same legal interest you sald you appraised? A. I think the Board will have to read the appraisal and see the analysis, but I believe all of 20 appraisal and see the analyzed appropriately to come to fee simple at market. 22 simple at market. 22 simple at market. 23 Q. So no lease in place, you jack them up 23 M. SEED: Objection. Let her answer. A. Correct. I mean, it would be inferior 25 m. So it's not a negative that it's vacant. 26 m. So it's not a negative that it's vacant. 27 m. So it's not a negative that it's vacant. 28 m. Seed to be valuing the property in fee simple as if unencumbered, doesn't that mean that all of the rights and the bundle of rights are available for purchase, isn't that what it means, including the right to occupy? 3 mouth. Yes, if you're booking at vacant and available, but I don't think that's the correct definition of fee simple here. 3 mouth of the same that all of the right to occupy? 3 mouth. Yes, if you're booking at vacant and available, but I don't think that's the correct definition of fee simple here. 3 mouth of the bundle of rights and the bundle of rights. I don't think that's the correct definition of fee simple here. 4 mouth of the same that all of the right to occupy? 3 mouth. Yes, if you're booking at vacant and available, but I don't think that's the correct definition of fee simple here. 4 mouth of the bundle of rights and the bundle of rights. I don't need to go into that, right? 4 meed to go into tha	9	one sale and adjusting that one sale to whatever your	9	real estate, not a house.
because theyre vacant, but those were only two of the considerations that were made. All of the sales 13   Q. Would it be your testimony that you would dramatically adjust that sale of the home up for the fact that it's not occupied and that it's worth a lot more when it's occupied; worth a lot more when it's occupied; would you do that? despite the fact that they're the only ones that sold 17   A. A house and investment property is not the same legal interest you said you appraised? 18   B. A. I think the Board will have to read the 19   Q. So the answer is no, you would not do that? 4. I don't think you can make an adjustment 22   B. Q. So no lease in place, you jack them up 23   Q. So no lease in place, you jack them up 24   B. A. Correct. I mean, it would be inferior 25   MR. SEED: Objection. Let her answer. A You want it to be vacant so you can move in, so it's not a negative that it's vacant. 4. You want it to be vacant so you can move in, so it's not a negative that it's vacant. 4. You want it is not an equive that it's vacant. 4. You want it is not property in the same and in west worth a lot that? 4. A. You want it to be vacant so you can move in, so it's not a negative that it's vacant. 4. You want it to be vacant so you can move in, so it's not a negative that it's vacant. 4. You want it is not a negative that it's vacant. 4. You want it is not a negative that it's vacant. 4. You want it is not a negative that it's vacant. 4. You want it is not a negative that it's vacant. 4. You want it is not in the same has if it is not a negative that it's vacant. 4. You want it is not a negative that it's vacant. 4. You want it is not a negative that it's vacant. 4. You want it is not property in the same has if it is not a negative that it's vacant. 4. You want it is not property in the same has if it is not it is not not property in the same has if it is not occupied. 4. A. That is my feeling of what is the appropriate market value, correct. 5. A. That is my feeling of what is the appropriate market value,	10	conclusion is. You're looking at all of the sales.	10	Q. I'm just asking you to answer my
the considerations that were made. All of the sales were considered.  Q. How can you demonstrate to the Board today that you gave those any weight whatsoever despite the fact that they're the only ones that sold in the same legal interest you said you appraised? A. I think the Board will have to read the appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee simple at market. Q. So no lease in place, you jack them up for lack of occupancy; is that right? A. Correct. I mean, it would be inferior  Page 266  Because market occupancy is determined to be g. Sales and the terms, right? A. That is my feeling of what is the appropriate market value, correct. MR. GIBBS: Can I have just a minute, your Honor? MR. GIBBS: Can I have just a minute, give the court reporter a break. (Off the record.) Q. By Mr. Gibbs So I want to go back to your sales comparison grid, Miss Blosser, V1-32. We simple sales, Sales 4 and 6. A. Yes. Q. When you were first starting out, did you appraise houses, right, for financing and for other  24 page 18 page 269  Page 266  P	11	So yes, those two sales set the lower end of the bar	11	question.
were considered.  Q. How can you demonstrate to the Board to today that you gave those any weight whatsoever despite the fact that they're the only ones that sold in the same legal interest you said you appraised? A. I think the Board will have to read the appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee simple at market.  Q. So no lease in place, you jack them up To lack of occupancy, is that right?  A. Correct, I mean, it would be inferior  Page 266  Deage 268  Page 268  P	12	because they're vacant, but those were only two of	12	A. Yes, the house would normally be vacant.
Q. How can you demonstrate to the Board today that you gave those any weight whatsover 16 today that you gave those any weight whatsover 16 despite the fact that they're the only ones that sold 17 he same legal interest you said you appraised? 18 the same thing, so I mean - 19 Q. So the answer is no, you would not do that? 19 Q. So the answer is no, you would not do that? 20 the sales were analyzed appropriately to come to fee 21 the sales were analyzed appropriately to come to fee 22 simple at market. 22 simple at market. 22 simple at market. 22 simple at market. 24 for lack of occupancy; is that right? 24 A. Correct. I mean, it would be inferior 25 in, so it's not a negative that it's vacant. 25 A. You want it to be vacant so you can move 25 near terms, right? 26 A. That is my feeling of what is the 27 appropriate market value, correct. 27 appropriate market value, correct. 28 appropriate market value, correct. 29 appropriate market value, correct. 20 appraise houses, falled, appraise houses, falled, appraise houses, falled, appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, fo	13	the considerations that were made. All of the sales	13	Q. Would it be your testimony that you would
Q. How can you demonstrate to the Board today that you gave those any weight whatsover 16 today that you gave those any weight whatsover 16 despite the fact that they're the only ones that sold 17 he same legal interest you said you appraised? 18 the same thing, so I mean - 19 Q. So the answer is no, you would not do that? 19 Q. So the answer is no, you would not do that? 20 the sales were analyzed appropriately to come to fee 21 the sales were analyzed appropriately to come to fee 22 simple at market. 22 simple at market. 22 simple at market. 22 simple at market. 24 for lack of occupancy; is that right? 24 A. Correct. I mean, it would be inferior 25 in, so it's not a negative that it's vacant. 25 A. You want it to be vacant so you can move 25 near terms, right? 26 A. That is my feeling of what is the 27 appropriate market value, correct. 27 appropriate market value, correct. 28 appropriate market value, correct. 29 appropriate market value, correct. 20 appraise houses, falled, appraise houses, falled, appraise houses, falled, appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, for financing and for other 29 appraise houses, right, fo	14	were considered.	14	dramatically adjust that sale of the home up for the
today that you gave those any weight whatsoever despite the fact that they're the only ones that sold in the same legal interest you said you appraised? A. I think the Board will have to read the appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee simple at market.  Q. So no lease in place, you jack them up for lack of occupancy; is that right? A. Correct. I mean, it would be inferior  Page 266  Page 268  Page 268  Page 268  Page 268  Page 268  Page 268  Page 368  A. That is my feeling of what is the appropriate market value, correct. A. That is my feeling of what is the appropriate market value, correct. A. That is my feeling of what is the appropriate market value, correct. A. A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think you can make an adjustment 25 A. I don't think you can make an adjustment 26 A. I don't think you can make an adjustment 27 A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 268  Pag	15	Q. How can you demonstrate to the Board	15	fact that it's not occupied and that it's worth a lot
despite the fact that they're the only ones that sold in the same legal interest you said you appraised?  A. I think the Board will have to read the appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee simple at market.  Q. So no lease in place, you jack them up for lack of occupancy; is that right?  A. Correct. I mean, it would be inferior  Page 266  because market occupancy is determined to be 93 percent occupied.  Q. And your assignment was leased at market terms, right?  A. That is my feeling of what is the appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, gour the ExAMINER: Let's go off the record to give the court reporter a break.  Q. Q. By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. Well, I agree it yields a lower value, or redeting adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. Well, I agree it yields a lower value, or redeting adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. Well, I agree it yields a lower value, or redeting adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other  A. Roon.  A. Roon east in masser is no, you were analyzed appraise and seven analyzed appraise and in the redeting so the surface and being the property in fee simple and it to be valuing is fee simple as if unencumbered. That means all the rights are present and being	16			
in the same legal interest you said you appraised?  A. I think the Board will have to read the appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee simple at market.  Q. So no lease in place, you jack them up for lack of occupancy; is that right?  A. Correct. I mean, it would be inferior  Page 266  Because market occupancy is determined to be 93 percent occupied.  Q. And your assignment was leased at market terms, right?  A. That is my feeling of what is the appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  THE EXAMINER: Let's go off the record to give the court reporter a break.  (Off the record.)  Q. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just sales (Sales A and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other  Teasons?  A. I think the Board will have to read the 20 go so the answer is no, you would not do that?  A. Job that?  A. Job that and the same thing, so I mean  20 Q. So the answer is no, you would not do that?  A. A. Correct in that?  A. A. Correct of that?  A. A. Count think you can make an adjustment  22 A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 268  A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 268  Page 268  Page 268  Page 268  A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 268  A. A. Wes we agreed the that it's vacant.  Page 268  Page 268  Page 268  Page 268  Page 268  Page 268  A. A. Yes with a make that it is the adjustment and a division and a strain and a variant and a vari	17			* '
A. I think the Board will have to read the appraisal and see the analysis, but I believe all of the sales were analyzed appropriately to come to fee simple at market.  Q. So no lease in place, you jack them up 23 MR. SEED: Objection. Let her answer.  A. Correct. I mean, it would be inferior 25 MR. SEED: Objection. Let her answer.  A. Correct. I mean, it would be inferior 25 MR. SEED: Objection. Let her answer.  A. Correct. I mean, it would be inferior 26 MR. SEED: Objection. Let her answer.  A. Correct. I mean, it would be inferior 27 MR. SEED: Objection. Let her answer.  A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 266 Page 268	18			
that?  A. I don't think you can make an adjustment	19			
the sales were analyzed appropriately to come to fee simple at market.  Q. So no lease in place, you jack them up for lack of occupancy; is that right?  A. Correct. I mean, it would be inferior 25 in, so it's not a negative that it's vacant.  Page 266 Page 268  Decause market occupancy is determined to be 293 percent occupied.  Q. And your assignment was leased at market 3 unnenumbered, doesn't that mean that all of the 1 terms, right?  A. That is my feeling of what is the 3 appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Car I have just a minute, going the court reporter a break.  (Off the record.) 11 (Off the record.) 12 (Off the record.) 12 (Off the record.) 13 (Off the record.) 14 (your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses, right, for financing and for other 23 to be valuing is fee simple as if unencumbered. That what it means, including the right to occupy.  A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights, I don't need to go into that, right?  A. Yes.  Q. We're all familiar with the bundle of rights, I don't need to go into that, right?  A. No.  Q. We're place of the full bundle of rights, they want to occup the bouses, right, for financing and for other 23 to be valuing is fee simple as if unencumbered. That means all the rights are present and being the plant of the	20			
22 simple at market. 23 Q. So no lease in place, you jack them up 24 for lack of occupancy; is that right? 25 A. Correct. I mean, it would be inferior 26 page 266 27 Page 266 28 page 268 29 percent occupied. 29 percent occupied. 20 A. That is my feeling of what is the appropriate market value, correct. 20 A. That is my feeling of what is the appropriate market value, correct. 21 A. That is my feeling of the record to give the court reporter a break. 21 (Off the record.) 22 pick the Court reporter a break. 23 poly (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6. 29 Q. Weln you understand that people do appraise houses, right, for financing and for other 23 to be valuing is fee simple as if unencumbered. That means all the rights are present and being the rights and the bundle of rights are available for purchase, sin't that what it means, including the rights and the bundle of rights are available for purchase, sin't that what it means, including the right to occupy?  A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee 16 THE EXAMINER: No, you're good.  Q. When you were first starting out, did you appraise houses?  A. No. Q. When you understand that people do appraise houses, right, for financing and for other 23 to be valuing is fee simple as if unencumbered. That means all the rights are present and being the rights are present and being the rights are present and being the propers of the same and the rights are present and being the propers of the same and the rights are present and being the propers of the same and the rights are present and b	21			
Q. So no lease in place, you jack them up for lack of occupancy; is that right?  A. Correct. I mean, it would be inferior  Page 266  Decause market occupancy is determined to be 2 93 percent occupied.  Q. And your assignment was leased at market 4 terms, right?  A. That is my feeling of what is the 5 purchase, isn't that what it means, including the right to occupy?  MR. GIBBS: Can I have just a minute, 7 A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  (Off the record.)  THE EXAMINER: Back on the record.  Q. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large 15 adjustments for lack of occupancy to the two fee adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses, right, for financing and for other 24 reasons?  A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 268  Page 268  Page 268  Page 268  Page 268  Q. Right. So when you're supposed to be valuing the property in fee simple as if unencumbered, doesn't want mean that all of the rights and the bundle of rights and the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occup when you were first starting out, did you appraise houses, right, for financing and for other 24 reasons?  A. You want it to be valuing is fee simple as if unencumbered. That mean to be appraise houses, right, for financing and for other 24 reasons?				
for lack of occupancy; is that right?  A. Correct. I mean, it would be inferior  Page 266  because market occupancy is determined to be 2 93 percent occupied.  Q. And your assignment was leased at market 3 unencumbered, doesn't that mean that all of the 4 rights and the bundle of rights are available for 5 A. That is my feeling of what is the 5 appropriate market value, correct. 6 appropriate market value, correct. 6 appropriate market value, correct. 6 give the court reporter a break. 6 (Off the record.) 7 HE EXAMINER: Back on the record. 10 give the court reporter a break. 11 (Off the record.) 12 but when we're talking about a house, the buyer is 13 Q. (By Mr. Gibbs) So I want to go back to 14 your sales comparison grid, Miss Blosser, VI-32. We 15 just talked about the fact that you made large 16 adjustments for lack of occupancy to the two fee 17 simple sales, Sales 4 and 6. 18 A. Yes. 19 Q. When you were first starting out, did you 19 appraise houses? 20 Q. When you understand that people do 21 A. No. 22 Q. So we've agreed that what you can move in, so it's not a negative that it's vacant. 24 A. You want it to be vacant so you can move in, so it's not a negative that it's vacant.  Page 268  Page 268  Q. Right. So when you're supposed to be valuing the property in fee simple as if unencumbered, doesn't that mean that all of the rights and the bundle of rights so wallable for purchase, isn't that what it means, including the right so occupy?  A. A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here. Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights. We're all familiar with the bundle of rights, I don't need to go into that, right?  Page 268  A. Yes.  18 into the bundle of rights, A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No. Q. But you understand		-	I	-
Page 266  Because market occupancy is determined to be 2 93 percent occupied. 2 valuing the property in fee simple as if 3 Q. And your assignment was leased at market 3 unencumbered, doesn't that mean that all of the rights and the bundle of rights are available for purchase, isn't that what it means, including the right to occupy?  MR. GIBBS: Can I have just a minute, 7 MR. GIBBS: Can I have just a minute, 90 word Honor? 8 mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here. 10 definition of fee simple here. 11 Q. (Off the record.) 11 Q. (By Mr. Gibbs) So I want to go back to 13 interested in acquiring the full bundle of rights. 14 We're all familiar with the bundle of rights. 14 We're all familiar with the bundle of rights. 15 interested in acquiring the full bundle of rights. 16 A. Yes. 17 Q. Iknow the Board doesn't want me to go into that, right? 18 A. No. 19 Q. But you understand that people do 20 Q. But you understand that people do 21 Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being 19 C. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being			1	
because market occupancy is determined to be 93 percent occupied.  Q. And your assignment was leased at market terms, right? A. That is my feeling of what is the appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, give the court reporter a break.  (Off the record.)  THE EXAMINER: Let's go off the record to give the court reporter a break.  (Off the record.)  C. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes. Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good. Q. I know the Board doesn't want the to go acquire that full bundle of rights, they want to occupy the house, right, for financing and for other appraise houses, right, for financing and for other acquire that full bundle or gights, it uncomposed to be valuing the property in fee simple as if unencumbered, doesn't want mean that all of the valuing the property in fee simple as if unencumbered, doesn't wat mean that all of the rights and the bundle of rights are present and being			I	
because market occupancy is determined to be 93 percent occupied. Q. And your assignment was leased at market terms, right? A. That is my feeling of what is the appropriate market value, correct. MR. GIBBS: Can I have just a minute, your Honor? THE EXAMINER: Let's go off the record to give the court reporter a break. (Off the record.) THE EXAMINER: Back on the record. Q. (By Mr. Gibbs) So I want to go back to just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6. A. Yes. Q. When you were first starting out, did you appraise houses; Pight to occupy? A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here. Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights. We're all familiar with the bundle of rights, I don't need to go into that, right? THE EXAMINER: No, you're good. Q. I know the Board doesn't want me to go into the bundle of rights, A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right, A. No. Q. But you understand that people do appraise houses, right, for financing and for other  Pight to occupier, that mean that all of the rights and the bundle of rights are available for purchase, isn't that what it means, including the rights and the bundle of rights are available for purchase, isn't that what it means, including the rights and the bundle of rights are present and being	23	A. Correct. I mean, it would be interior	23	iii, so it's not a negative that it's vacant.
93 percent occupied. Q. And your assignment was leased at market terms, right? A. That is my feeling of what is the appropriate market value, correct. MR. GIBBS: Can I have just a minute, your Honor? MR. GIBBS: Can I have just a minute, (Off the record.) Comparison of the record.  Comparison of the record.  Comparison of the record.  Comparison of the record.  Comparison of the fact that you made large adjustments for lack of occupancy to the two fee comparison houses, right, for financing and for other cases of the register of the register of the record of the record.  Comparison of the property in fee simple as if unencumbered, doesn't that mean that all of the right to occupy?  A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  (Off the record.)  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  A. Yes.  Refined  A. Yes.  Refined  A. No.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. When you understand that people do appraise houses, right, for financing and for other approaise houses, right, for financing and for other		Page 266		Page 268
Q. And your assignment was leased at market terms, right? A. That is my feeling of what is the appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, give the court reporter a break.  (Off the record.)  THE EXAMINER: Back on the record.  Q. Well, I agree it yields a lower value, to your sales comparison grid, Miss Blosser, VI-32. We your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses, right, for financing and for other appropriate market value, correct.  derights and the bundle of rights are available for purchase, isn't that what it means, including the rights and the bundle of rights are available for purchase, isn't that what it means, including the rights and the bundle of rights are available for purchase, isn't that what it means, including the rights and the bundle of rights are available for purchase, isn't that what it means, including the rights and the bundle of rights are available, the purchase, isn't that what it means, including the rights and the bundle of rights are available, the reasons?  A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights. We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other  A. Right.  Q. So we've agreed that what you're supposed to be	1	because market occupancy is determined to be	1	Q. Right. So when you're supposed to be
terms, right?  A. That is my feeling of what is the appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  Q. (By Mr. Gibbs) So I want to go back to 13 interested in acquiring the full bundle of rights. Vere all familiar with the bundle of rights, I don't need to go into that, right?  MR. GIBBS: Can I have just a minute, your sales companies houses, Your sales companies houses, Your sales companies houses, Your sales companies house, Your sales companies house, Your sales companies house, Your sales was a sale wailable, but I don't hink that's the correct definition of fee simple here.  Q. When you were first starting out, did you appraise houses, right, for financing and for other 23 to be valuing is fee simple as if unencumbered. That means all the rights are present and being	2	93 percent occupied.	2	valuing the property in fee simple as if
A. That is my feeling of what is the appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  (Off the record.)  THE EXAMINER: Back on the record.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  Q. (By Mr. Gibbs) So I want to go back to 13 interested in acquiring the full bundle of rights.  We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  We're adjustments for lack of occupancy to the two fee 16 THE EXAMINER: No, you're good.  A. Yes.  Q. When you were first starting out, did you appraise houses?  Q. When you were first starting out, did you appraise houses?  Q. But you understand that people do 22 Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That reasons?	3	Q. And your assignment was leased at market	3	unencumbered, doesn't that mean that all of the
appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  THE EXAMINER: Let's go off the record to give the court reporter a break.  (Off the record.)  LY THE EXAMINER: Back on the record.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights, I don't your sales comparison grid, Miss Blosser, VI-32. We give the dadjustments for lack of occupancy to the two fee A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other  reasons?  A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and anouth. Yes, if you're looking at vacant and anouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other  23 to be valuing is fee simple as if unencumbered. That means all the rights are present and being	4	terms, right?	4	rights and the bundle of rights are available for
appropriate market value, correct.  MR. GIBBS: Can I have just a minute, your Honor?  THE EXAMINER: Let's go off the record to give the court reporter a break.  (Off the record.)  LY THE EXAMINER: Back on the record.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights, I don't your sales comparison grid, Miss Blosser, VI-32. We give the dadjustments for lack of occupancy to the two fee A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other  reasons?  A. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and anouth. Yes, if you're looking at vacant and anouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other  23 to be valuing is fee simple as if unencumbered. That means all the rights are present and being	5	A. That is my feeling of what is the	5	purchase, isn't that what it means, including the
MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. GIBBS: Can I have just a minute, your Honor?  MR. Again, I think you're putting words in my mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  Q. (By Mr. Gibbs) So I want to go back to 13 interested in acquiring the full bundle of rights.  We're all familiar with the bundle of rights, I don't need to go into that, right?  A. Yes.  MR. GIBBS: Can I have just a minute, your sles comparison grid, Miss Blosser, VI-32.  MR. GIBBS: Can I have just a minute, your sles contract and available, but I don't think that's the correct definition of fee simple here. Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights. We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  THE EXAMINER: No, you're good.  A. Yes.  D. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  A. Right. Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being	6		6	
your Honor?  THE EXAMINER: Let's go off the record to give the court reporter a break.  (Off the record.)  THE EXAMINER: Back on the record.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  Q. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  Be mouth. Yes, if you're looking at vacant and available, but I don't think that's the correct definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  A Right.  Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being	7		7	A. Again, I think you're putting words in my
THE EXAMINER: Let's go off the record to give the court reporter a break.  (Off the record.)  THE EXAMINER: Back on the record.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  Q. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large dijustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No. Q. But you understand that people do appraise houses, right, for financing and for other reasons?  P. Wel're all familiar with the bundle of rights. We're all familiar with the bundle of rights. I don't need to go into that, right? THE EXAMINER: No, you're good. Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right? A. No. Q. But you understand that people do appraise houses, right, for financing and for other reasons?  24 means all the rights are present and being	8		8	
give the court reporter a break.  (Off the record.)  THE EXAMINER: Back on the record.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  Q. (By Mr. Gibbs) So I want to go back to 13 interested in acquiring the full bundle of rights.  Your sales comparison grid, Miss Blosser, VI-32. We 14 We're all familiar with the bundle of rights, I don't 15 ipust talked about the fact that you made large 16 adjustments for lack of occupancy to the two fee 17 adjustments for lack of occupancy to the two fee 18 A. Yes. 19 Q. When you were first starting out, did you 20 appraise houses? 21 A. No. 22 Q. But you understand that people do 23 appraise houses, right, for financing and for other 24 reasons? 24 definition of fee simple here.  Q. Well, I agree it yields a lower value, but when we're talking about a house, the buyer is interested in acquiring the full bundle of rights.  We're all familiar with the bundle of rights, I don't need to go into that, right?  THE EXAMINER: No, you're good.  Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No. 21 A. Right.  Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being	9	-		
11 Q. Well, I agree it yields a lower value, 12 but when we're talking about a house, the buyer is 13 Q. (By Mr. Gibbs) So I want to go back to 14 your sales comparison grid, Miss Blosser, VI-32. We 15 just talked about the fact that you made large 16 adjustments for lack of occupancy to the two fee 17 simple sales, Sales 4 and 6. 18 A. Yes. 19 Q. When you were first starting out, did you 20 appraise houses? 21 A. No. 22 Q. But you understand that people do 23 appraise houses, right, for financing and for other 24 reasons? 24 Le Gift the record. 25 but when we're talking about a house, the buyer is 26 but when we're talking about a house, the buyer is 27 but when we're talking about a house, the buyer is 28 but when we're talking about a house, the buyer is 29 but when we're talking about a house, the buyer is 20 interested in acquiring the full bundle of rights. 20 If when we're talking about a house, the buyer is 21 acquiring the full bundle of rights. 24 but when we're talking about a house, the buyer is 25 but when we're talking about a house, the buyer is 26 interested in acquiring the full bundle of rights. 27 A. No, 28 into the bundle of rights. No, you're good. 28 A. Right. 29 Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being	10			
THE EXAMINER: Back on the record.  Q. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large disputched adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6. A. Yes. Q. When you were first starting out, did you appraise houses? A. No. Q. But you understand that people do appraise houses, right, for financing and for other and the summary of the su	11	•		*
Q. (By Mr. Gibbs) So I want to go back to your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large dijust talked about the fact that you made large dijust talked about the fact that you made large dijustments for lack of occupancy to the two fee dijust talked about the fact that you made large dijustments for lack of occupancy to the two fee dijustments for lack of occupancy to the two, you're good.  Q. I know the Board doesn't want me to go dijustments for lack of occupancy to the two, you're good.  Q. I know the Board doesn't want me to go dijustments for lack of occupancy to the two, you're good.  Q. I know the Board doesn't want me to go dijustments for lack of occupancy to the two, you're good.  A. Yes.  A. No.  Q. When you were first starting out, did you dispance for lack of occupancy to the two, you're good.  A. Right.  Q. So we've agreed that what you're supposed dispance for lack of occupancy to the two fee dispance for lack of occupancy to the two fee dispance for lack of occupancy to the two feels	12		I	
your sales comparison grid, Miss Blosser, VI-32. We just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6. A. Yes.  Q. When you were first starting out, did you appraise houses? A. No. Q. But you understand that people do appraise houses, right, for financing and for other reasons?  your sales comparison grid, Miss Blosser, VI-32. We led We're all familiar with the bundle of rights, I don't need to go into that, right? THE EXAMINER: No, you're good. Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right? A. Right. Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being	13		1	
just talked about the fact that you made large adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6. A. Yes.  Q. When you were first starting out, did you appraise houses? A. No. Q. But you understand that people do appraise houses, right, for financing and for other reasons?  need to go into that, right? THE EXAMINER: No, you're good. Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right? A. Right. Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being	14		I	
adjustments for lack of occupancy to the two fee simple sales, Sales 4 and 6.  A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  16 THE EXAMINER: No, you're good.  Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other appraise houses, right, for financing appraise houses, right, for financing appraise house, right, for financing appraise house, appraise house, right, for financing appraise house, right, for financing appraise house, right, for financin				
simple sales, Sales 4 and 6.  A. Yes.  Q. I know the Board doesn't want me to go into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  20 Oso we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being		•	1	
A. Yes.  Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  18 into the bundle of rights. A buyer has to be able to acquire that full bundle of rights, they want to occupy the house, right?  A. No.  Q. But you understand that people do 22 A. Right.  Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being	17	* *	I	
Q. When you were first starting out, did you appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  Q. But you appraise houses, right, for financing and for other reasons?  Q. When you were first starting out, did you acquire that full bundle of rights, they want to occupy the house, right?  A. Right.  Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being		-		
appraise houses?  A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  20 occupy the house, right?  A. Right. Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being			1	
A. No.  Q. But you understand that people do appraise houses, right, for financing and for other reasons?  A. Right. Q. So we've agreed that what you're supposed to be valuing is fee simple as if unencumbered. That means all the rights are present and being			I	-
Q. But you understand that people do appraise houses, right, for financing and for other reasons?  Q. But you understand that people do appraise houses, right, for financing and for other appraise houses, right, for financing and for other to be valuing is fee simple as if unencumbered. That means all the rights are present and being			I	
appraise houses, right, for financing and for other reasons?  to be valuing is fee simple as if unencumbered. That means all the rights are present and being			I	
reasons? 24 means all the rights are present and being	22			
	23		I	
A. Sure. 25 transferred to the buyer, correct?	24		l l	
	25	A. Sure.	25	transferred to the buyer, correct?

	Page 269		Page 271
1	A. Right, at market terms.	1	here?
2	Q. At market terms. You mean leased at	2	A. It's on Page I-10.
3	market terms?	3	Q. Who do you say the owner is?
4	A. Right. If I'm buying it for owner	4	A. Northcliff Shopping Center.
5	occupancy, I can turn around and lease it. So what	5	Q. Is that important to your assignment to
6	is the appropriate lease rate? I mean, what is that	6	identify who the owner is?
7	property worth to me.	7	A. I mean, it's yeah, you're supposed to
8	Q. Let's do this, let's go through your	8	identify the owner.
9	sales comp real quickly. Sale Comp No. 1, that's	9	Q. It's kind of a basic fact about the
10	back on VI-5, when that property sold to who you	1	•
		10	property that you've got to get right; is that fair
11	identify as the grantee, Cole Lowe's Zanesville Ohio,	11	to say?
12	LLC, did Cole Lowe's Zanesville Ohio, LLC get to	12	A. Correct.
13	occupy that property?	13	Q. So you would agree that if you were
14	A. They weren't buying it for theirselves.	14	wrong, it would bear on your credibility, correct?
15	Q. Did they get to occupy the property or	15	A. I mean, that was the information I have
16	was it encumbered by a lease to Lowe's who had the	16	is from the tax information, was that the ownership
17	right of occupancy for several more years?	17	was under the name Northcliff Shopping Center.
18	A. It was, but again just answer the	18	Q. From the tax information, you mean the
19	question, right? It was.	19	Recorder's Office or the Auditor's Office?
20	Q. Okay. And so the buyer Cole Lowe's	20	A. The Auditor's Office.
21	Zanesville did not acquire the full bundle of rights,	21	Q. You didn't examine the title, you didn't
22	right?	22	look at whether or not the property had soldbefore
23	A. No, they bought an investment property.	23	you had put in the ownership history that it had
24	Q. They bought something less than the full	24	transferred?
25	bundle of rights, it was the leased fee interest?	25	A. Well, we had checked the Auditor's
23	culture of rights, it was the reason for interest.		The West, We state esteemed the Franker's
	Page 270		Page 272
1	Page 270  A. You're saying less than but why is it	1	Page 272 records to see if it had transferred.
1 2	_	1 2	
1 2 3	A. You're saying less than but why is it less than? The lease can be an advantage to them.	1 2 3	records to see if it had transferred.  Q. But that's not where transfers take
	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's	3	records to see if it had transferred.
3 4	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was	3	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?
3 4 5	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.	3 4 5	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office.
3 4 5 6	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to	3	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office.  Q. Normally on the Auditor's Office
3 4 5 6 7	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a	3 4 5 6 7	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office.  Q. Normally on the Auditor's Office  A. Normally shown on the Auditor's side.
3 4 5 6 7 8	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the	3 4 5 6 7 8	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make
3 4 5 6 7 8 9	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?	3 4 5 6 7 8	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.
3 4 5 6 7 8 9 10	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment	3 4 5 6 7 8 9	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have
3 4 5 6 7 8 9 10	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if	3 4 5 6 7 8 9 10	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?
3 4 5 6 7 8 9 10 11	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.	3 4 5 6 7 8 9 10 11 12	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the
3 4 5 6 7 8 9 10 11 12 13	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed	3 4 5 6 7 8 9 10 11 12 13	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah.
3 4 5 6 7 8 9 10 11 12 13	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no	3 4 5 6 7 8 9 10 11 12 13 14	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H
3 4 5 6 7 8 9 10 11 12 13 14	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?	3 4 5 6 7 8 9 10 11 12 13 14 15	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top
3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again,	3 4 5 6 7 8 9 10 11 12 13 14 15 16	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in that sale because that lease rate was different than	3 4 5 6 7 8 9 10 11 2 13 14 15 16 17 18 19	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you mean the First Deed and Declaration?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in that sale because that lease rate was different than	3 4 5 6 7 8 9 10 11 2 13 14 15 16 17 18 19	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you mean the First Deed and Declaration?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in that sale because that lease rate was different than what we concluded market rent to be.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you mean the First Deed and Declaration?  MR. GIBBS: Yes. It's Appellant's B.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in that sale because that lease rate was different than what we concluded market rent to be.  Q. Now, Miss Blosser, is it typical in your appraisals that you will provide an ownership	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you mean the First Deed and Declaration?  MR. GIBBS: Yes. It's Appellant's B. Q. (By Mr. Gibbs) Do you see at the top of
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in that sale because that lease rate was different than what we concluded market rent to be.  Q. Now, Miss Blosser, is it typical in your	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you mean the First Deed and Declaration?  MR. GIBBS: Yes. It's Appellant's B. Q. (By Mr. Gibbs) Do you see at the top of the second page paragraph H? A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. You're saying less than but why is it less than? The lease can be an advantage to them. So yes, they couldn't occupy it themselves, but it's not you're assuming it's a negative that there was a lease, but the lease doesn't have to be a negative.  Q. So you're saying that with respect to Sale Comparable No. 1, the fact that there was a lease in place with Lowe's was a positive for the buyer?  A. If it's an investment sale or investment type of property, then it's usually a good thing if there's a lease there.  Q. Yeah, but the problem is you're supposed to be valuing the subject property as if there's no lease?  A. At market, at market terms. So, again, that's why adjustments are made to the lease that's in place. That's why we adjusted the lease rate in that sale because that lease rate was different than what we concluded market rent to be.  Q. Now, Miss Blosser, is it typical in your appraisals that you will provide an ownership history?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	records to see if it had transferred.  Q. But that's not where transfers take place, is it? Don't they take place at the Recorder's Office?  A. They're normally on the Auditor's Office. Q. Normally on the Auditor's Office A. Normally shown on the Auditor's side. Q. I want to offer Appellant's B and make sure I have enough copies here.  THE EXAMINER: Mr. Seed, do you have this?  MR. GIBBS: Yeah, I gave him all the exhibits, yeah. Q. (By Mr. Gibbs) If you look at paragraph H at the top  MR. SEED: I don't have it.  MR. GIBBS: At the top of Page 2.  MR. SEED: I have leases for oh, you mean the First Deed and Declaration?  MR. GIBBS: Yes. It's Appellant's B. Q. (By Mr. Gibbs) Do you see at the top of the second page paragraph H?

Parcel 3 to the Lowe's Home Centers, Inc., a North Carolina corporation which Lowe's intends to develop and use in an approximately 135,000 square foot building and related improvements in the area depicted on the site plan."  Q. What's the date that the document was recorded? A. Is that the date on the first page? Q. It's the date that's stamped on the document on the first page.  A. 5-18-99. Q. Okay. Now, if we go to 1-10, who do you say it's owned by? Northcliff? A. That's what the Auditor's records show. Q. But you agree that the Auditor was incorrect and the owner is actually Lowe's Home Centers, LLC? A. We always request information and did not receive any additional information, but if that's what you say. I mean, again, that's what the Auditor 20 thad, was Northcliff Shopping Center. Q. No, it's not what I say. Isn't that what Q. We can agree that you were not correct in  Page 274  That fact stated on I-9? A. Well, the source I had showed Northcliff Shopping Center.  Carolina corporation which Lowe's intends to develop and use in an approximately 135,000 square foot iniends. The in-house.  A. Sometimes they do unless they do it in-house.  Q. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure. Q. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure. Q. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure. Q. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure. Q. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure. Q. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure. Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker paid a commission for that extension?  A. Sometimes they do unless they do it in-house. Q. Wh	
Carolina corporation which Lowe's intends to develop and use in an approximately 135,000 square foot building and related improvements in the area depicted on the site plan."  Q. What's the date that the document was recorded?  A. Is that the date on the first page?  Q. It's the date that's stamped on the document on the first page.  A. 5-18-99.  Q. Okay. Now, if we go to I-10, who do you say it's owned by? Northcliff?  A. That's what the Auditor was incorrect and the owner is actually Lowe's Home Centers, LLC?  A. We always request information and did not receive any additional information, but if that's what you say. I mean, again, that's what the Auditor had, was Northcliff Shopping Center.  Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that.  Q. We can agree that dispance in the area depicted on the site plan."  A. Sometimes they do unless they do it in-house.  Q. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure.  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  A. Sometimes they do unless they do it in-house.  A. Sure.  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  A. Sometimes they do unless they do it in-house.  A. Sure.  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  A. Sometimes they do unless they do it in-house.  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the marke	
and use in an approximately 135,000 square foot building and related improvements in the area depicted on the site plan."  Q. What's the date that the document was recorded?  A. Is that the date on the first page?  Q. It's the date that's stamped on the document on the first page.  A. 5-18-99.  Q. Okay. Now, if we go to I-10, who do you say it's owned by? Northcliff?  A. That's what the Auditor's records show.  Q. But you agree that the Auditor vas incorrect and the owner is actually Lowe's Home receive any additional information, but if that's what the Auditor had, was Northcliff? Shopping Center.  Q. Who it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  A. Sometimes with an extension, they migh have it built in there that they do, but a lot of times, there's not.  Q. Okay. Now, Rent Comp No. 2 on III-10, that's in the Dayton market, isn't it?  A. Yes.  Q. And that store was built in 1994; is that correct?  A. Yes.  Q. So the original lease rate would have been premised on the build to suit costs, correct'  A. Probably.  Q. To your knowledge, was that property evexposed to the market to see what someone mig  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  A. Nort to my knowledge, no.	
building and related improvements in the area depicted on the site plan."  Q. What's the date that the document was recorded?  A. Is that the date on the first page?  A. Is that the date on the first page?  Q. It's the date that's stamped on the document on the first page.  A. 5-18-99.  Q. Okay. Now, if we go to I-10, who do you say it's owned by? Northcliff?  A. That's what the Auditor's records show.  Q. But you agree that the Auditor was incorrect and the owner is actually Lowe's Home cereive any additional information, but if that's what you say. I mean, again, that's what the Auditor had, was Northcliff Shopping Center.  Q. No, it's not what I say. Isn't that what Q. We can agree that you were not correct in that fact stated on I-9?  A. Well, the source I had showed Northcliff?  A. Well, the source I had showed Northcliff?  A. Well, the source I had showed Northcliff?  A. Why is that? Is that in recognition of the fact that the broker has provided a service?  A. Sure.  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  A. Sometimes with an extension, they migh have it built in there that they do, but a lot of times, there's not.  Q. Okay. Now, Rent Comp No. 2 on III-10, that's in the Dayton market, isn't it?  A. Yes.  Q. And that store was built in 1994; is that correct?  A. Yes.  Q. So the original lease rate would have been premised on the build to suit costs, correct' A. Probably.  Q. To your knowledge, was that property exerposed to the market to see what someone mig	
depicted on the site plan."  Q. What's the date that the document was recorded?  A. Is that the date on the first page?  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  Q. Okay. Now, if we go to I-10, who do you say it's owned by? Northcliff?  A. That's what the Auditor's records show.  Q. But you agree that the Auditor was incorrect and the owner is actually Lowe's Home Centers, LLC?  A. We always request information and did not receive any additional information, but if that's what you say. I mean, again, that's what the Auditor had, was Northcliff Shopping Center.  Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that.  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  be fact that the broker has provided a service?  A. Sure.  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  A. Sometimes with an extension, they migh have it built in there that they do, but a lot of times, there's not.  Q. Okay. Now, Rent Comp No. 2 on III-10, that's in the Dayton market, isn't it?  A. Yes.  Q. And that store was built in 1994; is that correct?  A. Yes.  Q. So the original lease rate would have been premised on the build to suit costs, correct'  A. Probably.  Q. To your knowledge, was that property exposed to the market to see what someone mig	
G. What's the date that the document was recorded?  A. Is that the date on the first page?  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market, is it your understanding that a broker ge paid a commission for that extension?  A. 5-18-99.  Q. Okay. Now, if we go to I-10, who do you say it's owned by? Northcliff?  A. That's what the Auditor's records show.  Q. But you agree that the Auditor was incorrect and the owner is actually Lowe's Home Centers, LLC?  A. We always request information and did not receive any additional information, but if that's what you say. I mean, again, that's what the Auditor was the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that.  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  A. Sure.  Q. When it comes to these extensions that are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and the wind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and are kind of hush hush done between Lowe's and landlord and the property's not exposed to the market is ont extension, they migh and the property's not exposed to these extensions that are kind of hush lush done between Lowe's and landlord and the property's not exposed to the market to see extensions that are kind of hush landlord and the property's not exposed to the market to see what someone might and the property's not exposed to the market to see what someone might and the property's not exposed to the market to see what someone might and the property's not extension, they migh and the property's not extension, they migh and the property's not ex	
recorded?  A. Is that the date on the first page?  A. Is that the date that's stamped on the  Q. It's the date that's stamped on the  document on the first page.  10	
A. Is that the date on the first page?  Q. It's the date that's stamped on the document on the first page.  A. 5-18-99.  Q. Okay. Now, if we go to I-10, who do you  12	
9 Q. It's the date that's stamped on the 10 document on the first page. 11 A. 5-18-99. 12 Q. Okay. Now, if we go to I-10, who do you 13 say it's owned by? Northcliff? 14 A. That's what the Auditor's records show. 15 Q. But you agree that the Auditor was 16 incorrect and the owner is actually Lowe's Home 17 Centers, LLC? 18 A. We always request information and did not 19 receive any additional information, but if that's 20 what you say. I mean, again, that's what the Auditor 21 had, was Northcliff Shopping Center. 22 Q. No, it's not what I say. Isn't that what 23 the document that's recorded since 1999 says? 24 A. It is, but I did not have a copy of that. 25 Q. We can agree that you were not correct in 26 page 274 27 Late the document that's stated on I-9? 28 page 276 29 A. Well, the source I had showed Northcliff 20 to take the space? 20 A. Not to my knowledge, no.	the
document on the first page.  10	tiic
11 A. 5-18-99. 12 Q. Okay. Now, if we go to I-10, who do you 13 say it's owned by? Northcliff? 14 A. That's what the Auditor's records show. 15 Q. But you agree that the Auditor was 16 incorrect and the owner is actually Lowe's Home 17 Centers, LLC? 18 A. We always request information and did not 19 receive any additional information, but if that's 20 what you say. I mean, again, that's what the Auditor 21 had, was Northcliff Shopping Center. 22 Q. No, it's not what I say. Isn't that what 23 the document that's recorded since 1999 says? 24 A. It is, but I did not have a copy of that. 25 Q. We can agree that you were not correct in 26 Page 274 27 Los A. Well, the source I had showed Northcliff 28 Page 276 29 Los Okay. Now, Rent Comp No. 2 on III-10, that's in the Dayton market, isn't it? 40 A. Yes. 41 Q. Okay. Now, Rent Comp No. 2 on III-10, that's in the Dayton market, isn't it? 41 A. Yes. 42 Q. And that store was built in 1994; is that correct? 43 A. Yes. 44 Q. So the original lease rate would have been premised on the build to suit costs, correct' 44 A. Probably. 45 Q. To your knowledge, was that property everyosed to the market to see what someone might of that fact stated on I-9? 46 Los Okay. Now, Rent Comp No. 2 on III-10, that's in the Dayton market, isn't it? 47 A. Yes. 48 Q. A. Yes. 49 Q. And that store was built in 1994; is that correct? 49 A. Yes. 40 Q. So the original lease rate would have been premised on the build to suit costs, correct' 40 Q. To your knowledge, was that property every exposed to the market to see what someone might of the page 276 to take the space? 40 A. Well, the source I had showed Northcliff 41 A. Not to my knowledge, no.	
12 Q. Okay. Now, if we go to I-10, who do you 13 say it's owned by? Northcliff? 14 A. That's what the Auditor's records show. 15 Q. But you agree that the Auditor was 16 incorrect and the owner is actually Lowe's Home 17 Centers, LLC? 18 A. We always request information and did not 19 receive any additional information, but if that's 20 what you say. I mean, again, that's what the Auditor 21 had, was Northcliff Shopping Center. 22 Q. No, it's not what I say. Isn't that what 23 the document that's recorded since 1999 says? 24 A. It is, but I did not have a copy of that. 25 Q. We can agree that you were not correct in  Page 274  1 that fact stated on I-9? 2 A. Well, the source I had showed Northcliff  A. Sometimes with an extension, they migh have it built in there that they do, but a lot of times, there's not.  Q. Okay. Now, Rent Comp No. 2 on III-10, that's in the Dayton market, isn't it? A. Yes. Q. A. Yes. Q. And that store was built in 1994; is that correct? A. Yes. Q. So the original lease rate would have been premised on the build to suit costs, correct' A. Probably. Q. To your knowledge, was that property evexposed to the market to see what someone mig	.5
say it's owned by? Northcliff?  A. That's what the Auditor's records show.  Q. But you agree that the Auditor was incorrect and the owner is actually Lowe's Home Centers, LLC?  A. We always request information and did not what you say. I mean, again, that's what the Auditor what you say. I mean, again, that's what the Auditor A. It is, but I did not have a copy of that. Centers it's owned by? Northcliff A. That's what the Auditor was A. We always request information and did not receive any additional information, but if that's A. Yes. A. Yes. A. Yes. A. Yes. Correct? A. Yes. Correct? A. Yes. A. Yes. A. Yes. Correct? A. Yes. Correct A. Yes. Correct Correc	
14 A. That's what the Auditor's records show. 15 Q. But you agree that the Auditor was 16 incorrect and the owner is actually Lowe's Home 17 Centers, LLC? 18 A. We always request information and did not 19 receive any additional information, but if that's 20 what you say. I mean, again, that's what the Auditor 21 had, was Northcliff Shopping Center. 22 Q. No, it's not what I say. Isn't that what 23 the document that's recorded since 1999 says? 24 A. It is, but I did not have a copy of that. 25 Q. We can agree that you were not correct in  Page 274  1 that fact stated on I-9? 2 A. Well, the source I had showed Northcliff  14 times, there's not. 20 Q. Okay. Now, Rent Comp No. 2 on III-10, 15 Q. Okay. Now, Rent Comp No. 2 on III-10, 16 that's in the Dayton market, isn't it? 2 A. Yes. 2 Q. And that store was built in 1994; is that correct? 2 A. Yes. 2 Q. So the original lease rate would have been premised on the build to suit costs, correct' 2 A. Probably. 2 Q. To your knowledge, was that property exposed to the market to see what someone mig	*
Q. But you agree that the Auditor was incorrect and the owner is actually Lowe's Home Centers, LLC?  A. We always request information and did not receive any additional information, but if that's what the Auditor what you say. I mean, again, that's what the Auditor Andrews Andr	
incorrect and the owner is actually Lowe's Home Centers, LLC?  A. We always request information and did not receive any additional information, but if that's what you say. I mean, again, that's what the Auditor A. Yes.  A. Yes.  Q. And that store was built in 1994; is that correct?  what you say. I mean, again, that's what the Auditor A. Yes.  A. Yes.  Q. No, it's not what I say. Isn't that what Calcument that's recorded since 1999 says?  A. It is, but I did not have a copy of that. Calcument that you were not correct in  Page 274  that fact stated on I-9? A. Well, the source I had showed Northcliff  that's in the Dayton market, isn't it? A. Yes. Q. And that store was built in 1994; is that correct? A. Yes. Q. So the original lease rate would have been premised on the build to suit costs, correct A. Probably. Q. To your knowledge, was that property exposed to the market to see what someone might  Page 274  Page 276  to take the space? A. Not to my knowledge, no.	
Centers, LLC?  A. We always request information and did not receive any additional information, but if that's what you say. I mean, again, that's what the Auditor had, was Northcliff Shopping Center.  Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that.  Q. We can agree that you were not correct in  Page 274  that fact stated on I-9?  A. Yes.  Q. And that store was built in 1994; is that correct?  Q. A. Yes.  Q. So the original lease rate would have been premised on the build to suit costs, correct?  A. Probably.  Q. To your knowledge, was that property exposed to the market to see what someone might be appeared to the market to see what someone might be appeared.  Page 274  A. Well, the source I had showed Northcliff  A. Yes.  Q. And that store was built in 1994; is that correct?  A. Yes.  Q. So the original lease rate would have been premised on the build to suit costs, correct?  A. Probably.  Q. To your knowledge, was that property exposed to the market to see what someone might be appeared.  Page 276  A. Well, the source I had showed Northcliff  A. Not to my knowledge, no.	
A. We always request information and did not receive any additional information, but if that's what you say. I mean, again, that's what the Auditor had, was Northcliff Shopping Center.  Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that.  Q. We can agree that you were not correct in  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  Q. And that store was built in 1994; is that correct?  A. Yes.  Q. So the original lease rate would have been premised on the build to suit costs, correct' A. Probably.  Q. To your knowledge, was that property exposed to the market to see what someone might be appeared to take the space?  A. Well, the source I had showed Northcliff  A. Not to my knowledge, no.	
receive any additional information, but if that's what you say. I mean, again, that's what the Auditor had, was Northcliff Shopping Center. Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says? A. It is, but I did not have a copy of that. Q. We can agree that you were not correct in  Page 274  that fact stated on I-9? A. Well, the source I had showed Northcliff  receive any additional information, but if that's correct? A. Yes. Q. So the original lease rate would have been premised on the build to suit costs, correct A. Probably. Q. To your knowledge, was that property exposed to the market to see what someone might	
what you say. I mean, again, that's what the Auditor had, was Northcliff Shopping Center.  Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that. Q. We can agree that you were not correct in  Page 274  that fact stated on I-9? A. Well, the source I had showed Northcliff  A. Yes. Q. So the original lease rate would have been premised on the build to suit costs, correct' A. Probably. Q. To your knowledge, was that property exercises to the market to see what someone might be appeared to the market to see what someone might be appeared to take the space?  A. Well, the source I had showed Northcliff  A. Not to my knowledge, no.	
had, was Northcliff Shopping Center.  Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that.  Q. We can agree that you were not correct in  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  Page 276  Q. So the original lease rate would have been premised on the build to suit costs, correct'  A. Probably.  Q. To your knowledge, was that property exposed to the market to see what someone might be exposed to the market to see what someone might be a companyed been premised on the build to suit costs, correct'  A. Probably.  Page 276  to take the space?  A. Not to my knowledge, no.	
Q. No, it's not what I say. Isn't that what the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that. Q. We can agree that you were not correct in  Page 274  that fact stated on I-9? A. Well, the source I had showed Northcliff  Pege 276  Let been premised on the build to suit costs, correct' A. Probably.  Q. To your knowledge, was that property exemposed to the market to see what someone might to take the space?  A. Not to my knowledge, no.	
the document that's recorded since 1999 says?  A. It is, but I did not have a copy of that.  Q. We can agree that you were not correct in  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  A. Probably.  Q. To your knowledge, was that property every exposed to the market to see what someone might are to take the space?  A. Not to my knowledge, no.	
A. It is, but I did not have a copy of that.  Q. We can agree that you were not correct in  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  P. A. It is, but I did not have a copy of that.  P. Q. To your knowledge, was that property every exposed to the market to see what someone might	i
25 Q. We can agree that you were not correct in  Page 274  that fact stated on I-9?  A. Well, the source I had showed Northcliff  Page 276  to take the space?  A. Not to my knowledge, no.	
Page 274  Page 276  that fact stated on I-9?  A. Well, the source I had showed Northcliff  Page 276  to take the space?  A. Not to my knowledge, no.	
that fact stated on I-9?  A. Well, the source I had showed Northcliff  A. Not to my knowledge, no.	ıt pay
2 A. Well, the source I had showed Northcliff 2 A. Not to my knowledge, no.	
2 A. Well, the source I had showed Northcliff 2 A. Not to my knowledge, no.	
	. 2
Q. But nonetheless, it was not correct; is 4 is not so much an example of market based active	
5 that fair to say? 5 the result of exposure to the market, it's more an	
6 A. Yes. 6 extension of an existing lease; is that correct?	
Q. May I have it back? Thank you.  7  A. But it's a current negotiation between a	
8 I want to take a look at your rent comps, 8 landlord and a tenant.	
9 Miss Blosser. We already discussed Rent Comparable 9 Q. Right, but there's all the discussion in	
No. 1. Would you agree that's a build to suit?  10 your appraisal and most appraisals about exposu	re
11 A. Yes. 11 time; are you familiar with that concept?	
12 Q. Okay. And that 12 A. Sure.	
13 A. Again, that was the recently negotiated 13 Q. Now, exposure time is important to be	
price. 14 sure that when a sale transacts, it wasn't some que	ick
15 Q. Right. The one that you call an 15 fire sale or dump of the property, that everybody	
16 extension, correct? 16 might be interested in the property to buy saw the	
17 A. Correct. 17 property? Isn't that kind of the purpose of expos	
	пС
A. I do not know of any, no.  Q. Why isn't the same true when you're	.a.t
Q. You didn't inquire with the party that looking at rent comps? Why is it okay for a tena	
you confirmed the lease data with?  22 and landlord to get together to decide what kind	
A. No. 23 financial deal they're going to do, but it's not oka	y
Q. When a new tenant is brought to a 24 for a tenant and landlord to get together and sell	
landlord who has a space available by a broker, 25 one another properties without exposing it to the	

	Page 277		Page 279
1	market? Why is it different for leases?	1	exposure, exposure to the market, exposure time, and
2	A. Well, a tenant and landlord wouldn't	2	I asked you why that's something that's necessary to
3	normally be selling the property. The landlord would	3	examine with respect to sales but that you didn't
4	be selling the property, so, again, the tenant in	4	feel it was necessary to examine it with respect to
5	this case did not have to stay in place. There was a	5	your rent comps; do you remember that question?
6		6	A. Yes.
	negotiation between the tenant and the landlord to		
7	come up with a new agreeable lease. So it isn't like	7	Q. Okay. What if pursuant to that right of
8	the building was empty and we had brokers showing it	8	first refusal in Rent Comp No. 2, the one in Dayton,
9	day in and day out, but we did have a meeting of the	9	what if before the landlord could sell it, they had
10	minds of the landlord and the tenant.	10	offered it to Lowe's pursuant to extension, Lowe's
11	Q. You had the lease for Comp No. 2, you	11	buys it?
12	have that lease?	12	A. Okay.
13	A. I do not.	13	Q. Good sale? Would you use it? Would you
14	Q. So the information you have is	14	consider that having been exposed to the market?
15	secondhand; is that right?	15	A. Typically not.
16	A. Correct.	16	Q. So why would you consider this lease
17	Q. I do have the leases. It's marked as	17	negotiation or extension between the tenant who's
18	Appellant D. As with the other lease I asked you	18	already there and the landlord has been their
19	about, are you aware that Lowe's in exchange for this	19	landlord for 20 years and built a store for them, why
20	extension they signed, they got a new roof,	20	would you consider that to have been a market
21	\$250,000 allowance for a new roof?	21	transaction?
22	A. No, but, again, the landlord was	22	A. Because, again, you're looking at an
23	responsible for the roof and the structural expenses,	23	investment grade property which is based on a lease
24	so that is kind of typical for that to be happening,	24	and that was a new renegotiation between a landlord
25	that the landlord is going to take care of the roof.	25	and a tenant that occurred within an appropriate time
	Page 278		Page 280
1		1	
1	Q. But you didn't know about it in advance,	1 2	period of the date of value. So in my mind, I see no
1 2 3	Q. But you didn't know about it in advance, is that true, until I gave you that lease?	1 2 3	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.
3	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page	3	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the
3 4	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof	3 4	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why
3 4 5	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.	3 4 5	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that
3 4 5 6	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an	3 4	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?
3 4 5 6 7	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?	3 4 5 6 7	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.
3 4 5 6 7 8	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known	3 4 5 6 7 8	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for
3 4 5 6 7 8 9	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.	3 4 5 6 7 8	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?
3 4 5 6 7 8 9 10	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the	3 4 5 6 7 8 9	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a
3 4 5 6 7 8 9 10 11	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one	3 4 5 6 7 8 9 10	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.
3 4 5 6 7 8 9 10 11 12	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this	3 4 5 6 7 8 9 10 11	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent
3 4 5 6 7 8 9 10 11 12	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.	3 4 5 6 7 8 9 10 11 12	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's
3 4 5 6 7 8 9 10 11 12 13	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.	3 4 5 6 7 8 9 10 11 12 13 14	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were
3 4 5 6 7 8 9 10 11 12 13 14	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a	3 4 5 6 7 8 9 10 11 12 13 14 15	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage
3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?	3 4 5 6 7 8 9 10 11 12 13 14 15 16	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?
3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of	3 4 5 6 7 8 9 10 11 12 13 14 15 16	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.  Q. Okay. So you yourself called it an	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then their rent was probably higher.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.  Q. Okay. So you yourself called it an extension, right? You didn't use the word lease	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then their rent was probably higher.  Q. That's not my question. My question is
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.  Q. Okay. So you yourself called it an extension, right? You didn't use the word lease commencement, you used extension, right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then their rent was probably higher.  Q. That's not my question. My question is did you adjust for it?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.  Q. Okay. So you yourself called it an extension, right? You didn't use the word lease commencement, you used extension, right?  A. Correct.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then their rent was probably higher.  Q. That's not my question. My question is did you adjust for it?  A. I don't think it needs to be adjusted
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.  Q. Okay. So you yourself called it an extension, right? You didn't use the word lease commencement, you used extension, right?  A. Correct.  Q. Is that correct?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then their rent was probably higher.  Q. That's not my question. My question is did you adjust for it?  A. I don't think it needs to be adjusted for.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.  Q. Okay. So you yourself called it an extension, right? You didn't use the word lease commencement, you used extension, right?  A. Correct.  Q. Is that correct?  A. Correct.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then their rent was probably higher.  Q. That's not my question. My question is did you adjust for it?  A. I don't think it needs to be adjusted for.  Q. But you didn't know it in advance,
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. But you didn't know about it in advance, is that true, until I gave you that lease?  A. I guess it's stated right here on Page III-10 that the landlord is responsible for the roof and the structural expenses.  Q. Right, but are you saying you made an adjustment for the \$250,000 that Lowe's received?  A. No, I'm just saying that it was known that the landlord was responsible for the roof.  Q. Are you aware that as part of the extension and it's there, I guess I didn't give one to Miss Cowne I apologize, I have so much of this floating around. This is D.  THE EXAMINER: Thank you.  Q. Are you aware that Lowe's also acquired a right of first refusal under this amendment?  A. No, but, again no, I'm not aware of that.  Q. Okay. So you yourself called it an extension, right? You didn't use the word lease commencement, you used extension, right?  A. Correct.  Q. Is that correct?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	period of the date of value. So in my mind, I see no reason why that's not an appropriate Rent Comp.  Q. So if the landlord's responsible for the roof as you state here at the bottom of III-10, why did the landlord gives Lowe's \$250,000 in that amendment? Why didn't they just fix the roof?  A. I don't know.  Q. But you didn't make an adjustment for that?  A. I was not aware of that. I didn't have a copy of the lease.  Q. So did you make an adjustment to Rent Comp No. 1, No. 2 or No. 3, all of which are Lowe's leases, for the fact that when the extensions were signed, that Lowe's no longer had to pay percentage rent? Did you make adjustment for any of those?  A. That would actually be a negative because if they were getting percentage rent before, then their rent was probably higher.  Q. That's not my question. My question is did you adjust for it?  A. I don't think it needs to be adjusted for.

	Page 281		Page 283
1	A. No, but I again, the rent, what you're	1	Q. A new extension. So like 1, 2 and 3,
2	trying to do is establish what is a reasonable market	2	this Sam's building in Brooklyn was not exposed in
3	rent now, and those are the rents that they're	3	the market to see what the market would bear in terms
4	paying, so they are currently paying the 595 or the	4	of rent; is that correct?
5	whatever. So those are rents that that tenant is	5	A. Correct, it was negotiated between the
6	willing to pay, and those are recently renegotiated	6	
		7	landlord and the tenant.
7	rent, so I do feel that those are appropriate	/	Q. Anything we should know about with
8	Rent Comps.	8	respect to I don't represent them, so I don't have
9	Q. You say you're trying to develop or	9	the lease, but anything we should know about with
10	determine market rent?	10	respect to roof replacement allowances or rights of
11	A. Correct.	11	first refusals that were inserted at the extension?
12	Q. So the first thing you do is look at	12	A. The tenant is responsible for all the
13	three rent comps, 1, 2 and 3, that were never exposed	13	extension expenses with the exception of the roof.
14	to the market, is that what you're telling us?	14	They did a bunch of work in 2011.
15	A. They're still negotiated between a	15	Q. Okay. Do you have any rents at all from
16	landlord and a tenant. I don't think that's out of	16	existing properties that were available to a
17	line. Yes, it wasn't a retail that was open and	17	prospective tenant?
18	available to anybody to use, but it's an excellent	18	A. Yes.
19	example of what somebody when what a tenant in a	19	Q. Which one?
20	125,000 square foot building, that tenant is willing	20	A. Well, again, there's the conversation
21	to pay that.	21	that's on Page III-6 talk about some available spaces
22	Q. Not unless you're relying on them having	22	in the market.
23	not known about the roof replacement allowance,	23	Q. Those were the ones you didn't actually
24	having not known about the elimination of the	24	provide the studies or anything, they're not actually
25	percentage rent obligation and having not known about	25	here; is that what you're telling me?
	Page 282		Page 284
1	the right of first refusal that was inserted; is that	1	A. They're asking rents.
2	the right of first refusal that was inserted; is that correct?	1 2	<ul><li>A. They're asking rents.</li><li>Q. You mean the one that's like 38,000</li></ul>
2		3	A. They're asking rents. Q. You mean the one that's like 38,000 square feet?
2 3 4	correct?	1	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's
2	correct?  A. Again, that doesn't necessarily matter	3	A. They're asking rents. Q. You mean the one that's like 38,000 square feet?
2 3 4	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if	3 4	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's
2 3 4 5	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now	3 4 5	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed
2 3 4 5 6	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the	3 4 5	A. They're asking rents.  Q. You mean the one that's like 38,000 square feet?  A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's
2 3 4 5 6 7	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?	3 4 5 6 7	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well.
2 3 4 5 6 7	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at	3 4 5 6 7 8	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu
2 3 4 5 6 7 8 9	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.	3 4 5 6 7 8 9	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes.
2 3 4 5 6 7 8 9 10	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in	3 4 5 6 7 8 9	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that
2 3 4 5 6 7 8 9 10 11	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.	3 4 5 6 7 8 9 10 11	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot?
2 3 4 5 6 7 8 9 10 11 12	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is	3 4 5 6 7 8 9 10 11 12 13	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct.
2 3 4 5 6 7 8 9 10 11 12 13	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?	3 4 5 6 7 8 9 10 11 12 13	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right?
2 3 4 5 6 7 8 9 10 11 12 13 14	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14 15	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.  Q. Okay. And the rental rate is \$9.25 a	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes Q. Am I correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.  Q. Okay. And the rental rate is \$9.25 a square foot?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes Q. Am I correct? A. Yes, you're correct.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.  Q. Okay. And the rental rate is \$9.25 a square foot?  A. Right.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes Q. Am I correct? A. Yes, you're correct. Q. Thank you. Now, Valu King was only
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.  Q. Okay. And the rental rate is \$9.25 a square foot?  A. Right.  Q. Now, is that one of the lease options	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes Q. Am I correct? A. Yes, you're correct. Q. Thank you. Now, Valu King was only paying 5 bucks on the assessment date, did you know
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.  Q. Okay. And the rental rate is \$9.25 a square foot?  A. Right.  Q. Now, is that one of the lease options that was put in place back in 1988?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes Q. Am I correct? A. Yes, you're correct. Q. Thank you. Now, Valu King was only paying 5 bucks on the assessment date, did you know that?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.  Q. Okay. And the rental rate is \$9.25 a square foot?  A. Right.  Q. Now, is that one of the lease options that was put in place back in 1988?  A. It was a new extension that was signed in	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes Q. Am I correct? A. Yes, you're correct. Q. Thank you. Now, Valu King was only paying 5 bucks on the assessment date, did you know that? A. It was older lease, yeah.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	correct?  A. Again, that doesn't necessarily matter because, again, an appraisal assumes a sale. So if now  Q. Is it correct that you didn't know?  A. I didn't know, but it doesn't impact the way the rent is being achieved right now.  Q. I can move on then. I wanted to look at Rent Comp No. 4 at III-12. This is that Sam's in Brooklyn, right?  A. Correct.  Q. This was a build to suit back in 1988; is that right?  A. Yes.  Q. Okay. And this property is a little larger than the subject; is that right?  A. It is.  Q. Okay. And the rental rate is \$9.25 a square foot?  A. Right.  Q. Now, is that one of the lease options that was put in place back in 1988?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. They're asking rents. Q. You mean the one that's like 38,000 square feet? A. Well, there's one that's 50,000, there's one at 38 and there's one at 31 which are bracketed by other comps that have been used in Mr. Racek's appraisal as well. Q. Yeah, the 50,000, isn't that the Valu King? A. Yes. Q. That's right. You mentioned that that space is available for 10 bucks a foot? A. Correct. Q. No takers so far, right? A. It's available. It's an asking rent. Q. No one's taking them up on the \$10 offer, correct? A. Well, that's an asking, sometimes Q. Am I correct? A. Yes, you're correct. Q. Thank you. Now, Valu King was only paying 5 bucks on the assessment date, did you know that?

	Page 285		Page 287
1	-	1	
7	A. No, most of mine were recent extensions.		starting up with
2	Q. So that space that Valu King was in, the	2	Q. Why didn't you say white box if that's
3	50,000 square foot space was worth more than 5 bucks, why didn't Valu King just sublease it out to somebody	3	what you meant? I'm looking at Page III-15. Now,
4	who was willing to pay 6 or 6.50 or you say 10?	4 5	this Rental No. 7, this space was available, correct?
5	A. I don't think what Valu King's thinking		It's a former Kmart space; is that correct?
6 7	was, but the landlord has it now and asking \$10 a	6	A. It was part of a former Kmart space.
8	square foot for it.	8	•
9	Q. Well, they couldn't make it at 5, though,	9	Q. And Arhaus or their broker came to the landlord and said we want to be here; is that fair to
10	right?	10	·
11	A. That may be a business decision, not	11	say? A. Right.
12	Q. But you don't know it to be a business	12	Q. They said we want you here, we'll build
13	decision?	13	the space out for you, it's going to be 7 and a
14	A. No, but I know they're asking \$10 a	14	quarter; is that right?
15	square foot.	15	A. Right.
16	Q. And yet these extensions that Lowe's	16	Q. But didn't we discuss the fact that
17	signs, those aren't business decisions, right? Those	17	Hilliard is a stronger market?
18	are market activity, that's lease activity?	18	A. We haven't talked about Hilliard.
19	A. It's between just like the asking is	19	Hilliard's a high population, high income, but
20	we haven't agreed to a rent but we're asking \$10,	20	Brooklyn has I think I'm pretty sure the
21	then you have to agree to it; whereas, the	21	population around the Hilliard one is lower than
22	extensions, they have actually agreed to that. No,	22	around the Brooklyn one. The population around the
23	they didn't have to stay there, they could have left.	23	Hilliard one is 84,000, where we're 149,000.
24	Q. I'm sure they're not thinking at all	24	Q. Yeah, but isn't the household income like
25	about how much money it would cost them to shut don	25	80- or \$90,000?
	about now much money it would out along to shar don		00 01 \$20,000.
	Page 286		Page 288
1	Page 286 their store in that part of the country for two	1	Page 288 A. It's \$79,000 versus \$40,000.
1 2	their store in that part of the country for two years, they're not thinking about that at all, right?	1 2	
1 2 3	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are	1 2 3	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?
3 4	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a	3 4	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.
3	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to	3 4 5	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.
3 4	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent	3 4	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on
3 4 5 6 7	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to	3 4 5 6 7	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot
3 4 5 6 7 8	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.	3 4 5 6 7 8	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?
3 4 5 6 7 8 9	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used.	3 4 5 6 7 8	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We
3 4 5 6 7 8 9	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used.  A. No, they're not.	3 4 5 6 7 8 9	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on
3 4 5 6 7 8 9 10	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right?	3 4 5 6 7 8 9 10	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.
3 4 5 6 7 8 9 10 11	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to	3 4 5 6 7 8 9 10 11	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of
3 4 5 6 7 8 9 10 11 12 13	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents	3 4 5 6 7 8 9 10 11 12 13	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?
3 4 5 6 7 8 9 10 11 12 13	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave	3 4 5 6 7 8 9 10 11 12 13 14	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were
3 4 5 6 7 8 9 10 11 12 13 14 15	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are	3 4 5 6 7 8 9 10 11 12 13 14 15	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis. Q. What's a turnkey deal?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.  Q. What's a turnkey deal? A. Turnkey is basically means that you walk	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?  A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.  Q. What's a turnkey deal? A. Turnkey is basically means that you walk in and you don't have to do anything to it.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?  A. Yes.  Q. He asked you about this Ashley Furniture
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.  Q. What's a turnkey deal? A. Turnkey is basically means that you walk in and you don't have to do anything to it. Q. You have your shelving there, you got	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that. You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?  A. Yes.  Q. He asked you about this Ashley Furniture lease that's in the same parking lot with us at 486 a
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.  Q. What's a turnkey deal? A. Turnkey is basically means that you walk in and you don't have to do anything to it. Q. You have your shelving there, you got your point of sale equipment there?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?  A. Yes.  Q. He asked you about this Ashley Furniture lease that's in the same parking lot with us at 486 a foot?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.  Q. What's a turnkey deal? A. Turnkey is basically means that you walk in and you don't have to do anything to it.  Q. You have your shelving there, you got your point of sale equipment there? A. No, no, no, not that much. It's white	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?  A. Yes.  Q. He asked you about this Ashley Furniture lease that's in the same parking lot with us at 486 a foot?  A. Right.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.  Q. What's a turnkey deal? A. Turnkey is basically means that you walk in and you don't have to do anything to it. Q. You have your shelving there, you got your point of sale equipment there? A. No, no, no, not that much. It's white box. It's ready for you to move in.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that. You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?  A. Yes.  Q. He asked you about this Ashley Furniture lease that's in the same parking lot with us at 486 a foot?  A. Right.  Q. He was laying it on pretty thick at that
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	their store in that part of the country for two years, they're not thinking about that at all, right?  A. I'm looking at what I feel are appropriate market rents, so you obviously have a different opinion and I think it's up to the Board to decide what's correct, but I feel like recent extensions of very similar buildings are absolutely some of the best rent comps.  Q. Yeah, they're the only things you used. A. No, they're not. Q. There is this Arhaus furniture, right? A. Well, again, we gave consideration to Costar rent, we gave consideration to these rents that we talked about on Brookpark Road and we gave consideration to the big box. All of those are considered in our analysis.  Q. What's a turnkey deal? A. Turnkey is basically means that you walk in and you don't have to do anything to it.  Q. You have your shelving there, you got your point of sale equipment there? A. No, no, no, not that much. It's white	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. It's \$79,000 versus \$40,000.  Q. Doesn't matter about population when you've got people making double and triple, right?  A. Again, population has a big part of that.  You've got a lot of people that can go to your store.  Q. So you must have put a lot of weight on this one because it's 7 and a quarter per square foot and that was your adopted rental rate, right?  A. I think that's kind of coincidental. We weighed all the rent comps. The grid you can find on Page III-19.  Q. And it's, what, a third of the size of the subject, 41,000 feet?  A. It was one of eight comps that were considered and yes, that one was smaller.  Q. Do you remember Mr. Seed asking you whether you looked at Mr. Racek's appraisal?  A. Yes.  Q. He asked you about this Ashley Furniture lease that's in the same parking lot with us at 486 a foot?  A. Right.

	Page 289		Page 291
1	A. I think I said that you have to look and	1	find vacant strip centers as your comps. You would
2	see what's there, and, again, we used some smaller	2	look at leased comps.
3	ones, too.	3	And to make a different decision because
4	Q. Right, so this one in Hilliard at 7 and a	4	it happens to be single tenant versus multi-tenant, I
5	quarter is only a third the size. Economies of	5	see no reason for that whatsoever.
6	scales would suggest that the subject would be	6	Q. So you deliberately excluded a large
7	something less than that, correct?	7	number of the sales that Costar produced with your
8	A. Well, but you also got Comp 4 which is at	8	parameters, the 55,000 square feet or up and the 2011
9	\$9.25 which is nearly the same square feet.	9	to present, you deliberately excluded all but two of
10	Q. Which was never exposed to the market?	10	the 20 because they were vacant; is that correct?
11	A. Again, it was negotiated between the	11	A. I did not feel like they were the best
12	landlord and the tenant.	12	sales, and I've explained why, and I believe they're
13	Q. Would you agree that the economies of	13	appropriate.
14	scale would tend to suggest that the \$7.25 is not	14	Q. The only explanation I've heard is that
15	appropriate for the subject property?	15	they were vacant. Were there other reasons?
16	A. Well, we did a size adjustment, so again,	16	A. Again, we picked again, the ten that
17	there were adjustments that were made on Comp 7. It	17	were focused on were felt to be the most applicable
18	was considered to have an inferior location and a	18	sales.
19	superior size. So those were offsetting. So at the	19	Q. Why doesn't that skew your analysis when
20	end of the day, yes, we concluded around \$7.25 on	20	80 percent of the sales you used sold in a different
21	that one single comp.	21	legal interest when you have all this data available.
22	Q. So Hilliard's an inferior location to	22	Doesn't that skew your analysis high?
23	Brooklyn, Ohio; is that correct?	23	A. It think it skews it way the other way
24	A. Based on population. Based on all the	24	when you assume everything is vacant and you're
25	characteristics, yes.	25	distressed. I mean, again, that is not my
	characteristics, yes.		distressed. I mount, again, that is not my
	Page 290		Page 292
1	_	1	-
1	MR. GIBBS: Just one second, your Honor.	1	understanding of what market value is in this
1 2 3	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure.	1 2 3	understanding of what market value is in this situation because, again, you are not assuming it's
3	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to	3	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you
3 4	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as	3 4	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.
3 4 5	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to	3 4 5	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.
3 4	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you	3 4 5	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're
3 4 5 6 7	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of	3 4 5 6 7	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying
3 4 5 6 7 8	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they	3 4 5 6 7 8	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to
3 4 5 6 7 8 9	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales?	3 4 5 6 7 8 9	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.
3 4 5 6 7 8 9 10	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just	3 4 5 6 7 8 9 10	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm
3 4 5 6 7 8 9 10	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales?  A. Well, again, the original table was just kind of showing an analysis of kind of a global	3 4 5 6 7 8 9 10 11	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I
3 4 5 6 7 8 9 10 11	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales?  A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box.	3 4 5 6 7 8 9 10 11	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost.
3 4 5 6 7 8 9 10 11 12	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales?  A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right.	3 4 5 6 7 8 9 10 11 12	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm
3 4 5 6 7 8 9 10 11 12 13	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building	3 4 5 6 7 8 9 10 11 12 13	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the
3 4 5 6 7 8 9 10 11 12 13 14	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in	3 4 5 6 7 8 9 10 11 12 13 14	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To
3 4 5 6 7 8 9 10 11 12 13 14 15 16	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the	3 4 5 6 7 8 9 10 11 12 13 14 15	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison
3 4 5 6 7 8 9 10 11 12 13 14 15 16	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales?  A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that	3 4 5 6 7 8 9 10 11 12 13 14 15 16	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales?  A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that were the ones that had that same type of dynamics	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach  Q. I haven't asked that question. You're
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that were the ones that had that same type of dynamics going to it.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach  Q. I haven't asked that question. You're giving answers that are not responsive to my
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that were the ones that had that same type of dynamics going to it. They were first generation. They were	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach  Q. I haven't asked that question. You're giving answers that are not responsive to my question.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that were the ones that had that same type of dynamics going to it. They were first generation. They were being used by the original user. They weren't	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach  Q. I haven't asked that question. You're giving answers that are not responsive to my question.  A. I disagree. I think I answered your
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that were the ones that had that same type of dynamics going to it.  They were first generation. They were being used by the original user. They weren't distressed. Because again, in my mind, if you are	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach  Q. I haven't asked that question. You're giving answers that are not responsive to my question.  A. I disagree. I think I answered your question.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that were the ones that had that same type of dynamics going to it.  They were first generation. They were being used by the original user. They weren't distressed. Because again, in my mind, if you are saying that the best comp is a vacant comp, I think	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach  Q. I haven't asked that question. You're giving answers that are not responsive to my question.  A. I disagree. I think I answered your question.  Q. Did you disregard 18 out of the 20 sales
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. GIBBS: Just one second, your Honor. THE EXAMINER: Sure. Q. (By Mr. Gibbs) Miss Blosser, we have to know why you used eight out of ten improved sales as leased fee when you had so many fee simple sales to choose from. How did you What was the process you used to move those fee simple sales you located of which there were 20 off of that table so that they weren't used as one of the improved sales? A. Well, again, the original table was just kind of showing an analysis of kind of a global effect of what's happening on big box. Q. Right. A. But I have a first generation building being used by the original tenant, the building is in good condition, it's in a good location, and the sales that were considered most comparable to that were the ones that had that same type of dynamics going to it.  They were first generation. They were being used by the original user. They weren't distressed. Because again, in my mind, if you are	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	understanding of what market value is in this situation because, again, you are not assuming it's vacant and distressed. You are not assuming you should not be assuming a go dark value.  Q. Who said distressed? That's not my word.  A. That's what happening, though. If you're looking at a 40-year-old Kmart store and saying that's my best comp because it's fee simple, that to me is skewing it totally the other way.  Again, if I'm doing market value, I'm going to do an income approach and in this case I do all three approaches, I do income, sales and cost. In my income approach, I'm applying market rent, I'm applying market vacancy and I'm applying all the market parameters and I'm coming up with a value. To turn around and then in the sales comparison approach  Q. I haven't asked that question. You're giving answers that are not responsive to my question.  A. I disagree. I think I answered your question.

	Page 293		Page 295
1	A. I selected the ten sales that I thought were	1	that true?
	most representative.	2	A. Well, that's why I did the example I did
2 3	Q. And eight of those sold in a different legal	3	earlier. Just because something is leased doesn't
J 1	interest, correct?	4	make it superior. If I got something that's leased
4	A. Which was adjusted for.	5	
5	Q. Now, isn't it true that even the leased		on a 15-year lease for a dollar, how is that superior
4 5 6 7	fee sales in the sales comparison approach on VI-32	6	to one that is leased for \$10 for five years?
		7	Q. Let me ask you about a hypothetical. If
8 9	were for the most part adjusted upward; isn't that true?	8	we have two identical boxes in Brooklyn, Ohio
	I mean, look at Sale No. 7 on VI-32, the Lowe's	9	situated right next to one another with the same
10	at Brice Road, that's only a \$51 sale, and you end up at	10	highway exposure, they're both 100,000 square feet,
11	\$88 in your value conclusion.	11	both built in 1998, one of them's leased to Barney's
12	A. Right.	12	Bargain Barn for \$9 triple net, okay. The next one
13	Q. So you must have adjusted that up tremendously	13	on a two-year lease, two years remaining, the one
14	<del></del>	14	next door is leased to Lowe's Home Centers at \$7.50 a
15	A. You're assuming everything is going to 88	15	foot with 19 years remaining. Which one brings more
16	and that's not what's happening. I'm saying here's my	16	money on the market?
17	sales and here's what it sold for, it sold for 51, I	17	A. Well, I would do a discounted cash flow
18	think it's going to be above that because it's inferior	18	and I'd try to figure out how long I think it's going
19	for location, it's inferior for rent, and therefore, my	19	to take to lease the Barney's after the lease expires
20	value should be higher than that. I'm	20	and at what market rent. And then I look at the
21		21	valuation between the two.
21		22	
22	7,7		Because it's two different things.
23 24		23	You've got a long-term lease that you're getting
24		24	\$7 rent for on the leased fee, maybe I have two years
25		25	that are above market, but then I may have an issue
	Page 294		Page 296
1	talk about that one?	1	where I can't lease it up again for a while, and
	talk about that one?  Q. Here's what I want to ask you about now	1 2	where I can't lease it up again for a while, and maybe when I lease it up again, it will be at \$7 a
	Q. Here's what I want to ask you about now	1 2 3	maybe when I lease it up again, it will be at \$7 a
2 3	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said		= =
2 3 4	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate	3 4	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.
2 3 4 5	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33	3 4 5	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true
2 3 4 5 6	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the	3 4	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?
2 3 4 5 6 7	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you	3 4 5 6 7	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to
2 3 4 5 6 7	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?	3 4 5 6 7 8	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all
2 3 4 5 6 7 8 9	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.	3 4 5 6 7 8 9	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.
2 3 4 5 6 7 8 9	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale,	3 4 5 6 7 8 9	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the
2 3 4 5 6 7 8 9 10	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.	3 4 5 6 7 8 9 10 11	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights
2 3 4 5 6 7 8 9 10 11	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment	3 4 5 6 7 8 9 10 11	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says
2 3 4 5 6 7 8 9 10 11 12	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes	3 4 5 6 7 8 9 10 11 12	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you
2 3 4 5 6 7 8 9 10 11 12 13	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that	3 4 5 6 7 8 9 10 11 12 13 14	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there	3 4 5 6 7 8 9 10 11 12 13 14 15	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a	3 4 5 6 7 8 9 10 11 12 13 14 15 16	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted based on the rental rate from what they were renting	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent appropriate to adjust those rents to market, and the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted based on the rental rate from what they were renting for when they sold versus the conclusion of market	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted based on the rental rate from what they were renting for when they sold versus the conclusion of market rent.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent appropriate to adjust those rents to market, and the market is based on what we've established in market rent.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted based on the rental rate from what they were renting for when they sold versus the conclusion of market rent.  Q. So rather than adjusting them downward	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent appropriate to adjust those rents to market, and the market is based on what we've established in market rent.  Q. Right, but how does adjusting upward for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted based on the rental rate from what they were renting for when they sold versus the conclusion of market rent.  Q. So rather than adjusting them downward for the fact that these are leased that are subject	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent appropriate to adjust those rents to market, and the market is based on what we've established in market rent.  Q. Right, but how does adjusting upward for occupancy when you've got the two properties that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted based on the rental rate from what they were renting for when they sold versus the conclusion of market rent.  Q. So rather than adjusting them downward for the fact that these are leased that are subject to long-term leases which made them attractive to	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent appropriate to adjust those rents to market, and the market is based on what we've established in market rent.  Q. Right, but how does adjusting upward for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Here's what I want to ask you about now because this Supreme Court at Steak 'n Shake has said it's the fact that it's leased, not the rental rate that makes them sell for more. I'm looking at VI-33 and I see that you took a leased fee sale of the Zanesville Lowe's for 95 bucks a foot and you adjusted it upwards \$20 to 115; isn't that correct?  A. Yes.  Q. You took another leased fee sale, Sale No. 76, you took that one up 40 bucks to 112.  A. Right. Again, it's an investment Q. I just want to get if it's correct. Yes or no. Sale No. 3 is another leased fee sale that you took down a little bit and that was because there was a discrepancy in the rental rate, there was a differential in the rental rate, correct?  A. On all of those, those are being adjusted based on the rental rate from what they were renting for when they sold versus the conclusion of market rent.  Q. So rather than adjusting them downward for the fact that these are leased that are subject to long-term leases which made them attractive to	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	maybe when I lease it up again, it will be at \$7 a square foot. So the value may be the same by the time I do a discounted cash flow.  Q. I'm lost but I'll move on. Isn't it true that your adjustments were rent based?  A. Yes, and if you go back to Q. They weren't property right based at all despite your letter.  A. No, no, no, because what does the Appraisal Institute say about property rights adjustment? It says Q. I'm asking you MR. SEED: Would you let her finish the answer? You asked her a question. Let her finish it, please.  A. The property rights adjustment is based on occupancy and rent. So it's 100 percent appropriate to adjust those rents to market, and the market is based on what we've established in market rent.  Q. Right, but how does adjusting upward for occupancy when you've got the two properties that

	Page 297		Page 299
1	A. Because you're assuming market, and market	1	A. Again, I think it boils down to what
2	occupancy was determined at 93 percent. Market	2	you're saying fee simple is, which you're assuming
3	occupancy is not zero percent.	3	it's vacant, and, therefore, it's a negative or it's
	Q. No. If occupancy is 93 percent, then the full bundle of rights is not available as is required to be in the	4	you have to put somebody in there. And again, the
: i	applied sale?	5	definition of fee simple is not that.
	A. Then why in the income approach do we	6	If you go back to the Appraisal
,	include a vacancy and credit loss? Mr. Racek includes a	7	Institute, it says if you're doing an owner occupied
3	vacancy and credit loss and so do I.	8	building and you're doing it fee simple, you look at
)	Q. Right. I don't understand the connection.	9	market. So market isn't that it's sitting there
.0	A. Because that's what you're doing, you're doing		vacant. Market is that it's at market terms.
	market. You're doing market rent, market occupancy. You	10	
1	can't ignore that from one approach to the other, and that's	11	Q. But the subject property is owner
2	what you're saying I should do. Q. Right, but you projected as if leased at	12	occupied, it's not vacant.
3	market terms.	13	A. Again, going back to what does it say, it
4	A. Correct.	14	says rent for vacant or owner occupied space is
5	Q. But unencumbered means no lease.	15	usually estimated at market rent levels and
6	A. That is incorrect.	16	distinguished from contract rent in the income
7	A. That is incorrect.  Q. So you did not testify that a lease is an	17	analysis. Fee simple valuation, all rentable space
.8	encumbrance?	18	is estimated at market.
9	A. But if you're looking for fee simple market value,	19	Q. How does an owner occupant acquire a
0	you're not assuming it's vacant and	20	building? How does a business owner who needs a
1		21	space to occupy, how do they acquire a building? Do
22		22	they buy it from a landlord who has a tenant in
:3		23	place?
:4		24	A. No, they'll buy a building.
2.5		25	Q. That's right. So there's a market for
			8
	Page 298		Page 300
-	available, you're assuming it's at market.	1	that, right?
	Q. Okay. One minute, your Honor.	2	A. For different types of buildings.
3	THE EXAMINER: Sure. Off the record.	3	Certainly not as much for retail buildings.
:	(Off the record.)	4	Q. You had 20 of those sales, didn't you?
)	THE EXAMINER: Back on the record.	5	You had 20 sales of properties that were vacant and
	Q. (By Mr. Gibbs) Did you make a downward	6	available; is that correct?
,	adjustment to the sales that were 100 percent	7	A. Again, I picked the sales that I felt
3	occupied? I can't remember.	8	were most applicable for what the subject is, where
)	A. Yes.	9	it is and what it is and when it was built.
.0	Q. I'm not asking to trap you. I really	10	Q. Did you receive Mr. Racek's appraisal
.1	don't really remember.	11	report from Mr. Seed before you wrote your own?
2	A. Yes, as shown on VI-32, occupancy, a	12	A. No, I don't think so. No, I got it
.3	hundred percent was given a minus adjustment.	13	recently.
			Q. Okay. So did you know what the assessed
. 4	Q. Miss Blosser, isn't it true that the	14	
_	Appraisal Institute would have you utilize whenever	15	value was?
	possible comparables that sold in the same legal	16	A. Yes.
6		17	Q. Okay. Did Mr. Seed tell you what
6 7	interest that you're asked to appraise?		Mr. Racek's appraisal was valued at?
6 7 8	A. It just says you have to adjust. It	18	
.6 .7 .8 .9	A. It just says you have to adjust. It doesn't you're just supposed to find the best	18 19	A. No. Like I said, I think he said it
.6 .7 .8 .9	A. It just says you have to adjust. It doesn't you're just supposed to find the best comparables and then adjust them.	18	A. No. Like I said, I think he said it after we finished our
.6 .7 .8 .9 .0	A. It just says you have to adjust. It doesn't you're just supposed to find the best comparables and then adjust them.  Q. Why go out of your way to find	18 19	A. No. Like I said, I think he said it
.6 .7 .8 .9 .0	A. It just says you have to adjust. It doesn't you're just supposed to find the best comparables and then adjust them.	18 19 20	A. No. Like I said, I think he said it after we finished our
.6 .7 .8 .9 .20 .21	A. It just says you have to adjust. It doesn't you're just supposed to find the best comparables and then adjust them.  Q. Why go out of your way to find	18 19 20 21	A. No. Like I said, I think he said it after we finished our Q. But you did get it before you testified
15 16 17 18 19 20 21 22 23	A. It just says you have to adjust. It doesn't you're just supposed to find the best comparables and then adjust them.  Q. Why go out of your way to find comparables that sold in a different legal interest	18 19 20 21 22	A. No. Like I said, I think he said it after we finished our Q. But you did get it before you testified today?

	Page 301		Page 303
1	THE EXAMINER: Let's go off the record	1	believe, the Huntington Center.
2	for just a second.	2	A. Yes.
3	(Off the record.)	3	Q. So if you were appraising the Huntington
4	THE EXAMINER: Let's go back on the	4	Center, do you have to assume there's no tenants in
5	record. Mr. Seed, any redirect?	5	the building?
6	MR. SEED: I do.	6	A. No, assuming it's at market rent, market
7		7	occupancy.
8	REDIRECT EXAMINATION	8	Q. But if you were assuming for valuing the
9	By Mr. Seed:	9	property under the analysis Mr. Gibbs has that it's
10	Q. We've had a lot of questions. Mr. Gibbs	10	vacant, okay, an office building being vacant would
11	sort of asked you to assume that you're valuing the	11	mean there's no tenants.
12	property as if there's no lease. Do you recall those	12	A. Correct.
13	questions?	13	Q. It's 100 percent vacant?
14	A. Yes.	14	A. Correct.
15	Q. He brought up the Streetsboro Wal-Mart.	15	Q. Would an office building and an apartment
16	Do you recall that?	16	that's 100 percent vacant have a significantly
17	A. Right.	17	different value than one at market occupancy?
18	Q. Deed restricted vacant building?	18	A. Yes, it would.
19	A. Yes.	19	Q. Why?
20	Q. So let's look at it this way, if that was	20	A. Because you're not getting any income.
21	the case, if you were appraising an apartment	21	You've got to fill the property back up. You've got
22	building, okay, would you assume for tax purposes	22	to lease the property out. And that may take if
23	that there are no tenants in the property?	23	it's vacant on apartments, it may take months, could
24	A. Absolutely not. You would assume market	24	take years. So if you're assuming it's vacant,
25	rent, market vacancy, you would evaluate what the	25	you're totally coming up with a value that is of no
	,, , , ,		,
	Page 302		Page 304
1	comparables what's happening in the market.	1	reflection of market terms.
2	Q. So apartment building has tenants, right?	2	Q. If an apartment building and office
3	A. Correct.	3	building were 100 percent occupied, would you have to
4	Q. So are leases, are leases with an	4	you make an accommodation for occupancy at market
5	apartment, are those encumbrances?		• •
_	apartment, are mose encumorances?	5	occupancy?
6	A. Yes.	5 6	occupancy? A. Yep.
	-		occupancy?
6 7 8	A. Yes.		occupancy? A. Yep. Q. If the office building had a single tenant paying a billion dollars a year of rent or a
6 7 8 9	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct?	6 7 8 9	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an
6 7 8 9 10	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct.	6 7 8	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?
6 7 8 9 10 11	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in	6 7 8 9 10 11	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on
6 7 8 9 10 11	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building?	6 7 8 9 10	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it.
6 7 8 9 10 11 12	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct.	6 7 8 9 10 11	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going
6 7 8 9 10 11 12 13	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant?	6 7 8 9 10 11 12 13	A. Yep. Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment? A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm
6 7 8 9 10 11 12 13 14	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct.	6 7 8 9 10 11 12 13 14	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So
6 7 8 9 10 11 12 13 14 15	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income?	6 7 8 9 10 11 12 13 14 15	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream
6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct.	6 7 8 9 10 11 12 13 14 15 16	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is.
6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my	6 7 8 9 10 11 12 13 14 15 16 17	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is.  Q. Are you aware of Ohio law which provides
6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my theory. I literally read from statutes here in Ohio.	6 7 8 9 10 11 12 13 14 15 16 17 18	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is.  Q. Are you aware of Ohio law which provides that fee simple in Ohio law is to be valued the same
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my theory. I literally read from statutes here in Ohio. It's not a theory.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is.  Q. Are you aware of Ohio law which provides that fee simple in Ohio law is to be valued the same whether the interest is encumbered by a lease or not?
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my theory. I literally read from statutes here in Ohio. It's not a theory. MR. SEED: Let's go on.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is.  Q. Are you aware of Ohio law which provides that fee simple in Ohio law is to be valued the same whether the interest is encumbered by a lease or not?  A. I'm not a lawyer and I don't know. Like
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my theory. I literally read from statutes here in Ohio. It's not a theory. MR. SEED: Let's go on. THE EXAMINER: Understood. Objection	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is.  Q. Are you aware of Ohio law which provides that fee simple in Ohio law is to be valued the same whether the interest is encumbered by a lease or not?  A. I'm not a lawyer and I don't know. Like I said, I valued it, what I thought was appropriate
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my theory. I literally read from statutes here in Ohio. It's not a theory. MR. SEED: Let's go on. THE EXAMINER: Understood. Objection noted.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yep. Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment? A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is. Q. Are you aware of Ohio law which provides that fee simple in Ohio law is to be valued the same whether the interest is encumbered by a lease or not? A. I'm not a lawyer and I don't know. Like I said, I valued it, what I thought was appropriate based on market value fee simple.
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my theory. I literally read from statutes here in Ohio. It's not a theory. MR. SEED: Let's go on. THE EXAMINER: Understood. Objection noted. Q. (By Mr. Seed) An office building, okay,	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	occupancy?  A. Yep.  Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment?  A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is.  Q. Are you aware of Ohio law which provides that fee simple in Ohio law is to be valued the same whether the interest is encumbered by a lease or not?  A. I'm not a lawyer and I don't know. Like I said, I valued it, what I thought was appropriate based on market value fee simple.  Q. Are you aware of those Supreme Court
6 7 8 9 10 11 12 13 14 15 16 17 18 20 21 22 23	A. Yes. Q. So under Mr. Gibbs' theory, you would have to disregard any lease in the apartment building, correct? A. Correct. Q. You have to assume there's no tenants in the building? A. Correct. Q. That's a hundred percent vacant? A. Correct. Q. Has no income? A. Correct. MR. GIBBS: Objection. It's not my theory. I literally read from statutes here in Ohio. It's not a theory. MR. SEED: Let's go on. THE EXAMINER: Understood. Objection noted.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yep. Q. If the office building had a single tenant paying a billion dollars a year of rent or a dollar a year of rent, would you have to make an adjustment? A. Sure, because again you're basing it on what that property's worth for somebody to buy it. If I'm going to get a dollar for rent, I'm not going to pay very much, but if I'm getting a billion, I'm going to be real happy, I'm going to pay a lot. So your value has to be based on what the income stream coming from that real estate is. Q. Are you aware of Ohio law which provides that fee simple in Ohio law is to be valued the same whether the interest is encumbered by a lease or not? A. I'm not a lawyer and I don't know. Like I said, I valued it, what I thought was appropriate based on market value fee simple.

			Troccedings
	Page 305		Page 307
1	A. I believe you had mentioned them to me.	1	the day you're valuing it.
2	Q. Two more questions, and I'll be done. If	2	Q. Disregarding the dollar a year rent or
3	we were having a case today and it was a Lowe's but	3	the hundred dollar a year excuse me, the dollar a
4	it was a leased Lowe's, say there was a landlord,	4	square foot rent or the hundred dollar a square foot
5	there's no recent sale but there's a lease in place,	5	rent, is that what it means by valuing the property
6	and the lease is a dollar a year of rent or the lease	6	as if it's unencumbered?
7	is a hundred million dollars a year in rent, okay,	7	A. Yes. Yes, you're taking it to fee simple
8	how would you have handled this assignment or	8	at market. You're not doing a leased fee.
9	would you have done anything differently?	9	Q. So fee simple at market, does that mean
10	A. No. Again, you're going out and you're	10	valuing the property at market rent, market
11	finding out what's reasonable market value. And if	11	occupancy?
12	those were sales that you were looking at, then you'd	12	A. Yes.
13	have to make an adjustment because obviously if the	13	Q. The fee simple at market mean the value
14	buyer is getting a property that is getting way above	14	of the property as if it's vacant and abandoned?
15	market rent, they're going to be willing to pay above	15	A. No. Again, somebody can ask you for
16	market, so you again, have to have a lot of downward	16	that, but if they're asking for fee simple value at
17	adjustments for that sale and vice versa if they're	17	market, it is not vacant and available.
18	paying a dollar in rent and market's \$8 in rent,	18	Q. Page VI-32. There's a column called
19	you're going to adjust it up trying to get to market.	19	Property Rights; do you see that?
20	Q. If the rent was \$100 a square foot in	20	A. Yes.
21	that lease, would you have to disregard that lease	21	Q. Do you see a zero in every adjustment?
22	and use market rents?	22	A. I'm well familiar with that, yes.
23	A. Are you doing it as a sale comp or a	23	Q. Based on your discussion and the letter
24	Rent Comp?	24	Exhibit 10, can you just for the last time, have you
25	Q. In valuing the property.	25	made a property rights adjustment in this report?
	Page 306		Page 308
1	A. If you're doing a leased fee value,	1	A. Yes, because property rights adjustment
2	you're looking at what the actual lease is, but if	2	is dealing with economic characteristics like rent
3	you're doing fee simple, you're going to ignore the	3	and occupancy, and those adjustments were made in the
4	in-place lease and you're going to assume market	4	final two columns before the conclusion column at the
5	rent.	5	right side of the chart on VI-33. That takes care of
6	Q. So if it's \$100 a square foot, you ignore	6	your property rights adjustment.
7	the market rent?	7	Q. So this is essentially a mistake or a
8	A. You're going to say that's not at market.	8	typo?
9	You're going to say that's above market, so you're	9	A. It definitely was a mistake to have not
10	going to go find out market and use market rent to do	10	indicated what was being done.
11	a reasonable value.	11	Q. A couple more. Mr. Gibbs asked you a
12	Q. If it's a dollar a square foot, you	12	question about adjusting a rent for the absence of
13	ignore that lease?	13	percentage rent; do you recall that?
14	A. Again, if you're doing fee simple and not	14	A. Yes.
15	leased fee, yes.	15	Q. Leases can have base rent and percentage
16	Q. So that's for a leased property?	16	rent?
17	A. Correct.	17	A. Yes.
18	Q. Now, our subject property is owner	18	Q. Do they often have both?
19	occupied, okay. Why would you value the property any	19	A. Yes, a lot of times.
20	differently if it's owner occupied or if it's leased?	20	Q. If a landlord and tenant agree to
21	A. You shouldn't. You should be looking at	21	decrease or strike the percentage rent, what does
22	market value. You should be looking at market rent	22	that mean?
23	comps. You should be looking at market occupancy.	23	A. Again, from an appraisal standpoint,
24	You want to determine what is reasonable for that	24	you're appraising it based on the income stream. So
25	building the way it was sitting the day you saw it,	25	to me, whatever that negotiated rent that they came
		1	

	Page 309		Page 311
1	to, that's that's what the rent is, that's what	1	A. Sure, or renegotiate or sign a new lease,
2	you're saying basing it on. If there had been higher	2	yes.
3	percentage rent historically, then maybe your rent	3	Q. Do office tenants typically look at the
4	was higher.	4	market to see what their options are?
5	Again, percentage rent is kind of an	5	A. Sure.
6	unknown. Unless you have a lot of evidence that	6	Q. And what market rent is?
7	they've actually been getting percentage rent, even	7	A. Sure.
8	if they have a percentage rent clause, a lot of times	8	Q. Do landlords look at the market to see
9	from an appraisal, you don't give a lot of weight to	9	what market rent is?
10	that income because it's unpredictable, but the	10	A. Sure. There's a lot of factors that go
11	actual rental rate that they're getting, that is kind	11	in but yes.
12	of the crux of what you're basing the value on.	12	Q. For apartments, would the landlord and
13	That's what the known rent you're getting.	13	tenant look at the market
14	Q. Mr. Gibbs asked you about some rent	14	A. Yes.
15	comps, Lowe's rent comps. In those cases, was the	15	Q at the time of renewal? Okay.
16	landlord responsible for capital improvements?	16	So Mr. Gibbs asked you that assuming
17	A. Yes, typically at least the roof and the	17	that strike that.
18	structure, yes.	18	MR. SEED: I'm done with my questions.
19	Q. So Mr. Gibbs showed you some documents	19	THE EXAMINER: Okay. No further
20	and asked you some questions about roof replacements	20	questions, Miss Blosser, you may step-down.
21	that you may or may not have been aware of.	21	THE WITNESS: Thank you.
22	A. Right.	22	THE EXAMINER: With that, I assume the
23	Q. Does that affect your conclusion of	23	parties would like a briefing schedule after the
24	market rents?	24	hearing today. I also do have the exhibits to deal
25	A. I don't think it does because, again, we	25	with. I have Appellant's Exhibits A through F, any
	Page 310		Page 312
1	know what rent they were basing it on. And we know	1	objection, Mr. Seed?
2	what the rent was that they put in the place and	2	MR. SEED: No.
3	that's what we're comparing. It's normal for the	3	THE EXAMINER: Then we'll receive
4	landlord to take care of the roof and structure,	4	Appellant's Exhibits A through F.
5	that's part of a typical lease. The more concern is	5	(EXHIBITS ADMITTED INTO EVIDENCE.)
6	what was the rental rate that they were getting on a	6	THE EXAMINER: I also have Appellees'
7	price per square foot.	7	Exhibits 1 through 10. Any objection, Mr. Gibbs?
8	Q. So if the renewal or the extension	8	MR. GIBBS: Only those I already put on
9	included a provision for concrete work on the	9	the record, I would like to preserve those but
10	foundation, that wouldn't affect your conclusion?	10	THE EXAMINER: We'll receive those with
11	A. In my mind, no, again, because you're	11	the objections noted on the record.
12	assuming kind of especially if that money is paid	12	(EXHIBITS ADMITTED INTO EVIDENCE.)
13	up front, that's already passed. And you're kind of	13	THE EXAMINER: With that I will set the
14	stepping in now and the rent you're getting is the	14	briefly schedule as follows: Initial briefs, if any,
15	\$5.25 per square foot or whatever, so that's already	15	due on January 5th, any replies on February 2nd.
16	in the past. And you're looking what's my value	16	That work for everyone?
17	based on what's going on.	17	MR. SEED: Appellant goes January 5th?
18	Q. Let me see if I have another question.	18	THE EXAMINER: Right, any initial briefs
19	Lastly, a number of your lease comps have a lot of	19	from any party.
20	your sale comps have leases that were renegotiated?	20	MR. SEED: Simultaneous for both parties?
21	A. Correct.	21	THE EXAMINER: Yes. January 5th and
22	Q. Mr. Gibbs asked you questions about that	22	February 2nd.
23	as if they were not exposed on the open market, okay.	23	With that, if there is nothing further at
24	Now, when an office tenant has a lease but the end of	24	this time, we will conclude the hearing.
25	that lease, an office tenant can renew that lease?	25	MR. GIBBS: Thanks.

Page 313  (The hearing was concluded at 5:00 p.m.)   (The hearing was concluded at 5:00 p.m.)
2 3 4 5 5 6 6 7 8 9 9 10 11 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Page 314
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Page 314
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Page 314
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Page 314
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Page 314
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Page 314
10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25  Page 314
10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25  Page 314
12 13 14 15 16 17 18 19 20 21 22 23 24 25
13 14 15 16 17 18 19 20 21 22 23 24 25  Page 314
14 15 16 17 18 19 20 21 22 23 24 25
15 16 17 18 19 20 21 22 23 24 25
16 17 18 19 20 21 22 23 24 25
17 18 19 20 21 22 23 24 25
18 19 20 21 22 23 24 25
19 20 21 22 23 24 25
21 22 23 24 25 Page 314
22 23 24 25 Page 314
25 Page 314
25 Page 314
25 Page 314
Page 314
1 CERTIFICATE
2 I do hereby certify that the foregoing is
a true and correct transcript of the proceedings
4 taken by me in this matter on Monday, November 13,
5 2017, and carefully compared with my original stenographic notes.
taken by me in this matter on Monday, November 13, 2017, and carefully compared with my original stenographic notes.
8
9 Cynthia L. Cunningham
10
12
11 12 13
14
15
16 17
18
19
20
21
22
L C C C C C C C C C C C C C C C C C C C
20 21 22 23 24 25

## TRANSCRIPT 7

The subject property discussed in this transcript is a corporate campus consisting of multiple parcels.

## Page 1 Page 3 INDEX BEFORE THE BOARD OF TAX APPEALS STATE OF OHIO 3 WITNESSES: PAGE 4 Tom O'Mallev Columbus City Schools Board of: Direct Examination by Mr. Bernert 10 Education, Cross-Examination by Ms. Allison Redirect Examination by Mr. Bernert 42 Appellant, Redirect Exam by Mr. Bernert (cont'd) 146 Recross-Examination by Ms. Allison 150 : Case Nos. 2017-278. VS. Ronald Eberly : 2017-279, 2017-280, 8 Direct Examination by Mr. Bernert 46 Franklin County Board of : 2017-293, 2017-295, Cross-Examination by Ms. Allison 59 : 2017-296, 2017-297, Revision, et al., 9 Redirect Examination by Mr. Bernert 64 Recross-Examination by Ms. Allison 65 2017-298 10 Redirect Examination by Mr. Bernert 67 Appellees. Thomas D. Sprout 11 Direct Examination by Ms. Allison 80 Cross-Examination by Mr. Bernert 12 Examination by the Hearing Officer 123 Redirect Examination by Ms. Allison 125 **PROCEEDINGS** 13 Recross-Examination by Mr. Bernert 143 before Temeka M. Higgins, Hearing Examiner, at the 14 Board of Tax Appeals, Rhodes State Office Tower, 15 EXHIBITS IDENTIFIED ADMITTED 30 East Broad Street, Columbus, Ohio, called at 9:00 1 - Conveyance Fee Statement 16 a.m. on Wednesday, November 15th, 2017. and Deed 41 152 2 - Lease Agreement 3 - Cushman & Wakefield appraisal 79 17 4 - Summary notes of Mr. Sprout 132 152 18 19 42 A - Lease Amendment 72 20 E - March 14, 2014 letter ARMSTRONG & OKEY, INC. F - Partial Purchase and Sale 72 21 Agreement G - 1-1-2013 and 1-1-2014 222 East Town Street, Second Floor 47 72 Columbus, Ohio 43215-5201 Appraisals 22 (614) 224-9481 - (800) 223-9481 H - 1-1-2015 Appraisal 23 I - First Amendment to Lease 72 24 25 \*\*\* NO EXHIBITS B, C, or D \*\*\* Page 2 Page 4 APPEARANCES: 1 1 Wednesday Morning Session, 2 Baker Hostetler 2 November 15th, 2017. Edward Bernert, Esq. 3 Karen E. Sheffer, Esq. 3 200 Civic Center Drive, Suite 1200 4 (EXHIBIT MARKED FOR IDENTIFICATION.) Columbus, Ohio 43215-4138 4 5 HEARING EXAMINER: This is a hearing Ebernert@bakerlaw.com 6 before the Board of Tax Appeals, State of Ohio, 5 Ksheffer@bakerlaw.com On behalf of JDM II SF National, 7 6 relative to an appeal styled Columbus City Schools LLC, and LSERF 2 Tractor Reo(Direct), LLC. 8 Board of Education, Appellant, versus the Franklin 9 County Board of Revision, et al., Appellees, having 8 Rich & Gillis Law Group 10 been assigned consolidated Case Nos. 2017-278, Kim Allison, Esq. 9 6400 Riverside Drive, Suite D 11 2017-279, 2017-280, 2017-293, 2017-295, 2017-296, Dublin, Ohio 43017 12 2017-297, and 2017-298. 10 13 This hearing is being convened in the On behalf of the County Appellee. 11 14 offices of the Board of Tax Appeals before 15 Attorney-Examiner Temeka M. Higgins, at approximately 12 16 9:07 a.m. on November 15th, 2017. 13 14 17 Will the Board of Education's counsel 15 18 please enter her appearance by name, mailing address, 16 19 and telephone number? 17 20 18 MS. ALLISON: Kim Allison with Rich & 19 21 Gillis Law Group, 6400 Riverside Drive, Suite D, 20 22 Dublin, Ohio 43017. Telephone (614) 228-5822. 2.1 23 And we are here this morning on behalf 22 23 24 of the Board of Education of the Columbus City School 24 25 District. 2.5

## Page 5 Page 7 HEARING EXAMINER: Thank you very much, because they are the real party in interest, and it's 2 clear in the records that they are the ones that have Ms. Allison. And would the property owner's counsel 3 to pay the tax. please enter his appearance by name, mailing address, We are authorized to represent JDM, but 5 and telephone number? for that purpose of ensuring that the -- there's a 6 MR. BERNERT: Thank you, your Honor. fair treatment with respect to these taxes. Ted Bernert, 200 Civic Center Drive, Suite 1200, 7 These are appraisal cases, these are not Columbus, Ohio 43215, (614) 262-6887, on behalf of 8 sale cases. It's interesting there was no discussion JDM II SF National, LLC, and State Farm. 9 of what the law is. 10 10 MS. SHEFFER: Karen Sheffer. I'm with This is 2013, so with 2013 it means that 11 Baker & Hostetler. The address and my phone 11 it's fee simple, unencumbered. And so what the court 12 number -- my address is the same as Mr. Bernert's. 12 said with respect to sales has to be taken into My phone number is (614) 462-4727. I'm here on 13 13 account that it was talking about 2012. 14 behalf of the Appellees. 14 And Terrazzo 8 tells us that we are 15 HEARING EXAMINER: Thank you very much. 15 going to be using a fee simple, unencumbered, and on 16 Ms. Allison, would you like to make a 16 that basis the second sale is the same as the first 17 17 brief opening? in terms of its weight. 18 MS. ALLISON: Sure. Thank you. 18 We will present additional testimony 19 Just for purposes of clarification of 19 about that, and then we get into what this case is the record, State Farm is not a party to these 20 20 about, which is the appraisals. 21 proceedings as they are not the property owner. I 21 MS. ALLISON: At this point we would 22 just want to make that clear. We've seen this issue 22 make a motion to preclude State Farm from 23 23 on several other cases before the Board. participating in the cases. They are simply the In this case we have a sale of the 24 24 tenant, they are not the owner of the subject 25 subject property on April 7th of 2014 for 25 property. Page 6 Page 8 \$26,100,000. The Board of Education filed increased This court has specifically held that a complaints for tax years 2013, '14, and '15. 2 tenant does not have a right to participate in the 3 At issue before the BOR are actually two proceedings before this Board, it is the property 4 owner who has the exclusive right to participate. separate sales. There was a prior sale which the Supreme Court has ruled was a sale/leaseback and not 5 We would also ask that any exhibits indicative of value. But in their decision they submitted on their behalf be stricken from the indicated that the second sale was presumed to be the record. best evidence of value, subject to rebuttal. 8 MR. BERNERT: Your Honor, we represent So we are here this morning. The Board 9 JDM, too. We have a witness from JDM II. You've got 10 of Revision increased the value for the subject 10 jurisdiction for -property for tax years 2014 and '15 to the respective MS. ALLISON: I thought you said you 11 11 12 sale prices. For 2013 they rejected Mr. Pickering's 12 were just here on behalf of State Farm. 13 appraisal, and instead retained the auditor's value. 13 MR. BERNERT: No, I said specifically 14 So we are just here today to argue that 14 that I do represent them for the sole purpose of 15 the -- for all three tax years, the April 2014 sale 15 presenting the case, and I have the chief operating is the best evidence of value. 16 officer and general counsel for JDM here to testify. 16 17 17 There's been no evidence to rebut the MS. ALLISON: So are you representing recency or arm's length nature of the sale, and we both entities, is that what you're saying? 18 18 19 will be asking the Board to increase the value to MR. BERNERT: That is correct. 19 20 \$26,100,000 for all three years. Thank you. 20 MS. ALLISON: Okay. Then I'll withdraw 21 HEARING EXAMINER: Thank you very much, 21 my motion. 22 Ms. Allison. 22 HEARING EXAMINER: Ms. Allison, would 23 Mr. Bernert or Ms. Sheffer? 23 you like to present your case in chief? 24 MR. BERNERT: No. I'll respond. 24 MS. ALLISON: We have submitted to the 25 25 So we're here on behalf of State Farm Board what has been marked as Appellant's Exhibit 1,

Page 9 Page 11 which consists of the Deed and Conveyance Fee Q. And what are your -- just a little bit 2 Statement, showing that the property sold on about what are your responsibilities with JDM. April 7th, 2014 for \$26,100,000. This exhibit was 3 A. I am the chief operating officer and the also presented below, so it's also contained in the 4 general counsel. So any transaction that we 5 statutory transcript. undertake, I'm the general counsel. I supervise 6 The Board of Revision found that this outside counsel. 7 sale was a recent arm's length transaction. We will I oversee and supervise every purchase 8 be glad to address the legal arguments in our brief, and sale transaction. And then once we acquire 9 but just to note, Terrazzo did not say that appraisal properties, I manage those properties to the extent 10 trumps a sale, Terrazzo said you still must first 10 they need management, and just essentially oversee 11 rebut the sale. So that's our position, and we'll be 11 the properties while we own them. 12 12 Q. Would you give us a little bit of your happy to address it in our brief. 13 13 HEARING EXAMINER: So at this time educational work background, please? 14 14 you're just admitting Appellant's Exhibit 1? A. Sure. I received my undergraduate 15 MS. ALLISON: Please. 15 degree in 1987 from University of Kansas. I had a 16 HEARING EXAMINER: Mr. Bernert, would 16 Bachelor of Science in business. I then attended the 17 17 you like to proceed with your case in chief? University of Arizona and obtained my law degree in 18 MR. BERNERT: Thank you, your Honor. We 18 19 would begin by calling Tom O'Malley. 19 Q. Thank you. So tell us a little bit 20 HEARING EXAMINER: Mr. O'Malley, if you 20 about JDM, how it operates. 21 would take a seat, please. Is that your stuff up 21 A. JDM is a 60-year-old company. Our 22 history is really two-fold. We own most of the 22 there? 23 23 professional sports franchises in Phoenix. Owned and MR. O'MALLEY: It is. 24 HEARING EXAMINER: All right. If you'd 24 operated all of the facilities, constructed the 25 raise your right hand, I'd like to swear you in. 25 arena, constructed the ballpark. Page 10 Page 12 Do you swear or affirm that the So it was a combination of running 2 testimony you are about to provide to the Board today sports franchises, but also a real estate management is the truth and nothing but the truth? 3 company. MR. O'MALLEY: I do. 4 The other arm of our company is a real 5 HEARING EXAMINER: Thank you very much. estate -- we call it a real estate development company. We have done everything from buying bare land, we have built our own buildings, we have Tom O'Malley, being first duly sworn, as prescribed by law, was 8 purchased existing buildings, we have purchased examined and testified as follows: 9 brand-new buildings. 10 DIRECT EXAMINATION 10 And so over the course of our history we By Mr. Bernert: 11 11 have done just about every type of real estate that 12 Q. Would you please state your name and 12 is available. Q. So talk about the type of investments 13 business address, please? 13 14 A. Sure. Tom O'Malley. Business address 14 that you engage in. 15 is 2400 East Arizona Biltmore Circle, Building 2, 15 A. Over our -- the course of our history we Suite 1270, Phoenix, Arizona 85018. 16 16 have owned everything. Again, we're currently the 17 largest landowner in Arizona. We own almost 40,000 17 O. And what is -- what is the business that 18 you're engaged in, what company are you with? 18 acres of undeveloped land. It's the next city that 19 A. I'm with JDM Partners, LLC. 19 will be developed in Arizona. 20 Q. Okay. And JDM II SF National, LLC, what 20 We have owned resorts, we have owned 21 21 golf courses, we have owned offices. Again, we own 22 A. That is a subsidiary of ours. 22 all of the baseball arenas and basketball arenas. We Q. And do you have responsibility for the 23 23 developed kind of a mini city in Colorado, everything subsidiaries as well? 24 24 from residential, to office, to retail, to 25 25 A. I do. hospitality.

Page 13

Our current business is really a real estate equity investment business focused almost entirely on office product. We do own some industrial product.

We have owned some residential, some multifamily apartments, but we're predominantly an office investment company.

What we do is we identify properties to purchase. We then enter into a purchase contract, and then we go out to investors to bring in money to invest alongside of us. We close the transaction and then we operate the properties to the extent they require it.

Q. So what would your operation involve with the property that we're talking about, which is in Columbus, Ohio?

A. This property is what's called a triple net, or absolute triple net lease. The tenant is responsible for virtually a hundred percent of the building.

My job is to have a relationship with the tenant, understand what they are doing to operate the property, but we have very little -- we have no operational responsibilities to this property other than just continuing our relationship with the Page 15

The higher the credit rating the more likely it is this tenant is going to fulfill their obligations. So when we go out to buy a property, if we have a tenant like State Farm, which is an AA credit rating, there's almost none of them left anymore, it tells us, it tells our lenders, and tells our investors that they are the highest level of probability of paying their rent, paying their obligations.

And that's really important to us, because our job is to go out for ourselves and our investors, invest in properties where we have an extremely high likelihood of getting repaid, and repaying our debt and paying a profit to our investors.

Q. What is the focus on a single tenant, where is that important?

A. For us -- and there's multiple different ways to invest in property. For us, we are looking for a long-term investment. We don't want to deal with multiple tenants.

We want to have one tenant that we know, one tenant that we trust, one tenant that takes care of the property.

Our -- our strength, as you would, is

Page 14

tenant.

Q. So what is the importance of the tenant in the investment that you made here, please?

A. In our types of investments it's the key issue. We buy -- the focus of our business right now is to buy single tenant, credit tenant, triple net leases.

So we are looking for properties where there is only one tenant. That tenant has a very high credit rating, and that tenant will be responsible for the operation of the building.

And so with the property in New Albany, the tenant was the primary, and really the sole issue that we looked at when we acquired it.

Q. Why is the credit rating of the tenant important?

A. The credit rating of the tenant is issued by third party credit companies, usually Standard & Poor's and Moody's.

And in a very simple sense, what a credit rating tells the world is what is the strength of their credit, what is the strength of their financials, and frankly, what is the likelihood that they will repay their debt or they will pay their obligations.

Page 16

not multiple tenant properties where some come, some go, you're re-leasing, you're reletting, you're out marketing, you're having to redo your building.

We want one tenant buildings where they are going to be there for a long time. We don't have to go out and resell the building, don't have to relet the building. We focus on one tenant.

So we do not invest typically, and currently we don't have any multi-tenant buildings.

Q. Would you compare and contrast your involvement as a company with a multi-tenant property versus a single tenant property in terms of your participation and involvement?

A. Yeah. So a multi-tenant property, even if it's two -- a lot of them are more than that -- you have different term leases. You have leases that expire, then you have open office space. You have to go hire a broker to market it to someone else.

You have space that's unrentable, and not paying rent for a while. You typically have to go in and remodel those spaces. There are companies that are very good at doing that. That's not what we do, and that's not what we look for.

So we are not in the business of having buildings that fluctuate in occupancy. Our buildings

## Page 17 are typically a hundred percent occupied, and we know for a period of 10 to 20 years that that is not going to change. So for us, it is simply find the right tenant, purchase the building, and sit for a period of time while that tenant operates the building, takes care of the building, and pays rent. O. Is the length of the lease important to you? 10 A. It's really important to us. And the length of the lease really changes the dynamic of the 11 12 building. 13 If we were to buy even a credit tenant 14 building or a building with a credit tenant in it, if there's one or two or three years left on the lease, 15 even though it's a credit tenant, you would typically 16 17 look at that as a building that's going to require upgrading. It's going to require new tenants. 18 19 You're not sure if they are going to renew. So that 20 would be a speculative type purchase. For us, if we can go out 10, 15, 20 21 years, we know in our minds that we don't have to 22 think about reletting the building, we don't have to 23 24 think about remodeling the building for a long period 25 of time, and that makes it a different type of Page 18 investment. 2 2 To us it's a long term, almost bond like 3 investment, rather than having to worry about them moving out or renewing or having to go find new 4 5 tenants. Q. Have you heard of the expression 6

Page 19

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

8

9

10

1 1

12

13

14

15

16

17

18

19

20

21

22

23

24

25

day-to-day operation of the building, but the landlord still is responsible for major building components, usually the structure, the roof, and the HVAC air-conditioning systems.

You then go to what's called an absolute triple net lease where the tenant's responsible for everything. That means the tenant is responsible for the structure.

If the building is damaged, if it catches on fire, if there's a natural disaster that hurts it, the tenant rebuilds it, the tenant ensures it, the tenant fixes all of the major components.

But still, there's two major components in a lease that take it from an absolute triple net in my vernacular, to a bondable triple net, and those are damage and destruction and condemnation.

Typically, even in a -- kind of a pure triple net lease, if the government comes in and condemns part of the property, the tenant will either get rent abatement or can move out if it's a large taking.

Same thing with destruction. If there's massive destruction, a lot of times the tenant can at that point get out of the lease or get a rent abatement.

- "bondable lease"?
  - A. I have.

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. Would you describe for the Board what a bondable lease is?

A. Sure. There's really -- when you talk about leases, there's a continuum. On some leases they are called full service leases and the tenant essentially pays rent for its portion of its office space.

The other portion is the common areas, the elevators, the outside, are common to all tenants, and the landlord has to take care of all of

We don't do those type of leases, we do what's called triple net leases, meaning the tenant is responsible for the building.

Even within triple net leases there are different versions. For example, you have a triple net lease which is the tenant is responsible for the Page 20

In our State Farm leases it is an absolute bondable triple net, which means if the government takes part of the property it doesn't matter, State Farm is still on the hook, they still

If the building is damaged, doesn't matter, State Farm stays on the bill -- stays on the lease, stays in the building, and they pay the rent.

So for us, a bondable lease means we get to go to our lenders, we get to go to our investors, and say AA credit, bondable net lease, doesn't matter what happens, as long as State Farm is paying their obligations we get our rent, and it makes that investment even more secure.

- Q. Define specifically a credit tenant. What do you mean by that?
- A. A credit tenant is, again, a tenant that has -- in our case we require a third party credit rating; Standard & Poor's and Moody's.

It's a third party independent company that all they do is go out and they review the financials and the history of the company, and they issue a rating.

And there's a whole series of ratings, everything from AAA credit meaning, you know, the

Page 21 Page 23 investment group, they invest specifically in highest credit possible, down to junk bond type 2 3 4 2 credits. properties. And depending on where you fall in your 3 So we, for example, in the New Albany credit history, your financial history, they issue a 4 property, it was part of a portfolio purchase, but we 5 identified the properties, we had them under rating. And we only invest in buildings that have 6 tenants that have investment grade ratings. contract, and then we went out to our investors and 7 So we will not invest in buildings where said here is exactly what you're buying, here is the tenants are below investment grade, and they become 8 tenant that's going to be in it, here's the length of more speculative as to whether they will pay their the lease, here is there credit rating, and here is 10 10 debts or their rent. how much money we're looking for in terms of 11 We require that you be at a very high 11 investment to be able to acquire those properties. 12 investment grade. We won't look at buildings that 12 Q. Do the investors typically go out and 13 13 look at the building? don't have investment grade tenants. 14 14 Q. And where does State Farm fit according A. They never do. Well, I say never. We to your --15 15 have had a couple in Arizona that we have purchased 16 A. State Farm is currently AA credit 16 and a couple of the investors like to go see them, 17 rating. The highest you can get is AAA. They are 17 but typically they don't at all. AA, and that's -- again, there's very few of those, 18 18 Q. From your perspective, why would they 19 and I don't know the number, but we don't see a lot 19 not be visiting the property? 20 of AA credit tenants or credit companies any more. A. Our investors really aren't interested 20 21 Q. In your capacity as chief operating 21 in the buildings, in the properties, and the 22 officer and general counsel, do you have occasion to 22 locations, they are interested specifically in who is 23 23 interact with your investors? the tenant, what is the their credit rating, how long 24 A. I do. 24 is the lease, and what is my return going to be on my 25 Q. Would you describe for us what you 25 investment. Page 22 Page 24 understand the investors' interest to be in investing Q. So did you identify where all these 2 properties were for the investors as part of your in your company? 3 A. Sure. There's a lot of different ways engaging them in this case? A. We had a list. There's -- we bought, I that investment companies structure themselves, but 4 5 there's two fundamental ways that it happens. can't remember, it's 15 or 16 properties in 11 6 Some investment companies go out and different states, so we had a list of what we were 7 raise money, and they show that over a period of buying, and that was in our offering memorandum. 8 years they have been able to return a certain return Q. But what was your discussion with the 9 to their investors. They go out and raise money. 9 investors? 10 It's not based on a specific investment, 10 A. The discussion with the investors was it's not based on anything specific at the time. And 11 you take all the buildings together. We added all of 11 12 the rent that we were going to get and we showed the 12 people give them money, and then they expect that 13 company to go out and buy and sell real estate and 13 investors, this is the gross amount of rent we're 14 create a certain return. 14 going to get, this is the purchase price we're going 15 We're on the other end of the spectrum, 15 to pay for it, this is the debt we're going to put on 16 in that we identify the property first. We don't go 16 17 out and raise money just to raise money, we'll go out 17 And that shows that every month we're 18 and identify property. 18 going to have -- if they pay the rent every month, we 19 19 We sign a Letter of Intent or a purchase pay our debt every month. It showed the amount of 20 agreement for that property, and then we go out with 20 surplus we had, and it showed the return that we were 21 that specific property to our investors and show them 21 going to distribute to them on a monthly basis. 22 the specific property that they are going to be 22 And then we showed a pro forma over a investing in. 23 23 ten-year basis on rent in, mortgage out, distribution 24 So our investors know exactly what they 24 to investors. 25 are investing in. It's not really a pooled 25 Q. So how would you compare the business

Page 25 Page 27 you're engaged in here and with respect to these of put my chief operating officer hat on, went out 2 properties, with more bond investments? Do you have and met all the State Farm folks and began to oversee any familiarity with bond investments? the property. A. Somewhat. We don't deal with them Q. Why didn't you get involved at the time 5 ourselves. But our -- I would say we are our own Lone Star did with the portfolio? Why was JDM not 6 investors. We invest in our own properties, and we involved in that? look at this as really creating a bond. A. They just beat us to the punch. We 8 You could go out and buy State Farm owned other State Farm properties at the time, and we 9 bonds if they issued bonds. They don't. They don't were out trying to buy other State Farm properties 10 have debt currently. 10 and Lone Star was -- beat us -- frankly, beat us to 11 But rather than investing in real estate 11 the punch. 12 12 or speculative real estate on the value of what the And they offered the opportunity from 13 13 State Farm to sell a large portfolio of properties. property is going to be worth ten years from now, or 14 14 can we get new tenants in, and what is the likelihood Very standard in our industry. One company will go 15 15 of getting new tenants at higher rent, what we're out, for whatever reason they got there first, they 16 16 able to do is say you're really investing in State had a relationship, we don't know. 17 Farm, and your investment is the form of a bondable 17 They acquired a whole pool of 18 lease with a contractually obligated rent payment 18 properties, and then they typically will split those 19 19 into smaller pools and sell them off. And we just over ten years. 20 20 They know exactly what our debt is going happened to be the person who bought the largest 21 21 to be, and we're able to show that on a cash-on-cash split-off pool from them. We would have liked to 22 22 basis we're able to return this much cash over the have been there first, we just weren't. 23 23 Q. Did you have any prior familiarity with next ten years. 24 24 So us as an investor ourselves, what we Lone Star before this transaction? 25 look at is how much are we going to invest, what is 25 A. I did not. And I don't believe anyone Page 26 Page 28 in our company did either. going to be our cash-on-cash return, and over a Q. What about State Farm, did you have ten-year period what is our return on our investment. 2 3 familiarity with State Farm? So we look at it ourselves like a State Farm bond. O. So let's turn to the transaction that A. We did. I can't remember how many 5 Kim Allison referenced. So there is a purchase buildings we owned. We might have owned one or two that's been disclosed that -- the price between Lone State Farm buildings prior to that. Star Fund and JDM's fund. So first of all, would you Q. So this particular deal, this 8 please describe for the Board your familiarity with portfolio -- and how many properties again, just 9 the transaction? generally? 10 10 A. I was involved prior to us entering into A. I think it was 16 properties, and -- 16 a Letter of Intent, and then a purchase agreement 11 physical buildings in 11 different states. 11 with Lone Star. 12 12 Q. And why was this deal attractive to JDM? 13 Lone Star bought a large portfolio of 13 A. It was our opportunity for our fund to 14 State Farm properties. We were looking at buying a 14 add a large investment. We are trying to grow our 15 subset of those properties from them, so we got 15 fund. We're always trying to add properties. information on each property. We got copies of the 16 This was an opportunity for us to add 16 17 leases that were already in place. 17 multiple properties, multiple State Farm properties. 18 We did an analysis of how much rent 18 That was our key intent, and it's a way that funds would be coming in. And then we did our own internal 19 19 like ours are able to grow quickly. 20 analysis of how much we were willing to pay for that. 20 It was all batched in a pool, and it 21 We then entered into a Letter of Intent, 21 just -- you know, it was just a way for us to -- to 22 and then went right to a purchase agreement. And 22 grow our business, grow it with a great tenant and do

7 (Pages 25 to 28)

23

24

25

it all in one transaction.

Q. So I'm going to ask a series of

questions that are similar to what I asked before,

then I was involved from that stage forward, all the

And then from the closing, again I kind

way through the closing.

23

24

25

Page 29 but specifically focused on this particular transaction. So again, the importance of the particular leases of State Farm in your analysis? A. The key issue. Q. And the importance of the real estate? A. It -- the importance of the buildings themselves was -- I mean, it's always an issue. You own the buildings, you have to deal with them over time. You have to ultimately sell them. 10 But in this case it was not nearly as 11 relevant, and it was almost irrelevant. We hired --12 we had one person in our office, we got a private 13 plane, this gentleman flew around, saw each property 14 in the course of three days. 15 Our job was to make sure they actually 16 existed and that they were in decent condition. But 17 our -- our investment focus was what were the leases, 18 how solid were the leases, were they bondable type 19 leases, what was the total rent we were going to get, 20 and what was the credit rating. 21 So the buildings themselves are not 22 insignificant, but I can tell you they are in cities 23 I've never heard of, and probably never see, and so 24 we are the owner, but we care about the lease. 25 Q. Why would the buildings be in areas that Page 30 are rural areas? 2 A. Historically it has been State Farm's practice -- they are "The Good Neighbor", and so they -- I kind of talk kind of the Wal-Mart of real estate. They like to go into smaller cities, become part of the community. They build their buildings in those cities and they are located in smaller rural towns, all -- not small rural towns, 10 there's some, but we own buildings all the way from 11 Colorado to New York to Florida, Tulsa, Oklahoma, 12 places like that. They are not typically in large 13 cities. 14 Q. Are they the type of properties that JDM 15 would be interested in if it were not State Farm? 16 A. There is -- if it wasn't State Farm or 17 some other credit tenant, there's zero percent chance 18 we would have ever bought these properties. 19 We would not go to Tulsa, Oklahoma and 20 buy an office building where we didn't know the city, 21 we didn't know the players, we didn't know the 22 tenants. That's just not our business. 23 O. So let's focus then on the purchase

24

25

property?

Page 31

2

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

2

3

4

5

6

7

8

9

10

11 12

13

14

15

16

17

18

19

20

21

22

23

24

25

A. Total rent, and then we do an analysis of how much debt we might be able to get on the properties. We look at what the return on our investment would be, and you do an analysis.

We have a minimum return that we have to provide to our investors. So we're able to take the total income, which is rent, apply the debt, and determine whether there's a surplus that provides the return that our investors are looking for.

Q. Are you looking at portfolio, the individual properties, or both. How does it relate between the portfolio of properties, and the individual property?

A. The portfolio of the properties -- the portfolio value, the total rent from all 15 or 16 properties is the number.

We don't look at each individual building, we look at the total value of all of the buildings, all together, the total debt that we put on the property.

And the way that we finance the property -- and the way we go to our investors and go to our lenders is we go in and say here is 15 or 16 leases, gross rent from all of them, we apply one loan to all the rent, and that creates our surplus.

Page 32

They do look at each individual property. They do assign a value to each individual property. In this case we had -- most of them were long-term leases. In our mind that's 15 years.

There was one or two properties that were short-term leases. For example, we own property in Colorado that has three buildings, all State Farm.

One building had a five-year lease. They told us ahead of time that they were planning on vacating that building over time. So that building is, you know -- as I explained earlier, that building is, in our mind, not really a bondable triple net lease building, that's a building we're going to have to release. So that property had a little bit different value assigned to it.

But generally, again, is that we look at the total rent, total debt that we can get on it, total return, and distributions to our investors, without regard to each individual property. They are valued and assigned, but that's not how we look at the purchase price.

Q. Could an identical building have a different value depending on the lease that is attached to that building?

A. Sure.

8 (Pages 29 to 32)

price. How was the purchase price determined for the

Page 33 Page 35 Q. Could you explain to the Board how that the lease was and who the tenant was, would be a very 2 could be true? different value to us. A. An identical building in different 3 Q. Could the same building be different if it were a longer term lease, but 10 years versus 15? cities or --5 Q. No, the identical building in the For example, could those be different in value? 6 same -- the identical building in the same spot. A. It could be. Ten years is really the 7 Could it be valued differently for your purposes important part. Banks look at ten years. Banks 8 based on the length of the remaining lease? typically won't do loans longer than ten years. So 9 A. Sure. For our purposes, yes. And the ten years is the minimum to, in my mind, qualify as a 10 Colorado property is the best example. We have three 10 long-term lease for tenant purposes and for financing 11 buildings; one has a 10-year lease, one has a 15-year 11 purposes. 12 lease, one has a 5-year lease. 12 Q. So we talked about the purchase price 13 13 We know in the buildings of 10 and 15, for the portfolio. How does it get allocated to the 14 14 that it's going to be State Farm, credit tenant, rent individual properties? 15 15 coming in, no interruptions for 10 or 15 years. The A. We take the global purchase price, and 16 third building is a 5-year lease building. We know, 16 then in our case each property was independently 17 and we knew when we bought it, that State Farm was 17 appraised. I don't remember if the same appraiser 18 likely to vacate that building. 18 did it, I don't remember who did the appraisals. 19 So we looked at that building as one 19 Again, they were in multiple states in multiple 20 that, very quickly, we're going to have to go out and 20 cities. 21 21 find new tenants, we're going to have to spend a lot But each one obtains its own appraisal, 22 22 of money to remodel it so that new tenants can move and then the bank assigns its global value to each of 23 23 in. the properties. 24 24 And so the two buildings to us, even Q. So the appraisal and the request for 25 though they are right next to each other, the two 25 appraisal, is the request for an appraisal of the Page 34 Page 36 buildings are credit tenants, long-term lease property encumbered by a lease or not encumbered by a buildings. The third one to us is a multi-tenant 2 lease? likely, reletting building, that we actually went to 3 A. In our case, in our lender's case, the the bank and got an agreement from the bank that when appraisal was on the leases. they move out, we can split that building off from 5 Q. Why was JDM willing to pay more than the global loan, sell it, and get rid of it, because Lone Star did, even though that the other sale had again, that's not what we do. occurred just a few months before? 8 Q. So you're focused on comparable A. That's how real estate works. Again, buildings, but could an identical building in the 9 when you're talking about buying portfolios of location have a different value to you based on the 10 properties, it's very standard for the first person 10 length of the lease that's attached to it? in to buy multiple buildings and then divide those up 11 11 12 and sell them off in packages. 12 A. Sorry. I didn't understand the question 13 the first time. 13 And it's just the way it goes, is if 14 Q. I didn't ask it right. 14 you're the first person in, you get a little profit 15 15 A. Yeah, if we went and looked at an when you sell it to the next person. 16 identical building and someone told us there were no 16 For us it wasn't so much that we were 17 17 tenants, we wouldn't buy it. If someone told us paying Lone Star profit, we still had to underwrite 18 18 there was a tenant in there that wasn't a credit it. We still had to say what is the rent we're 19 tenant, we wouldn't buy it. 19 buying, what is the debt we can put on it, and what 20 If someone told us there was a credit 20 is the return we're going to get. 21 tenant but there was only two or three or five years 21 So even though we paid Lone Star a 22 left on the lease, we wouldn't buy it. If they told 22 profit, they earned it by being the first one in, but 23 it still met our underwriting and investment matrix, 23 us it was a credit tenant with a long-term lease, 24 that's a property that we would buy. 24 and we were willing to do the deal. 25 25 So the same building, depending on what Q. Did JDM think that the value of the

Fage 37   Duilding itself, forgetting the lease, that the value   1				
2 had increased to warrant a higher price than Lone 3 Stor paid for it? 4 A. It didn't really matter to as whether it increased or not. We looked at the value of the commender		Page 37		Page 39
2 Shar pail for it? 3 Shar pail for it? 4 A. It didn't really matter to us whether it increased or not. We looked at the value of the feets, and what our return was going to be. 5 or, Thank you. 6 rent, the value of the debts, and what our return was going to be. 9 MR. BERNERT: Nothing further, your 9 MR. BERNERT: Nothing further, your 10 Honor. 11 HEARING EXAMINER: All right. Thank 11 HEARING EXAMINER: All right. Thank 12 you, Mr. Bernert, Ms. Allison. 13 CROSS EXAMINATION 14 CROSS EXAMINATION 15 By Ms. Allison: 15 with the self-self-self-self-self-self-self-self-	1	building itself, forgetting the lease, that the value	1	Q. It's been marked Appellant Exhibit 3.
Stur paid for it?  A. R. didn't really matter to us whether it increased or not. We looked at the value of the crost, the value of the debts, and what our return was going to be.  Q. Thank you.  Henror.  Hearing Examiner. As, Allison.  CROSS-EXAMINATION  B. Br. Allison.  CROSS-EXAMINATION  CROSS-EXAMINATION  B. Br. Allison.  CROSS-EXAMINATION  CROSS-EXAMINATION  B. Br. Allison.  CROSS-EXAMINATION  CROSS-EXAMINATION  CROSS-EXAMINATION  A. CROSS-EXAMINATION  CROSS-EX	2	had increased to warrant a higher price than Lone	2	Have you seen that document before?
A. It didn't really matter to is whether it increased or not. We looked at the value of the rent, the value of the debts, and what our return was going to be rent, the value of the debts, and what our return was going to be Q. Thank you.  9. Q. Thank you.  10. Honor.  11. HERRING EXAMINER: Nothing further, your 9. A. Yes, we did get a mortgage on the subject property?  12. You, Mr. Bernert, Ms. Allison.  13. CROSS-EXAMINATION 12. A. We got a mortgage was based upon the value of the real property set forth in that appraisal report?  14. CROSS-EXAMINATION 15. By Ms. Allison.  15. Q. So, Mr. O'Malley, you spent a significant amount of time talking about suggestive reasons why JDM wanted to buy the subject property, and I dike to forcus a little bit more about the elements of what actually are considered an arm's 20. A. Yes.  12. Length transaction.  12. So, specifically, have you seen 22. Appelant's Exhibit I, which is the Deed and 24. Conveyance Statement?  12. Ms. ALLISON: May I approach? Does it 2. The purchase, including the lease.  12. Page 39. The saw this at the time of the transaction or not. 50. By Ms. Allison.  12. A. Yes.  13. Q. Okay, Then well get to that.  14. THE WITHESS: I don't neember whether I saw this at the time of the transaction or not. 50. By Ms. Allison.  15. Q. Okay, But you're aware that 26. I million was specifically allocated to the subject property?  16. Q. Okay, But you're aware that 26. I million was ederernined based upon an appraisal report.  17. A. I don't remember. I didn't read every single appraisal report, but I don't remember if 1 saw this one or not. With one or not. 1 saw this one or not. 2 saw this one or not. 2 saw this one or not. 3 saw this one or not. 4 the time of the sale?  22. HEARING EXAMINER: Can you give 2 seen. 3 saw of the purchase price back?  23. A. Yes. 2 saw of your purchase price back?  24. A. No. we continue to receive rent. 2 saw this one or not. 4 the time of th	3	Star paid for it?		A. I don't remember. Again, we bought 15
increased or not. We looked at the value of the rent, the value of the debts, and what our return was going to be. Q. Thank you.  N. BERNERT: Nothing further, your BHORD. HEARING EXAMINER: All right. Thank you, Mr. Bernert. Ms. Allison.  LEARING EXAMINER: All right. Thank you, Mr. Bernert. Ms. Allison.  LEARING EXAMINER: All right. Thank you, Mr. Bernert. Ms. Allison.  LEARING EXAMINER: All right. Thank you, Mr. Bernert. Ms. Allison.  LEARING EXAMINATION LEARING EXAMINATION LEARING EXAMINATION LEARING EXAMINER: All right. Thank you, Mr. Bernert. Ms. Allison.  LEARING EXAMINATION LEARING EXAMINER: Can you give LEARING EXAMINATION LEARING EXAMINER: Can you give LEARIN	4			
for rent, the value of the debts, and what our rotum was going to be.  Q. Chank you.  MR. BERNERT: Nothing further, your  10 Honer.  11 HEARING EXAMINER: All right. Thank  11 HEARING EXAMINER: All right. Thank  12 you, Mr. Bernert, Ms. Allison.  13	5			
going to be.  Q. Thank you.  MR. BERNERT: Nothing further, your  MR. BERNERT: Nothing further, your  Honor.  HEARING EXAMINER: All right. Thank  you, Mr. Benert. Ms. Allison.  12  3	6	rent, the value of the debts, and what our return was	I	O. Okav. But you did get a JDM did get
Second Compensed Compens	7		I	
MR. BERNERT: Nothing further, your    O	8		I	
Honor.   10   Hearing Examiner. All right. Thank   11   12   200, Mr. Bernert. Ms. Allison.   12   200, Mr. Bernert. Ms. Allison.   12   200, Mr. Bernert. Ms. Allison.   12   200, Mr. Allison.   13   200, Mr. O'Malley, you spent a   15   200, Mr. O'Malley, you spent a   15   200, Mr. O'Malley, you spent a   16   200, So. Mr. O'Malley, you spent a   200, Mr. O				
11 HEARING EXAMINER: All right. Thank 12 you, Mr. Bernert. Ms. Allison. 13				
12 you, Mr. Bernert. Ms. Allison. 13				
13 that question again.  14 Q. So the total mortgage was based upon —  well, the allocation of the sale price were based  upon the appraisal report?  A. Yes.  18 reasons why JDM wanted to buy the subject property,  and I'd like to focus a little bit more about the  19 celements of what actually are considered an arm's  20 celements of what actually are considered an arm's  21 length transaction.  22 So, specifically, have you seen  23 Appellant's Exhibit I, which is the Deed and  24 Conveyance Statement?  25 MS. ALLISON: May I approach? Does it  26 THE WITNESS: I don't remember whether I  27 applacially allocated to the subject  28 matter which copy he works from? And I know we  29 talked about this a little bit at the BOR, so I  20 appraisal report.  21 apologize if it's repetitive.  22 talked about this a little bit at the BOR, so I  23 apologize if it's repetitive.  24 the WITNESS: I don't remember whether I  25 saw this at the time of the transaction or not.  26 By Ms. Allison:  27 Ayes.  28 Page 40				
14 CROSS-EXAMINATION 15 By Ms. Allison: 16 Q. So, Mr. O'Malley, you spent a 17 significant amount of time talking about suggestive 18 reasons why JDM wanted to buy the subject property, 19 and I'd like to focus a little bit more about the 20 elements of what actually are considered an arm's 21 length transaction. 22 So, specifically, have you seen 23 Appellant's Exbibit 1, which is the Deed and 24 Conveyance Statement? 25 MS. ALLISON: May I approach? Does it 26 matter which copy he works from? And I know we 27 talked about this a little bit at the BOR, so I 28 appolegize If it's repetitive. 39 apolegize If it's repetitive. 30 apolegize If it's repetitive. 31 apolegize If it's repetitive. 32 apolegize If it's repetitive. 33 apolegize If it's repetitive. 34 THE WITNESS: I don't remember whether I 35 as withis at the time of the transaction or not. 36 By Ms. Allison: 37 Q. Okay, But you're aware that 26.1 38 million was specifically allocated to the subject 39 property? 30 A. Yes. 31 Q. Okay. Well, I mean 32 A. I'm not an appraiser. I didn't do the appraisal report. 34 A. I'm not an appraiser. I didn't do the appraisal report. 35 A. But we provided the leases them, and they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they required them from us. I can't tell you what the appraisal read and looked at, but they appraised report? 4 A. Yes. 4 Cye. 5 Q. Okay, Did you see tha		you, Mr. Bernett. Wis. Amson.	I	
15   By Ms. Allison:   Q. So, Mr. O'Malley, you spent a significant amount of time talking about suggestive reasons why JDM wanted to buy the subject property, and I'd like to focus a little bit more about the lements of what actually are considered an arm's length transaction.   20   Chay, And in that appraisal report was done for mortgage purposes?		CDOSS EVAMINATION		
16 Q. So, Mr. O'Malley, you spent a significant amount of time talking about suggestive 17 A. Yes. 20				
significant amount of time talking about suggestive reasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property, leasons why JDM wanted to buy the subject property wanted to focus a fittle bit more about the leasons why JDM wanted to buy the subject property wanted was done for mortgage purposes?  20 A. Yes. 21 Q. Okay. And in that appraisal report they are valuing fle real property, correct? A. The wanter which copy he works from? And I know we laked about this a little bit at the BOR, so I apologize if it's repetitive.  22 appraisal report. 23 A. Then year valuing all of the aspects of the purchase, including the lease. 24 the purchase, including the lease. 25 Q. Okay. Well, I mean  26 Page 40  27 A. I'm not an appraisar. I didn't do the appraisal report. 28 appraisal report. 29 Q. Okay. Then we'll get to that. 30 Q. Okay. Then we'll get to that. 41 A. But we provided the leases to them, and they analyzed the leases they required them from us. I can't tell you what the appraisal read and looked at, but they analyzed the leases from us. 41 Page 40  20 Q. Okay. But you're aware that 26.1 31 property? 32 Q. Okay. But you're aware that 26.1 43 property? 44 A. Yes. 45 Q. Okay. But you're aware that 26.1 46 property? 47 A. No townership 48 A. Yes. 49 Q. Okay. If State Farm vacates the property, does JDM get a portion of the purchase price back? 40 Page 40  41 A. No. 42 Q. Okay. If State Farm vacates the property and they decide not to renew their lease, do you get any of your purchase price back? 41 A. No. 42 Q. Okay. And I want to be clear for the record to - at the time you purchase price back? 42 But 15 yea				
reasons why JDM wanted to buy the subject property, and I'd like to focus a little bit more about the celements of what actually are considered an arm's length transaction.  2 length transaction.  So, specifically, have you seen 2 Appellant's Exhibit I, which is the Deed and 2 Conveyance Statement?  MS. ALLISON: May I approach? Does it  Page 38  Page 40  A. I'm not an appraiser. I didn't do the appraisal report appraisal report.  Page 38  Page 40  A. I'm not an appraiser. I didn't do the appraisal report.  A. I'm not an appraiser appraisal report.  A. But we provided the leases to them, and they analyzed the leases of the uncontractual right to dooked at, but they acquired the leases from us.  Q. Okay. But you're aware that 26.1  million was specifically allocated to the subject property?  A. Yes.  Q. Okay. Did you see that appraisal report  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. Yes.  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. Yes.  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. No, we continue to receive rent.  A. No, we continue to receive rent.  A. No.  Q. Okay. And I want to be clear for the record to at the time you purchase price back?  A. No.  Q. Okay. And I want to pour purchase price back?  A. No.  Q. Okay. And I want to pour purchase price back?  A. No.  Q. Okay. And I want to be clear for the record to at the time you purchase price back?  A. No.  Q. Okay. And I want to be clear for the record to at the time you purchase price back?  A. No.  A. No.  A. Correct:  A.			I	
and I'd like to focus a little bit more about the elements of what actually are considered an arm's lements of the sale. lements of what actually are considered an arm's lements of what appraisal report and the weak lements of what actually are considered an arm of a considered and and labor which are appraisal report. lements of what actually are considered and and labor whether I lements of what actually are considered and and labor whether I lements of what actually are considered and labor whether I lements of white was determined based upon an appraisal report lements of white was determined based upon an appraisal report. lements of what actually are considered and labor whether lements of wh			I	
elements of what actually are considered an arm's  length transaction.  So, specifically, have you seen  So, specifically, have you seen  Appellant's Exhibit I, which is the Deed and  Conveyance Statement?  MS. ALLISON: May I approach? Does it  Page 38  Page 38  Page 40  A. They are valuing all of the aspects of the purchase, including the lease.  Q. Okay. Well, I mean  Page 38  Page 40  A. I'm not an appraiser. I didn't do the appraisal report.  A. But we provided the leases to them, and they analyzed the leases to them, and they analyzed the leases to them, and they analyzed the leases on them, and they analyzed the leases from us.  Q. Okay. But you're aware that 26.1  By Ms. Allison:  Q. Okay. But you're aware that 26.1  million was specifically allocated to the subject  property?  Q. And I think you testified earlier that  this value was determined based upon an appraisal report?  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. No, we continue to receive rent.  A. No, we continue to receive rent.  A. No, we continue to receive rent.  A. No.  A. No.  Q. Okay. And I want to be clear for the record to - at the time you purchase price back?  A. No.  A. No.  A. No.  A. No.  A. No.  A. Okay. And in that appraisal report they are valuing all of the aspects of the purchase, including the real property, of the property, correct?  A. No.  A. But we provided the leases.  1 de paraisal report.  A. But we provided the leases or them, and they analyzed the leases from us.  Q. Okay. But you're aware that 26.1  A. But we provided the leases or them, and they analyzed the leases from us.  Q. Okay that the appraisal report in the you purchase the property, does JDM get a portion of the purchase price back?  A. No.  Q. Okay. If State Farm compans now, if you still own the property and they decide not to renew their lease, do you get any of you				
21   length transaction.   22   So, specifically, have you seen   22   are valuing the real property, correct?				
22 So, specifically, have you seen 23 Appellant's Exhibit 1, which is the Deed and 24 Conveyance Statement? 25 MS. ALLISON: May I approach? Does it  26 Page 38  1 matter which copy he works from? And I know we 2 talked about this a little bit at the BOR, so I 3 apologize if it's repetitive. 3 Q. Okay. Well, I mean  Page 40  1 The WITNESS: I don't remember whether I 5 saw this at the time of the transaction or not. 6 By Ms. Allison: 7 Q. Okay. But you're aware that 26.1 8 million was specifically allocated to the subject 9 property? 9 Coccupy the property, they don't have an ownership interest in the property, correct? 10 A. Yes. 11 Q. Okay. But you're aware that 26.1 12 Q. Okay. But you're aware that 26.1 13 report? 14 A. Yes. 15 Q. And I think you testified earlier that 16 A. Yes. 17 Q. Okay. But you're aware that 26.1 18 million was specifically allocated to the subject 19 property? 10 A. Yes. 11 Q. And I think you testified earlier that 12 this value was determined based upon an appraisal 13 report? 14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. I don't remember. I didn't read every 18 single appraisal report, but I don't remember if I 19 saw this one or not. 20 MS. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 Exhibit 1 back, please? 24 Exhibit 1 back, please? 25 A. They are valuting all of the aspects of 24 A. The purchase, including the lease. 24 A. The purchase, including the lease. 25 Q. Okay. Well, I mean 26 A. Fm not an appraiser. I didn't do the appraisal report in the property of the leases to them, and they appraisal report in the property, correct?  A. Fm not an appraiser. I didn't do the appraisal report in the property, correct?  A. Fm not an appraiser. I didn't do the appraisal report in the property of the purchase from us.  Q. Okay. The ran the property, correct?  A. Not ownership.  A. Not ownership.  A. No, we continue to receive rent.  A. No, we continue to receive rent.  A. No, Oway. If State Farm			20	
Appellant's Exhibit 1, which is the Deed and Conveyance Statement?  MS. ALLISON: May I approach? Does it  Page 38  Page 40  A. I'm not an appraiser. I didn't do the appraisal report at the time of the subject property?  Q. Okay. Well, I mean  A. I'm not an appraiser. I didn't do the appraisal report appraisal report.  A. I'm not an appraiser. I didn't do the appraisal report appraisal report.  A. But we provided the leases to them, and they analyzed the leases they required them from us. I can't tell you what the appraisal read and looked at, but they acquired the leases from us.  Q. Okay. But you're aware that 26.1  Property?  Q. And I think you testified earlier that this value was determined based upon an appraisal report.  A. Yes.  Q. Okay. Did you see that appraisal report at the time of the sale?  A. Yes.  Q. Okay. Did you see that appraisal report at the time of the sale?  A. I don't remember. I didn't read every single appraisal report, but I don't remember if I sangle appraisal report, but I don'		<del>-</del>		
Conveyance Statement?  MS. ALLISON: May I approach? Does it  Page 38  Page 40  A. I'm not an appraiser. I didn't do the appraisal report.  apologize if it's repetitive.  THE WITINESS: I don't remember whether I				
Page 38  Page 40  Page 38  Ratter which copy he works from? And I know we talked about this a little bit at the BOR, so I apologize if it's repetitive. 3 apologize if it's repetitive. 3 apologize if it's repetitive. 4 THE WITNESS: I don't remember whether I 4 A. But we provided the leases to them, and 5 saw this at the time of the transaction or not. 5 they analyzed the leases they required them from us. I can't tell you what the appraisal read and looked at, but they acquired the leases from us. Q. Okay. But you're aware that 26.1 7 looked at, but they acquired the leases from us. Q. Other than the contractual right to occupy the property, they don't have an ownership interest in the property, correct?  A. Yes. 10 interest in the property, correct?  A. Yes. 11 A. Not ownership. 12 A. Not ownership. 13 property, does JDM get a portion of the purchase price back? 14 A. Yes. 15 A. No, we continue to receive rent. 16 at the time of the sale? 16 Q. But 15 years from now, if you still own the property, and they decide not to renew their single appraisal report, but I don't remember if I saw this one or not. 19 A. No. Q. Okay. And I want to be clear for the record to at the time you purchase price back? 20 Kept that Copy, whichever is easier. This is what 21 record to at the time you purchase the property, bas been marked. 22 your investored in organ, correct? A. Correct.	23		23	
Page 38    Page 40	24	Conveyance Statement?	24	the purchase, including the lease.
matter which copy he works from? And I know we talked about this a little bit at the BOR, so I apologize if it's repetitive.  THE WITNESS: I don't remember whether I 4 A. But we provided the leases to them, and saw this at the time of the transaction or not. 5 they analyzed the leases - they required them from us. I can't tell you what the appraisal read and looked at, but they acquired the leases from us. Q. Okay. But you're aware that 26.1 7 looked at, but they acquired the leases from us. Q. Other than the contractual right to occupy the property, they don't have an ownership interest in the property, they don't have an ownership interest in the property, correct?  A. Not ownership.  Q. Okay. If State Farm vacates the property, does JDM get a portion of the purchase price back?  A. Yes. 14 property, does JDM get a portion of the purchase price back?  A. No, we continue to receive rent.  A. I don't remember. I didn't read every 17 the property and they decide not to renew their saw this one or not. 19 saw this one or not. 19 saw this one or not. 19 keep that copy, whichever is easier. This is what 21 record to at the time you purchased the property, bas been marked. 22 habit 1 back, please? 24 Exhibit 1 back, please? 24 Exhibit 1 back, please? 24 A. Correct.	25	MS. ALLISON: May I approach? Does it	25	Q. Okay. Well, I mean
talked about this a little bit at the BOR, so I apologize if it's repetitive.  THE WITNESS: I don't remember whether I saw this at the time of the transaction or not.  By Ms. Allison: Q. Okay. But you're aware that 26.1 million was specifically allocated to the subject property? Q. And I think you testified earlier that Q. Okay. If State Farm vacates the report? Q. Okay. Did you see that appraisal report A. Yes. Q. Okay. Did you see that appraisal report A. Yes. Q. Okay. Did you see that appraisal report A. I don't remember. I didn't read every A. I don't remember. I didn't remember if I saw this one or not. MS. ALLISON: Can I approach? You can MEARING EXAMINER: Can you give Exhibit I back, please?  A. Correct.  A. Dut we provided the leases to them, and they analyzed the leases - they required them from us. I can't tell you what the appraisal report. A. But we provided the leases to them, and they analyzed the leases - they required them from us. I can't tell you what the appraisal report us. I can't tell you what the appraisal report us. I can't tell you what the appraisal report us. I can't tell you what the appraisal report to cocupy the property, they don't have an ownership interest in the property, they don't have an ownership interest in the property, correct?  A. Not ownership. Q. Okay. If State Farm vacates the property, does JDM get a portion of the purchase price back? A. No, we continue to receive rent.  A. No, we continue to receive rent.  A. No, ow get any of your purchase price back? A. No. Q. Okay. And I want to be clear for the record to at the time you purchased the property, your investors did not gain any ownership interest in the State Farm company, correct?  A. Correct.		Page 38		Page 40
3 apologize if it's repetitive. 4 THE WITNESS: I don't remember whether I 5 saw this at the time of the transaction or not. 5 they analyzed the leases they required them from 6 By Ms. Allison: 6 us. I can't tell you what the appraisal read and 7 Q. Okay. But you're aware that 26.1 8 million was specifically allocated to the subject 9 property? 10 A. Yes. 11 Q. And I think you testified earlier that 12 this value was determined based upon an appraisal 12 poperty? 13 property, does JDM get a portion of the purchase 14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. No, we continue to receive rent. 18 at the time of the sale? 19 saw this one or not. 10 Ms. ALLISON: Can I approach? You can 20 Ms. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 Exhibit 1 back, please? 24 Exhibit 1 back, please? 26 Cokay. In the provided the leases to them, and 26 A. But the provided the leases to them, and 27 A. But we provided the leases to them, and 4 A. But we provided the leases to them, and 4 A. But we provided the leases to them, and 4 A. But we provided the leases to them, and 4 A. But we provided the leases to them, and 4 A. But we provided the leases to them, and 4 A. But we provided the leases to them, and 4 A. But we provided the leases to them, and 4 between analyzed the leases to them, and 5 they analyzed the leases to them from 8 us. I can't tell you what the appraisal read and 10 looked at, but they acquired the leases from us.  9 Q. Other than the contractual right to 9 occupy the property, they don't have an ownership interest in the property, does JDM get a portion of the purchase the property and the property and they decide not to renew their 12 lease, do you get any of your purchase price back? 13 A. No. 14 Q. Okay. And I want to be clear for the record to at the time you purchased the property, your investors did not gain any ownership interest in the State Farm company, correct?  18 A. Correct.	1	matter which copy he works from? And I know we	1	A. I'm not an appraiser. I didn't do the
THE WITNESS: I don't remember whether I  saw this at the time of the transaction or not.  By Ms. Allison:  Q. Okay. But you're aware that 26.1  million was specifically allocated to the subject  property?  Q. And I think you testified earlier that  Lisuate was determined based upon an appraisal  report?  Q. Okay. Did you see that appraisal report  at the time of the sale?  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. I don't remember. I didn't read every  single appraisal report, but I don't remember if I  saw this one or not.  MS. ALLISON: Can I approach? You can  HEARING EXAMINER: Can you give  Exhibit I back, please?  A. Correct.	2	talked about this a little bit at the BOR, so I	2	appraisal report.
saw this at the time of the transaction or not.  By Ms. Allison:  Q. Okay. But you're aware that 26.1  million was specifically allocated to the subject  property?  A. Yes.  Q. And I think you testified earlier that  this value was determined based upon an appraisal  A. Yes.  Q. Okay. Did you see that appraisal report  at the time of the sale?  A. I don't remember. I didn't read every  saw this one or not.  MS. ALLISON: Can I approach? You can  MEARING EXAMINER: Can you give  Exhibit 1 back, please?  by O. Okay. Did you were that 26.1  they analyzed the leases — they required them from  us. I can't tell you what the appraisal read and looked at, but they acquired the leases from us.  Q. Other than the contractual right to  occupy the property, they don't have an ownership  interest in the property, they don't have an ownership  occupy the property, they don't have an ownership  interest in the property, they don't have an ownership  occupy the property, they don't have an ownership  interest in the property, they don't have an ownership  A. Not ownership.  Q. Okay. If State Farm vacates the  property, does JDM get a portion of the purchase  price back?  A. No, we continue to receive rent.  Q. But 15 years from now, if you still own  the property and they decide not to renew their  lease, do you get any of your purchase price back?  A. No.  Q. Okay. And I want to be clear for the  record to — at the time you purchased the property,  your investors did not gain any ownership interest in  the State Farm company, correct?  A. Correct.	3		3	Q. Okay. Then we'll get to that.
6 By Ms. Allison: 7 Q. Okay. But you're aware that 26.1 8 million was specifically allocated to the subject 9 property? 9 occupy the property, they don't have an ownership 10 A. Yes. 11 Q. And I think you testified earlier that 12 this value was determined based upon an appraisal 12 Q. Okay. If State Farm vacates the 13 report? 14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. I don't remember. I didn't read every 18 saw this one or not. 19 Saw this one or not. 20 Ms. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 Exhibit 1 back, please? 24 Exhibit 1 back, please?  6 us. I can't tell you what the appraisal read and looked at, but they acquired the leases from us. 20 Uokay. But they acquired the leases from us. 20 Uokay and I want to be clear for the 21 keep that copy, whichever is easier. This is what 22 A. Correct.	4	THE WITNESS: I don't remember whether I	4	A. But we provided the leases to them, and
7Q. Okay. But you're aware that 26.17looked at, but they acquired the leases from us.8million was specifically allocated to the subject8Q. Other than the contractual right to9property?9occupy the property, they don't have an ownership10A. Yes.10interest in the property, correct?11Q. And I think you testified earlier that11A. Not ownership.12this value was determined based upon an appraisal12Q. Okay. If State Farm vacates the13report?13property, does JDM get a portion of the purchase14A. Yes.14price back?15Q. Okay. Did you see that appraisal report15A. No, we continue to receive rent.16at the time of the sale?16Q. But 15 years from now, if you still own17A. I don't remember. I didn't read every17the property and they decide not to renew their18single appraisal report, but I don't remember if I18lease, do you get any of your purchase price back?19saw this one or not.19A. No.20MS. ALLISON: Can I approach? You can20Q. Okay. And I want to be clear for the21keep that copy, whichever is easier. This is what21record to at the time you purchased the property,22has been marked.22your investors did not gain any ownership interest in23HEARING EXAMINER: Can you give23the State Farm company, correct?24Exhibit I back, please?24A.	5	saw this at the time of the transaction or not.	5	they analyzed the leases they required them from
7Q. Okay. But you're aware that 26.17looked at, but they acquired the leases from us.8million was specifically allocated to the subject8Q. Other than the contractual right to9property?9occupy the property, they don't have an ownership10A. Yes.10interest in the property, correct?11Q. And I think you testified earlier that11A. Not ownership.12this value was determined based upon an appraisal12Q. Okay. If State Farm vacates the13report?13property, does JDM get a portion of the purchase14A. Yes.14price back?15Q. Okay. Did you see that appraisal report15A. No, we continue to receive rent.16at the time of the sale?16Q. But 15 years from now, if you still own17A. I don't remember. I didn't read every17the property and they decide not to renew their18single appraisal report, but I don't remember if I18lease, do you get any of your purchase price back?19saw this one or not.19A. No.20MS. ALLISON: Can I approach? You can20Q. Okay. And I want to be clear for the21keep that copy, whichever is easier. This is what21record to at the time you purchased the property,22has been marked.22your investors did not gain any ownership interest in23HEARING EXAMINER: Can you give23the State Farm company, correct?24Exhibit I back, please?24A.	6	By Ms. Allison:	6	us. I can't tell you what the appraisal read and
property?  A. Yes.  Q. And I think you testified earlier that this value was determined based upon an appraisal report?  A. Yes.  Q. Okay. If State Farm vacates the property, does JDM get a portion of the purchase price back?  A. No, we continue to receive rent.  A. No, we continue to receive rent.  A. I don't remember. I didn't read every single appraisal report, but I don't remember if I saw this one or not.  MS. ALLISON: Can I approach? You can keep that copy, whichever is easier. This is what  HEARING EXAMINER: Can you give Exhibit I back, please?  P. Ockay. If State Farm vacates the property, does JDM get a portion of the purchase property, does JDM get a portion of the purchase property, does JDM get a portion of the purchase price back?  A. No, we continue to receive rent.  Q. But 15 years from now, if you still own the property and they decide not to renew their lease, do you get any of your purchase price back?  A. No. Q. Okay. And I want to be clear for the record to at the time you purchased the property, your investors did not gain any ownership interest in the State Farm company, correct?  A. Correct.	7	Q. Okay. But you're aware that 26.1	7	looked at, but they acquired the leases from us.
10 A. Yes. 11 Q. And I think you testified earlier that 12 this value was determined based upon an appraisal 12 Q. Okay. If State Farm vacates the 13 report? 14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. I don't remember. I didn't read every 18 single appraisal report, but I don't remember if I 19 saw this one or not. 10 MS. ALLISON: Can I approach? You can 20 MS. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 HEARING EXAMINER: Can you give 24 Exhibit 1 back, please? 10 interest in the property, correct? A. Not ownership. 21 A. Not ownership. 22 Okay. If State Farm vacates the 23 property, does JDM get a portion of the purchase 24 Price back? 26 A. No, we continue to receive rent. 27 A. No. 28 Q. Okay. The property and they decide not to renew their 29 A. No. 20 Q. Okay. And I want to be clear for the 21 record to at the time you purchased the property, 22 your investors did not gain any ownership interest in 28 HEARING EXAMINER: Can you give 29 A. Correct.	8	million was specifically allocated to the subject	8	Q. Other than the contractual right to
10 A. Yes. 11 Q. And I think you testified earlier that 12 this value was determined based upon an appraisal 13 report? 14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. I don't remember. I didn't read every 18 single appraisal report, but I don't remember if I 19 saw this one or not. 20 MS. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 Exhibit 1 back, please? 24 Exhibit 1 back, please? 20 Interest in the property, correct? 21 A. Not ownership. 22 Okay. If State Farm vacates the property, does JDM get a portion of the purchase price back? 23 Interest in the property, correct? 24 A. Not ownership. 26 Okay. If State Farm vacates the property, does JDM get a portion of the purchase the property and the purchase operated back? 24 A. No, we continue to receive rent. 26 Q. But 15 years from now, if you still own the property and they decide not to renew their lease, do you get any of your purchase price back? 28 A. No. 29 Q. Okay. And I want to be clear for the record to at the time you purchased the property, your investors did not gain any ownership interest in the State Farm company, correct? 29 A. Correct.	9	property?	9	occupy the property, they don't have an ownership
11 Q. And I think you testified earlier that 12 this value was determined based upon an appraisal 13 report? 14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. I don't remember. I didn't read every 18 single appraisal report, but I don't remember if I 19 saw this one or not. 20 MS. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 has been marked. 23 HEARING EXAMINER: Can you give 24 Exhibit I back, please? 21 A. Not ownership. 20 Q. Okay. If State Farm vacates the 21 property, does JDM get a portion of the purchase 21 property, does JDM get a portion of the purchase 22 price back? 23 A. No, we continue to receive rent. 24 A. No, we continue to receive rent. 25 A. No, we continue to receive rent. 26 Q. But 15 years from now, if you still own 27 the property and they decide not to renew their 28 lease, do you get any of your purchase price back? 29 Q. Okay. And I want to be clear for the 20 record to at the time you purchased the property, 21 your investors did not gain any ownership interest in 23 HEARING EXAMINER: Can you give 24 A. Correct.			10	
this value was determined based upon an appraisal report?  1	11	Q. And I think you testified earlier that	11	
13 report? 14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. I don't remember. I didn't read every 18 single appraisal report, but I don't remember if I 19 saw this one or not. 20 MS. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 has been marked. 23 HEARING EXAMINER: Can you give 24 Exhibit 1 back, please? 21 A. No, we continue to receive rent. 26 Q. But 15 years from now, if you still own 27 the property and they decide not to renew their 28 lease, do you get any of your purchase price back? 29 Q. Okay. And I want to be clear for the 20 record to at the time you purchased the property, 21 your investors did not gain any ownership interest in 23 A. Correct.	12		12	-
14 A. Yes. 15 Q. Okay. Did you see that appraisal report 16 at the time of the sale? 17 A. I don't remember. I didn't read every 18 single appraisal report, but I don't remember if I 19 saw this one or not. 20 MS. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 has been marked. 23 HEARING EXAMINER: Can you give 24 Exhibit 1 back, please? 24 Price back? A. No, we continue to receive rent. 26 Q. But 15 years from now, if you still own 27 the property and they decide not to renew their 28 lease, do you get any of your purchase price back? 29 Q. Okay. And I want to be clear for the 20 record to at the time you purchased the property, 21 your investors did not gain any ownership interest in 23 A. Correct.				· · · · · · · · · · · · · · · · · · ·
Q. Okay. Did you see that appraisal report 15 A. No, we continue to receive rent. 16 17 A. I don't remember. I didn't read every 18 18 single appraisal report, but I don't remember if I 19 saw this one or not. 19 20 MS. ALLISON: Can I approach? You can 21 22 23 24 Exhibit 1 back, please?  15 A. No, we continue to receive rent. 26 Q. But 15 years from now, if you still own 27 Q. Okay. And they decide not to renew their 28 Lease, do you get any of your purchase price back? 29 A. No. Q. Okay. And I want to be clear for the 20 21 22 23 24 Exhibit 1 back, please?  24 A. Correct.		•		
at the time of the sale?  A. I don't remember. I didn't read every 15 single appraisal report, but I don't remember if I 16 saw this one or not. 17 as whis one or not. 18 seep that copy, whichever is easier. This is what 19 has been marked. 20 has been marked. 21 Exhibit 1 back, please? 21 Exhibit 1 back, please? 22 Back 15 years from now, if you still own 16 the property and they decide not to renew their 17 the property and they decide not to renew their 18 lease, do you get any of your purchase price back? 19 A. No. 20 Q. Okay. And I want to be clear for the 21 record to at the time you purchased the property, 22 your investors did not gain any ownership interest in 23 A. Correct.				-
A. I don't remember. I didn't read every  17 the property and they decide not to renew their  18 single appraisal report, but I don't remember if I  18 lease, do you get any of your purchase price back?  19 saw this one or not.  20 MS. ALLISON: Can I approach? You can  21 keep that copy, whichever is easier. This is what  22 has been marked.  23 HEARING EXAMINER: Can you give  24 Exhibit 1 back, please?  17 the property and they decide not to renew their  18 lease, do you get any of your purchase price back?  A. No.  20 Q. Okay. And I want to be clear for the  record to at the time you purchased the property, your investors did not gain any ownership interest in the State Farm company, correct? A. Correct.				
single appraisal report, but I don't remember if I  saw this one or not.  MS. ALLISON: Can I approach? You can  keep that copy, whichever is easier. This is what  has been marked.  HEARING EXAMINER: Can you give  Exhibit 1 back, please?  Lease, do you get any of your purchase price back?  A. No.  Q. Okay. And I want to be clear for the  record to at the time you purchased the property, your investors did not gain any ownership interest in  the State Farm company, correct?  A. Correct.				
19 saw this one or not. 20 MS. ALLISON: Can I approach? You can 21 keep that copy, whichever is easier. This is what 22 has been marked. 23 HEARING EXAMINER: Can you give 24 Exhibit 1 back, please? 29 A. No. 20 Q. Okay. And I want to be clear for the 21 record to at the time you purchased the property, 22 your investors did not gain any ownership interest in 23 the State Farm company, correct? 24 A. Correct.		•		
MS. ALLISON: Can I approach? You can keep that copy, whichever is easier. This is what has been marked. HEARING EXAMINER: Can you give Exhibit 1 back, please?  Q. Okay. And I want to be clear for the record to at the time you purchased the property, your investors did not gain any ownership interest in the State Farm company, correct? A. Correct.				
keep that copy, whichever is easier. This is what has been marked.  HEARING EXAMINER: Can you give Exhibit 1 back, please?  keep that copy, whichever is easier. This is what  21 record to at the time you purchased the property, your investors did not gain any ownership interest in the State Farm company, correct?  A. Correct.				
has been marked.  HEARING EXAMINER: Can you give Exhibit 1 back, please?  22 your investors did not gain any ownership interest in the State Farm company, correct?  A. Correct.				
23 HEARING EXAMINER: Can you give 23 the State Farm company, correct? 24 Exhibit 1 back, please? 24 A. Correct.				
24 Exhibit 1 back, please? 24 A. Correct.				
25 By Ms. Allison: 25 Q. Okay. And have you reviewed the lease			I	
i l	23	by Ms. Allison:	23	Q. Okay. And have you reviewed the lease

Page 41 Page 43 that was in place for the subject property? it. That's what I believed at the time. And then 2 A. I did. subsequent to that I realized that this amendment was Q. Okay. Can I hand you what's been marked 3 approved shortly before we bought the lease. as Appellant's Exhibit 2? We were involved in this, we understood 5 A. Sure. it, and I just believed I signed it after I bought Q. And this is the lease between LSERF and 6 it, but I was wrong, it was signed before we bought State Farm. And we requested that updated lease, we it and we assumed it. just didn't receive it. So I'm curious, is this the Q. So the Board can read the document, but same lease that was assumed by JDM? Were the lease 9 just very quickly, from your perspective, what are 10 rates the same? 10 those provisions about? And specifically, do they 11 A. Yes. 11 affect the economics to you? 12 MS. ALLISON: Okay. I think that's all 12 A. They don't affect the economics at all. 13 13 I have. Thank you. As part of our purchase transaction we were in 14 14 HEARING EXAMINER: Thank you very much. contact with State Farm. Mr. Bernert? 15 15 They notified us that they were globally 16 MR. BERNERT: May we have a moment, 16 changing some of their internal policies, and they 17 please? Go off the record? 17 wanted all of their -- all of their leases, anywhere 18 HEARING EXAMINER: Sure. 18 they had them, to reflect certain new policies. 19 (Discussion off the record.) 19 One was that there were no weapons (EXHIBIT MARKED FOR IDENTIFICATION.) 20 20 allowed in their buildings. Number two, that all HEARING EXAMINER: Let's go back on the 21 their buildings would be no smoking, and third, they 21 22 22 record. Mr. Bernert, you're going to start your wanted to make sure that if there was a natural 23 23 redirect? disaster anywhere in the country, that again, as MR. BERNERT: Yes, your Honor. Thank 24 24 their being part of the community, that they were 25 you. 25 allowed to use their facilities as emergency resource Page 42 Page 44 centers where they could bring citizens in to sleep 2 there, they could allow the police and fire to have REDIRECT EXAMINATION 3 command centers there, and they just wanted to put By Mr. Bernert: Q. I'd like to begin with the discussion that in every one of their leases, and we agreed to 5 about the lease, and I would like to hand you what is that. Appellee Exhibit A and ask you if you can identify Q. And then you assumed the lease as amended? that document, please. 8 A. As amended, correct. A. This is the -- this is the first Q. So to the question of the amounts of the amendment to the lease for -- I believe this is for 9 10 lease payments, were they altered by this 10 the New Albany, dated March 26, 2014. acquisition? 11 Q. So is JDM a party to that agreement? 11 12 A. We are not. We are not a named party to 12 In other words, did the amounts that had 13 this agreement. 13 been set forth for the lease payments in -- in the 14 14 lease that you assumed, were they revised at all Q. So is it -- what is that lease to you? If you're not a party to it, why is -- this was --15 15 by -- by your acquisition? 16 16 did you provide this to me --A. No. 17 A. I did. 17 O. Would that be important to keep them the 18 Q. -- yesterday? And why is this -- why is 18 same? 19 Exhibit I in your files? 19 A. It was how we underwrote the property. 20 A. Exhibit I is a first amendment to the 20 Lone Star, who was the owner at the time, handed us 21 lease that we assumed, so when we assumed the lease 21 all the leases that they were going to assign to us. 22 22 We read each one, determined how much as part of the purchase we also assumed the first 23 23 amendment. rent was due in each one, and that was the basis of 24 24 our understanding how much rent we were going to get, I believe last time I testified I 25 25 believe I signed this amendment after we purchased and the bank the same way, of the collective rent

	Page 45		Page 47
1		1	
1	that we would be buying.		A. To appraise the fee simple estate of
2	Q. So was the economics of your acquisition	2	that property. Well, as of those dates.
3	based on the lease that had been entered into between	3	Q. So I'd like you to identify just for the
4	State Farm and Lone Star?	4	record Appellee's Exhibit G and Appellee's Exhibit H.
5	A. Yes.	5	We'll talk about them separately, but just get them
6	MR. BERNERT: Nothing further, your	6	on the record.
7	Honor.	7	MS. ALLISON: These are the same as I
8	HEARING EXAMINER: Thank you very much,	8	have, right? The same that were submitted below?
9	Mr. Bernert. Ms. Allison, I'll allow you to ask one	9	MR. BERNERT: So G is the same as it was
10	or two questions about this.	10	at the Board of Revision, and H is the same as I
11	MS. ALLISON: I don't think I have any.	11	disclosed to you.
12	Thank you.	12	MS. ALLISON: Perfect. Thank you.
13	HEARING EXAMINER: Thank you. Thank	13	HEARING EXAMINER: I just want to
14	you, sir.	14	interject, G and H in the binder are the same as G
15	(Witness excused.)	15	and H that we have also separately marked as well?
16	MR. BERNERT: We're moving for exhibits	16	MR. BERNERT: They better be.
17	at the end?	17	HEARING EXAMINER: All right. Go ahead.
18	HEARING EXAMINER: Yes.	18	I just want to make sure the record is clear.
19	And, Ms. Allison, just to clarify, you	19	By Mr. Bernert:
20	did ask Mr. O'Malley questions about Exhibit 2,	20	Q. So would you please first identify
21	correct?	21	Exhibit G for us?
22	MS. ALLISON: Yes.	22	A. Exhibit G is the appraisal that we
23	HEARING EXAMINER: All right. All	23	performed as of 1-1-2013 and 1-1-2014.
24	right, Mr. Bernert?	24	Q. And then Exhibit H?
25	MR. BERNERT: Your Honor, the Appellee	25	A. Exhibit H is the appraisal that we
23	MR. BERNERT. Tour Hollor, the Appende	23	A. Exhibit H is the appraisal that we
	Page 46		Page 48
1	-	1	
1	would call Mr. Eberly.	1 2	performed as of 1-1-2015.
1 2 3	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you	1 2 3	performed as of 1-1-2015.  Q. Are your qualifications set forth in the
3	would call Mr. Eberly.	3	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?
3 4	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.	3 4	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.
3 4 5	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the	3 4 5	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to
3 4	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today	3 4 5 6	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?
3 4 5 6 7	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?	3 4 5 6 7	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing
3 4 5 6 7 8	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today	3 4 5 6 7 8	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in
3 4 5 6 7 8 9	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.	3 4 5 6 7 8 9	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.
3 4 5 6 7 8 9 10	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly,	3 4 5 6 7 8 9	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.
3 4 5 6 7 8 9 10	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.   Ronald Eberly, being first duly sworn, as prescribed by law, was	3 4 5 6 7 8 9 10	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:
3 4 5 6 7 8 9 10 11 12	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:	3 4 5 6 7 8 9 10 11	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect
3 4 5 6 7 8 9 10 11 12 13	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION	3 4 5 6 7 8 9 10 11 12 13	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision,
3 4 5 6 7 8 9 10 11 12 13	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:	3 4 5 6 7 8 9 10 11 12 13	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?
3 4 5 6 7 8 9 10 11 12 13 14 15	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and	3 4 5 6 7 8 9 10 11 12 13 14	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?	3 4 5 6 7 8 9 10 11 12 13 14 15 16	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly,	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of Pickering Valuation Group, and also owner and CEO of	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they markedly different?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of Pickering Valuation Group, and also owner and CEO of Principal Real Estate Group.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they markedly different?  A. No, they are very similar. The 2015
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of Pickering Valuation Group, and also owner and CEO of Principal Real Estate Group.  Q. What is your arrangement with	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they markedly different?  A. No, they are very similar. The 2015 valuation has an extra sale in it, but otherwise they
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of Pickering Valuation Group, and also owner and CEO of Principal Real Estate Group.  Q. What is your arrangement with Mr. Pickering as it would effect this appraisal?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they markedly different?  A. No, they are very similar. The 2015
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of Pickering Valuation Group, and also owner and CEO of Principal Real Estate Group.  Q. What is your arrangement with	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they markedly different?  A. No, they are very similar. The 2015 valuation has an extra sale in it, but otherwise they
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of Pickering Valuation Group, and also owner and CEO of Principal Real Estate Group.  Q. What is your arrangement with Mr. Pickering as it would effect this appraisal?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they markedly different?  A. No, they are very similar. The 2015 valuation has an extra sale in it, but otherwise they are pretty much the same. Although 2013 and '14, as
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	would call Mr. Eberly.  HEARING EXAMINER: Mr. Eberly, if you could raise your right hand, I'd like to swear you in.  Do you swear or affirm that the testimony you're about to provide to the Board today is the truth, and nothing but the truth?  MR. EBERLY: I do.  Ronald Eberly, being first duly sworn, as prescribed by law, was examined and testified as follows:  DIRECT EXAMINATION By Mr. Bernert:  Q. Would you please state your name and business address for the record?  A. Certainly. My name is Ronald M. Eberly, Jr., I actually go by Skip. I'm president of Pickering Valuation Group, and also owner and CEO of Principal Real Estate Group.  Q. What is your arrangement with Mr. Pickering as it would effect this appraisal?  A. Mr. Pickering and I performed the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	performed as of 1-1-2015.  Q. Are your qualifications set forth in the two opinions?  A. They are.  MR. BERNERT: Would counsel stipulate to his credentials based on what is in there?  MS. ALLISON: Sure, we would be willing to stipulate to his qualifications as set forth in the report.  MR. BERNERT: Thank you.  By Mr. Bernert:  Q. Would you you testified with respect to the 2013/2014 appraisal at the Board of Revision, correct?  A. Correct.  Q. Jumping ahead a little bit and we'll talk about the 2015 separately is there a lot in common between the two appraisals, or are they markedly different?  A. No, they are very similar. The 2015 valuation has an extra sale in it, but otherwise they are pretty much the same. Although 2013 and '14, as of 1-1-2013, there was some excess land that had been

	Page 49		Page 51
1	A. There was an additional parcel that was	1	Unencumbered, having no lease intertwined with the
2	sold, but as of 1-1-2013, that parcel still existed.	2	real property. Unencumbered fee simple estate, basic
3	So we valued that in addition to the fee simple	3	real estate valuation. Leased fee interest has a
4	estate of the State Farm building.	4	lease that's encumbering the property, the lease is
5	As of 1-1-2014, that excess ground had	5	analyzed and reflected in the valuation.
6	been sold and split away, so the 1-1-2014 valuation,	6	Q. Have you sufficient information in your
7	as well as the 1-1-2015 valuation, is exclusively of	7	opinion to understand the two sales and their
8	the State Farm building.	8	importance to your project?
9	Q. So quickly, please describe the subject	9	A. Absolutely.
10	property for us, please.	10	Q. And have you examined the lease?
11	A. The subject property is a four-story	11	A. I did.
12	brick building constructed and for the sole purpose	12	Q. Okay. So jumping ahead. Of the three
13	of an operations/training center for State Farm. It	13	common methods of valuation, which of the three did
14	is a in our language, a corporate headquarter-type	14	you use?
15	facility that has a highest and best use for a single	15	A. We used a sales comparison approach, as
16	owner/occupant.	16	well as a cost approach to valuation. Due to the
17	Q. Please describe a little bit, why do you	17	highest and best use of the subject property, the
18	conclude that its highest and best use is as a single	18	income approach is not an applicable approach for an
19	occupant.	19	owner/occupied office building like State Farm.
20	A. The interior layout of that building has	20	Q. Maybe this would be easier to work with.
21	a large cafeteria, has training rooms, has extensive	21	So let's move to the sales comparison approach, the
22	common areas that's specific for a single owner/user.	22	market approach. Could you first of all, how did
23	It's wide open areas, very limited relative to	23	you approach the market for purposes of this
24	demising walls, not set up for multi-tenancy at all.	24	property?
25	Q. Have you seen the interior of the	25	A. When when we looked for comparable
	,		
	Page 50		Page 52
1		1	
1 2	building?	1 2	sales, everything ties back to the highest and best
2	building? A. Absolutely.	1 2 3	sales, everything ties back to the highest and best use of the property.
2 3	building?  A. Absolutely.  Q. So there has been some discussion about	3	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property
2 3 4	building? A. Absolutely. Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that	3	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility,
2 3 4 5	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those	3 4 5	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied
2 3 4 5 6	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?	3	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to
2 3 4 5 6 7	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.	3 4 5 6 7	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for
2 3 4 5 6 7	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how	3 4 5 6 7 8	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what
2 3 4 5 6 7 8 9	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how	3 4 5 6 7 8	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.
2 3 4 5 6 7 8 9	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.	3 4 5 6 7 8 9	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to
2 3 4 5 6 7 8 9 10	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased	3 4 5 6 7 8 9 10	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?
2 3 4 5 6 7 8 9 10 11 12	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those	3 4 5 6 7 8 9 10 11 12	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.
2 3 4 5 6 7 8 9 10 11 12 13	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller	3 4 5 6 7 8 9 10 11 12 13	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the
2 3 4 5 6 7 8 9 10 11 12 13 14	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property.	3 4 5 6 7 8 9 10 11 12 13	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?
2 3 4 5 6 7 8 9 10 11 12 13 14 15	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee	3 4 5 6 7 8 9 10 11 12 13 14 15	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.	3 4 5 6 7 8 9 10 11 12 13 14 15 16	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those sales, and we have concluded to a fee simple estate	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000 square foot building, so it's very difficult to get
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those sales, and we have concluded to a fee simple estate based on fee simple market data.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000 square foot building, so it's very difficult to get all your comparables in the Columbus MSA.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those sales, and we have concluded to a fee simple estate based on fee simple market data.  Q. So the next couple of questions are	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000 square foot building, so it's very difficult to get all your comparables in the Columbus MSA.  So we have two choices; we go back in
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those sales, and we have concluded to a fee simple estate based on fee simple market data.  Q. So the next couple of questions are based on your understanding from in your profession,	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000 square foot building, so it's very difficult to get all your comparables in the Columbus MSA.  So we have two choices; we go back in time, or go out geographically, and we have done both
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those sales, and we have concluded to a fee simple estate based on fee simple market data.  Q. So the next couple of questions are based on your understanding from in your profession, I'm not asking for a legal conclusion here. Describe	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000 square foot building, so it's very difficult to get all your comparables in the Columbus MSA.  So we have two choices; we go back in time, or go out geographically, and we have done both in this particular case. And we're looking for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those sales, and we have concluded to a fee simple estate based on fee simple market data.  Q. So the next couple of questions are based on your understanding from in your profession, I'm not asking for a legal conclusion here. Describe specifically what a fee simple is in contrast to a	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000 square foot building, so it's very difficult to get all your comparables in the Columbus MSA.  So we have two choices; we go back in time, or go out geographically, and we have done both in this particular case. And we're looking for similar type buildings for owner/occupied use.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	building?  A. Absolutely.  Q. So there has been some discussion about sales, a sale in 2013 and a sale in 2014, that concern the subject property. Did you take those sales into account in your appraisal?  A. I reviewed those sales, yes.  Q. And talk to us a little bit about how you what you understand those sales to be and how you used them.  A. Those sales are reflective of a leased fee value. What that means is the buyer of those sales in those transactions the buyer and seller were selling the lease, along with the real property. So it reflects a leased fee analysis or a leased fee valuation.  For that purpose we have ignored those sales, and we have concluded to a fee simple estate based on fee simple market data.  Q. So the next couple of questions are based on your understanding from in your profession, I'm not asking for a legal conclusion here. Describe	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	sales, everything ties back to the highest and best use of the property.  The highest and best use of the property is an owner/occupied corporate headquarters facility, therefore our sales reflect owner/occupied headquarter facilities, or something very similar to that, unencumbered. And we make adjustments for items of dissimilarity, up and down, to reflect what the subject property is.  Q. So what did you do in order to to so you developed some comparable sales?  A. We did.  Q. And just generally, what were the criteria you were using in picking comparable sales?  A. Certainly we're always looking to get a location that's as close as possible. In this particular case, the subject property is a 155,000 square foot building, so it's very difficult to get all your comparables in the Columbus MSA.  So we have two choices; we go back in time, or go out geographically, and we have done both in this particular case. And we're looking for

Page 53 Page 55 your list of comparables and how they are being used? A. That completes the sales. 2 A. Certainly. So if you look on page 32, Q. So then what did you do with those sales we have five comparable sales that were included in 3 to reach an opinion for purposes of the market our analysis. They range in size from 85,336 square 4 approach? 5 feet to 161,280 square feet, thus bracketing the A. So we graded them on what we call a 6 sales comparison grade, and we started adjusting for subject property. 7 The sales range is from 13 years of age items of dissimilarity in order to get to a range of 8 to 20 years of age. The subject property, as of adjusted values for the subject property. 9 1-1-2013, was 12. So we're pretty close there. At that point we zero in on where the 10 And then we look at condition across the 10 subject property lies, and concluded to a value 11 board and so forth, and then we start adjusting for 11 opinion via that approach. 12 12 Q. And what was that value opinion? This those items of dissimilarity. 13 13 is for years 2013 and 2014? Q. So take us through the comparable sales 14 14 please, quickly. A. Let me back up. So if you look at page 67, it gives an outline of our sales and cost 15 15 A. Sale No. 1 is Worthington Industries in 16 Worthington, Ohio. Sold August 2012. Sold for 16 approaches. 17 17 \$63.27 a square foot. It was a Worthington The sales comparison approach, exclusive 18 Industries corporate office building. 18 without the excess ground, was 12-million-4. In 2014 19 On page 37 of this particular report 19 the sales comparison approach shows an opinion of 20 you'll also see after each comparable is an 20 12-million-7, so a slight increase via the sales extraction of depreciation. That extraction is used comparison approach from one year to the next. 21 21 22 22 to identify and define our baseline curve for O. So let's focus on the cost approach. I 23 23 depreciation purposes in our cost approach. believe that begins on page 50. 24 Sale No. 2 is an office building on 24 A. It does. 25 Corporate Exchange Drive. It sold December 20th, 25 Q. Exhibit G. Page 56 Page 54 2012, for \$52.70 a square foot. The purchaser was an A. So the cost approach is a very relevant 2 2 owner/user that -- with some additional rental space approach, especially when improvements are of newer 3 for expansion purposes. The prior use had been construction, or when you accurately estimate accrued multi-tenant. 4 depreciation. On page 41, Harbert Road, 20800 Harbert 5 In this particular case we have used the Road in Cuyahoga County, property sold October 20, cost approach. We have extracted market depreciation 2014 for \$125.31 a square foot. This particular from the marketplace, and we were able to establish 8 property is also -- or the purchaser was also an what's called a baseline curve, which shows how 9 owner/user. depreciation actually accrues in the marketplace. 10 10 On page 44, Governor's Pointe North, And if you go to page 63 you can 11 which is in Mason, Ohio, it's an 85,336 square foot 11 identify that baseline curve. Each of those points 12 building, 14 years old at the time of sale, sold for 12 on that baseline curve represents a sale, and each 13 \$70.31 a square foot. 13 sale has a rate of depreciation depending upon its 14 14 Sale No. 5 is located in Plymouth, 15 Minnesota, and it is a May of 2014 sale, sold for 15 So when you look at its age and you look 16 16 \$88.56 a square foot. Again, this property is a at what the depreciation was at that time of sale, 17 17 single occupant owner/user building. Originally the that's what identifies that baseline curve. 18 property was built for insurance headquarters. 18 So we're able to estimate cost new 19 Q. Why would you be using a Minnesota --19 relatively easy, and we're able to estimate --20 A. Just from the standpoint that it's -- it 20 accurately estimate accrued depreciation. 21 fits the bill. It's exactly what the subject 21 Now, we have also accurately estimated 22 22 land value, and were able to get to a value via the property is, a single tenant, owner/occupied -- not 23 23 single tenant, owner/occupied building, and a very cost approach, and a very reliable one at that. 24 Q. So what is your opinion under the cost 24 similar use.

Q. Does that complete the --

25

25

approach for the subject property for 2013 and 2014?

	Page 57		Page 59
1	-	1	values from
1	A. On 2013, our cost approach is at 13-million-300, and as of '14 it was 13 million.		
2		2	A. Slightly higher than the 1-1-2014 value.  And we feel land valuations have gone up a little
3	Q. And then would you reconcile the two	3	9 1
4	measures that you used, the market and the cost	4	bit, and there's a little bit more pressure upward
5	approach, please?	5	pressure on the real property.
6	A. Certainly. So as of 1-1-2013, our sales	6	MR. BERNERT: That completes our
7	comparison approach was at 12,400,000, the cost	/	inquiry.
8	approach was at 13,300,000. We concluded to	8	HEARING EXAMINER: Thank you very much,
9	12-million-7, gave a little more weight to the sales	9	Mr. Bernert. Ms. Allison?
10	comparison approach because of the market derived	10	MS. ALLISON: Thank you.
11	sales.	11	
12	In the valuation as of 1-1-2014, the	12	CROSS-EXAMINATION
13	cost approach is showing 13-million-7, the sales	13	By Ms. Allison:
14	comparison approach is at 12-million-7. Again, we	14	Q. So, Mr. Eberly, I'm confused. Who wrote
15	have weighted more toward the sale side and concluded		these report?
16	to a value opinion of 13 million.	16	A. Bruce Pickering and myself.
17	Q. So now I'd like to turn your attention	17	Q. So you were co-authors?
18	to Exhibit H. And this is the valuation as of	18	A. Yes.
19	January 1, 2015. And what I'd like you to do,	19	Q. Okay. Because Mr. Pickering testified
20	please, is to compare and contrast that with the	20	at the BOR.
21	report you did for Exhibit G.	21	A. I was there, too. I testified as well.
22	A. So the what we're looking at as of	22	Q. He did the
23	1-1-2015 is a date of value one year passed our date	23	A. He primarily did most of the testimony,
24	of value as of 1-1-2014.	24	yes.
25	And in this particular analysis and	25	Q. And so just so I'm understanding, for
	Daga 50		
	Page 58		Page 60
1	-	1	
1	on page 66 our sales comparison approach is showing a	1 2	2013, you valued the excess land separately?
2	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is	1 2 3	2013, you valued the excess land separately?  A. Correct.
2 3	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving	3	2013, you valued the excess land separately?  A. Correct.  Q. So you've kind of viewed them as two
2 3 4	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value	3	2013, you valued the excess land separately? A. Correct. Q. So you've kind of viewed them as two separate parcels?
2 3 4 5	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.	3 4 5	2013, you valued the excess land separately?  A. Correct.  Q. So you've kind of viewed them as two separate parcels?  A. Yes, because they have different highest
2 3 4 5 6	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?	3	2013, you valued the excess land separately?  A. Correct.  Q. So you've kind of viewed them as two separate parcels?  A. Yes, because they have different highest and best uses, which is evidence of the sale of the
2 3 4 5 6 7	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable	3 4 5 6 7	2013, you valued the excess land separately?  A. Correct.  Q. So you've kind of viewed them as two separate parcels?  A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property.
2 3 4 5 6 7 8	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in	3 4 5 6 7 8	2013, you valued the excess land separately?  A. Correct.  Q. So you've kind of viewed them as two separate parcels?  A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property.  Q. Okay. Under your definition of the
2 3 4 5 6 7 8 9	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.	3 4 5 6 7 8 9	2013, you valued the excess land separately?  A. Correct.  Q. So you've kind of viewed them as two separate parcels?  A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property.  Q. Okay. Under your definition of the highest and best use of the subject property, that's
2 3 4 5 6 7 8 9	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of	3 4 5 6 7 8 9 10	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and
2 3 4 5 6 7 8 9 10 11	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It	3 4 5 6 7 8 9 10	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15?
2 3 4 5 6 7 8 9 10 11	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square	3 4 5 6 7 8 9 10 11 12	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property
2 3 4 5 6 7 8 9 10 11 12	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.	3 4 5 6 7 8 9 10 11 12 13	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in
2 3 4 5 6 7 8 9 10 11 12 13	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously	3 4 5 6 7 8 9 10 11 12 13 14	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report.
2 3 4 5 6 7 8 9 10 11 12 13 14	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical	3 4 5 6 7 8 9 10 11 12 13 14 15	2013, you valued the excess land separately?  A. Correct.  Q. So you've kind of viewed them as two separate parcels?  A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property.  Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15?  A. The highest and best use of the property of the property unencumbered is what we're stating in our report.  Q. But I'm asking, it is different,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.  Q. So this is a single tenant facility?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single owner/occupant building.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.  Q. So this is a single tenant facility?  A. It is a single tenant building, yes,	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single owner/occupant building. Q. Which is different than the actual use
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.  Q. So this is a single tenant facility?  A. It is a single tenant building, yes, just like State Farm.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single owner/occupant building. Q. Which is different than the actual use of the property as of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.  Q. So this is a single tenant facility?  A. It is a single tenant building, yes, just like State Farm.  Q. And I think you already testified about	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single owner/occupant building. Q. Which is different than the actual use of the property as of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.  Q. So this is a single tenant facility?  A. It is a single tenant building, yes, just like State Farm.  Q. And I think you already testified about what your value was for 2015; is that right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single owner/occupant building. Q. Which is different than the actual use of the property as of HEARING EXAMINER: Please stop. One at a time.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.  Q. So this is a single tenant facility?  A. It is a single tenant building, yes, just like State Farm.  Q. And I think you already testified about what your value was for 2015; is that right?  A. Yes. It's 13,200,000.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single owner/occupant building. Q. Which is different than the actual use of the property as of HEARING EXAMINER: Please stop. One at a time. Mr. Eberly, if you could just answer her
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	on page 66 our sales comparison approach is showing a value opinion of 13 million, the cost approach is showing a value of 13-million-5. Again, giving greatest weight to the sales, we concluded to a value opinion of 13,200,000 as of 1-1-2015.  Q. Did you add any comparables?  A. We did. We added one extra comparable that we found, and I can find that for you. It's in Strongsville. It's actually on page 48.  This particular sale sold June 8th of 2017. It's in Strongsville on Royalton Road. It sold for 8,300,000 or equates to \$91.01 a square foot.  This particular building had previously been leased, a hundred percent leased to Medical Mutual of Ohio prior to this transaction. The transaction was purchased knowing that that tenant was vacating that building, which they did.  Q. So this is a single tenant facility?  A. It is a single tenant building, yes, just like State Farm.  Q. And I think you already testified about what your value was for 2015; is that right?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Correct. Q. So you've kind of viewed them as two separate parcels? A. Yes, because they have different highest and best uses, which is evidence of the sale of the excess ground from the main property. Q. Okay. Under your definition of the highest and best use of the subject property, that's different than the actual use as of 1-1-14 and 1-1-15? A. The highest and best use of the property of the property unencumbered is what we're stating in our report. Q. But I'm asking, it is different, correct? A. Highest and best use as improved unencumbered is for a single tenant or a single owner/occupant building. Q. Which is different than the actual use of the property as of HEARING EXAMINER: Please stop. One at a time.

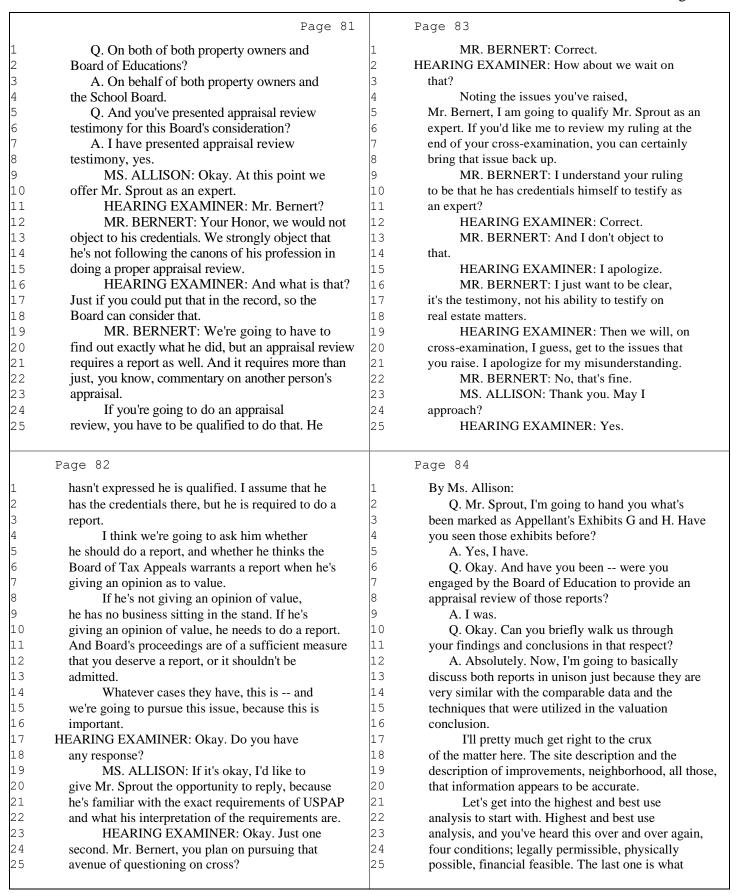
	Page 61		Page 63
1	any points of clarification.	1	A. Well, correct. Or the next buyer is an
2	THE WITNESS: Certainly. It's a little	2	owner/occupant. So it doesn't necessarily if
3	confusing. The methodology I shouldn't say	3	you're saying that one property owner is vacating
4	methodology.	4	the property for another owner to come in, then yes,
5	When you're talking about highest and	5	your answer is correct.
6	best use, if you have a lease that is in place like	6	Q. Okay.
7	State Farm, certainly from an investment standpoint	7	A. Just like a house.
8	the	8	Q. Okay. Well, okay. So all of your
9	MS. ALLISON: I understand all of I'm	9	comparable sales then were vacant except for the one
10	asking you a yes or no question.	10	that was they had given notice to vacate, correct?
11	By Ms. Allison:	11	A. Correct.
12	Q. Was the use of the property as of 1-1-14	12	Q. Okay. Was No Sale No. 2 a
13	and 1-1-15, a single owner/occupied use?	13	distressed sale, the Molina Healthcare?
14	A. The	14	A. I'm sorry, which
15	HEARING EXAMINER: Yes or no?	15	HEARING EXAMINER: Which appraisal
16	THE WITNESS: Yes, please.	16	report?
17	By Ms. Allison:	17	MS. ALLISON: I'm sorry, I'll start with
18	Q. So it was owner/occupied. State Farm	18	'13 and '14. So was that G?
19	was I'm sorry. JDM and LSERF were occupying the	19	HEARING EXAMINER: Yes.
20	property?	20	THE WITNESS: According to our
21	A. State Farm was.	21	information, that property was exposed on the open
22	Q. But they were not the owner of the	22	market, and it still represented an arm's length
23	property as of those dates?	23	transaction.
24	A. Correct.	24	By Ms. Allison:
25	Q. So the answer is no?	25	Q. Okay. And if I'm understanding you
23	Q. 50 the this wer is no.	2.5	Q. Okay. And if I'm understanding you
	Page 62		Page 64
1	Page 62  A. Yes. Correct, the answer is no.	1	Page 64 correctly well, let me ask one more question
1 2		1 2	
1 2 3	<ul><li>A. Yes. Correct, the answer is no.</li><li>Q. Okay. Thank you.</li></ul>	1 2 3	correctly well, let me ask one more question about G. In performing your market extraction
	<ul><li>A. Yes. Correct, the answer is no.</li><li>Q. Okay. Thank you.</li><li>In order to value a property at a use</li></ul>		correctly well, let me ask one more question
3	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have	3	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable
3 4	<ul><li>A. Yes. Correct, the answer is no.</li><li>Q. Okay. Thank you.</li><li>In order to value a property at a use</li></ul>	3 4	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?
3 4 5	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use?	3 4 5	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.
3 4 5	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest	3 4 5	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.  Q. Okay. And the majority the main
3 4 5 6 7	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use?  A. No, because we're appraising it to its	3 4 5 6 7	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.  Q. Okay. And the majority the main difference between the '13 and '14 reports, and the
3 4 5 6 7 8	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use?  A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant?	3 4 5 6 7 8	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.  Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra
3 4 5 6 7 8 9	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use?  A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily.	3 4 5 6 7 8 9	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct.
3 4 5 6 7 8 9 10	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a	3 4 5 6 7 8 9	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.  Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale?
3 4 5 6 7 8 9 10 11 12	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers	3 4 5 6 7 8 9 10 11 12	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale?  A. Correct.  MS. ALLISON: Okay. I believe that's all I have. Thank you.
3 4 5 6 7 8 9 10	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant.	3 4 5 6 7 8 9 10	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you. HEARING EXAMINER: Thank you very much.
3 4 5 6 7 8 9 10 11 12 13	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your	3 4 5 6 7 8 9 10 11 12 13	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale?  A. Correct.  MS. ALLISON: Okay. I believe that's all I have. Thank you.
3 4 5 6 7 8 9 10 11 12 13 14 15	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied	3 4 5 6 7 8 9 10 11 12 13 14	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you. HEARING EXAMINER: Thank you very much.
3 4 5 6 7 8 9 10 11 12 13	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either	3 4 5 6 7 8 9 10 11 12 13	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale?  A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you.  HEARING EXAMINER: Thank you very much. Mr. Bernert, any redirect?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you. HEARING EXAMINER: Thank you very much. Mr. Bernert, any redirect?  REDIRECT EXAMINATION By Mr. Bernert:
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the highest and best use is for that use.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you. HEARING EXAMINER: Thank you very much. Mr. Bernert, any redirect?  REDIRECT EXAMINATION By Mr. Bernert: Q. Just to clarify, the property was
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the highest and best use is for that use. Q. So in your scenario where the highest	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.  Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale?  A. Correct.  MS. ALLISON: Okay. I believe that's all I have. Thank you.  HEARING EXAMINER: Thank you very much.  Mr. Bernert, any redirect?  REDIRECT EXAMINATION  By Mr. Bernert:  Q. Just to clarify, the property was leased, and you're still treating the property as
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the highest and best use is for that use. Q. So in your scenario where the highest and best use is a single tenant, there can be no	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.  Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale?  A. Correct.  MS. ALLISON: Okay. I believe that's all I have. Thank you.  HEARING EXAMINER: Thank you very much.  Mr. Bernert, any redirect?  REDIRECT EXAMINATION  By Mr. Bernert:  Q. Just to clarify, the property was leased, and you're still treating the property as owner/occupied in effect for purposes of the highest
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the highest and best use is for that use. Q. So in your scenario where the highest and best use is a single tenant, there can be no sales of any property other than vacant properties or	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No.  Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale?  A. Correct.  MS. ALLISON: Okay. I believe that's all I have. Thank you.  HEARING EXAMINER: Thank you very much.  Mr. Bernert, any redirect?  REDIRECT EXAMINATION  By Mr. Bernert:  Q. Just to clarify, the property was leased, and you're still treating the property as
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the highest and best use is for that use. Q. So in your scenario where the highest and best use is a single tenant, there can be no sales of any property other than vacant properties or properties that are about to be vacated?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you. HEARING EXAMINER: Thank you very much. Mr. Bernert, any redirect?  REDIRECT EXAMINATION By Mr. Bernert: Q. Just to clarify, the property was leased, and you're still treating the property as owner/occupied in effect for purposes of the highest and best use? A. Yes.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the highest and best use is for that use. Q. So in your scenario where the highest and best use is a single tenant, there can be no sales of any property other than vacant properties or properties that are about to be vacated? A. Or they are owner/occupied.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you. HEARING EXAMINER: Thank you very much. Mr. Bernert, any redirect?  REDIRECT EXAMINATION By Mr. Bernert: Q. Just to clarify, the property was leased, and you're still treating the property as owner/occupied in effect for purposes of the highest and best use? A. Yes. Q. So please explain to the Board why
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Correct, the answer is no. Q. Okay. Thank you. In order to value a property at a use that's different than its current use, don't you have to show a variation in why it's that's the highest and best use? A. No, because we're appraising it to its highest and best use unencumbered. Q. Does that mean vacant? A. Not necessarily. Q. Okay. Tell me a situation where a single tenant owner/occupied property transfers that's not vacant or about to be vacant. A. Well, in that particular in your definition of a single tenant owner/occupied building, then yes, that is correct. It's either vacant or it's owner/occupied. That's why the highest and best use is for that use. Q. So in your scenario where the highest and best use is a single tenant, there can be no sales of any property other than vacant properties or properties that are about to be vacated?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	correctly well, let me ask one more question about G. In performing your market extraction method, did you appraise any of your comparable sales?  A. No. Q. Okay. And the majority the main difference between the '13 and '14 reports, and the '15 report, is just the addition of the extra comparable sale? A. Correct. MS. ALLISON: Okay. I believe that's all I have. Thank you. HEARING EXAMINER: Thank you very much. Mr. Bernert, any redirect?  REDIRECT EXAMINATION By Mr. Bernert: Q. Just to clarify, the property was leased, and you're still treating the property as owner/occupied in effect for purposes of the highest and best use? A. Yes.

	Page 65		Page 67
1	-	1	lage of
1	get to a fee simple estate, and fee simple means unencumbered.		DEDIDECT EXAMINATION
2		2	REDIRECT EXAMINATION
3	So the fee simple of that property is	3	By Mr. Bernert:
4	what the building was designed for originally, which	4	Q. And, Mr. O'Malley, I'm handing you
5	is a corporate headquarters facility. The fact that	5	what's been marked for introduction as Appellant's
6	State Farm leases it is doesn't change my highest	6	Exhibit Appellee's Exhibit E. And I apologize for
7	and best use of the fee simple estate.	7	the quality of it, but that's the best that we have.
8	MR. BERNERT: Nothing more, your Honor.	8	Would you please explain to the Board what that is?
9	MS. ALLISON: I have one followup to	9	A. This is a letter addressed to our
10	that.	10	company, JDM II SF National, dated March 14th, 2014,
11		11	from State Farm Mutual Automobile Insurance Company,
12	RECROSS-EXAMINATION	12	and it's essentially referred to as an estoppel
13	By Ms. Allison:	13	certificate.
14	Q. But in doing that so your comparable	14	Q. So not asking you what the intention was
15	sales are all being vacant and being offered for	15	of State Farm in writing it, but asking you how you
16	second generation use, correct? Whereas the subject	16	received that document and how you use it for your
17	property is still in its first generation use?	17	purposes. What is its purpose?
18	A. As of right now it is.	18	A. When we acquire a property with a credit
19	MS. ALLISON: Thank you.	19	tenant lease, we want to assure ourselves of the
20	HEARING EXAMINER: Mr. Bernert,	20	value of the lease, and one of the values is, is it
21	anything?	21	in place, is it effective, are there any defaults.
22	MR. BERNERT: No.	22	So we want to know when we buy the lease
23	HEARING EXAMINER: Thank you very much,	23	with the rent that comes with it, are there any
24	Mr. Eberly.	24	issues that we should be aware of before we buy the
25	(Witness excused.)	25	lease.
	Page 66		Page 68
1	MR. BERNERT: So we would move for	1	This is a letter from State Farm that
2	admission that completes our case.	2	it's a it's called an estoppel certificate, very
3	We would move for admission of the	3	standard to get from sellers and tenants, and it's a
4	documents at this time. And it's and some of	4	list of things it's in the record, I don't need to
5	these are also in the statutory transcript, but just	5	read it, but it's things that State Farm, the tenant,
6	for purposes of getting them together here.	6	is telling us in terms of in their view it's still an
7	So we have Exhibits A through I, and we	7	affective lease, they are not aware of any defaults.
8	would ask we would move for their admission into	8	They are not aware of anything, that the
9	evidence.	9	day I get the lease and I'm the landlord, they are
10	HEARING EXAMINER: Any objection,	10	going to make claims against me or claim that the
11	Ms. Allison?	11	lease is not effective, or that they have got some
12	MS. ALLISON: Just going through them	12	setoff against the rent.
	specifically, I'm not sure what Exhibit E is.	13	Q. Do you require a document like that as
13			
13 14	MR. BERNERT: So there's been testimony,	14	part of your transactions?
13 14 15	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the	14 15	part of your transactions? A. Yes.
13 14 15 16	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.	14 15 16	part of your transactions? A. Yes. Q. And do you maintain that record in your
13 14 15 16 17	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's	14 15 16 17	part of your transactions? A. Yes. Q. And do you maintain that record in your files?
13 14 15 16 17 18	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's pretty hard to read, but could we have a moment	14 15 16 17 18	part of your transactions? A. Yes. Q. And do you maintain that record in your files? A. Yes.
13 14 15 16 17 18	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's pretty hard to read, but could we have a moment off the record?	14 15 16 17 18 19	part of your transactions? A. Yes. Q. And do you maintain that record in your files? A. Yes. MR. BERNERT: Nothing further.
13 14 15 16 17 18 19 20	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's pretty hard to read, but could we have a moment off the record?  HEARING EXAMINER: Off the record, Val.	14 15 16 17 18 19 20	part of your transactions? A. Yes. Q. And do you maintain that record in your files? A. Yes. MR. BERNERT: Nothing further. HEARING EXAMINER: Ms. Allison.
13 14 15 16 17 18 19 20 21	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's pretty hard to read, but could we have a moment off the record?  HEARING EXAMINER: Off the record, Val.  (Discussion off the record.)	14 15 16 17 18 19 20 21	part of your transactions? A. Yes. Q. And do you maintain that record in your files? A. Yes. MR. BERNERT: Nothing further. HEARING EXAMINER: Ms. Allison. MS. ALLISON: I don't have any
13 14 15 16 17 18 19 20 21	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's pretty hard to read, but could we have a moment off the record?  HEARING EXAMINER: Off the record, Val.  (Discussion off the record.)  HEARING EXAMINER: Back on the record.	14 15 16 17 18 19 20 21 22	part of your transactions? A. Yes. Q. And do you maintain that record in your files? A. Yes. MR. BERNERT: Nothing further. HEARING EXAMINER: Ms. Allison. MS. ALLISON: I don't have any questions. Thank you.
13 14 15 16 17 18 19 20 21 22 23	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's pretty hard to read, but could we have a moment off the record?  HEARING EXAMINER: Off the record, Val.  (Discussion off the record.)  HEARING EXAMINER: Back on the record.  Go ahead.	14 15 16 17 18 19 20 21 22 23	part of your transactions? A. Yes. Q. And do you maintain that record in your files? A. Yes. MR. BERNERT: Nothing further. HEARING EXAMINER: Ms. Allison. MS. ALLISON: I don't have any questions. Thank you. HEARING EXAMINER: No objections?
13 14 15 16 17 18 19 20 21	MR. BERNERT: So there's been testimony, but we would be glad to put Mr. O'Malley back on the stand, or we could describe it, if that's okay.  Maybe the best thing to do, would you mind it's pretty hard to read, but could we have a moment off the record?  HEARING EXAMINER: Off the record, Val.  (Discussion off the record.)  HEARING EXAMINER: Back on the record.	14 15 16 17 18 19 20 21 22	part of your transactions? A. Yes. Q. And do you maintain that record in your files? A. Yes. MR. BERNERT: Nothing further. HEARING EXAMINER: Ms. Allison. MS. ALLISON: I don't have any questions. Thank you.

Page 69 Page 71 it really matters because he already testified they agreement, but it was submitted below and it's some assumed the lease. evidence of what's going on. HEARING EXAMINER: I'll overrule your 3 HEARING EXAMINER: Ms. Allison, do you objection and the Board will accord Exhibit E its due 4 have any questions of Mr. O'Malley on this document? MS. ALLISON: I have no questions. I weight. would just note for the record that again, we did MS. ALLISON: I do have an objection to 6 7 request it in discovery and it was not communicated Exhibit F. It's the assignment of the purchase to us that the client would not provide it. contract. 8 9 It was communicated to us that it was We requested a copy of the purchase 10 contract in discovery, and it was represented that 10 already contained in the statutory transcript. So I 11 it's in the statutory transcript. I just want to 11 just want the record to be clear that we did attempt 12 make it clear that this is not the entire purchase 12 to get the purchase agreement. agreement, for what it's worth. 13 HEARING EXAMINER: Actually, I think I'm 13 HEARING EXAMINER: Any response, going to defer ruling on this particular objection. 14 14 MR. BERNERT: That's all I have for the 15 Mr. Bernert? 15 16 MR. BERNERT: Well, Mr. O'Malley is on 16 witness, your Honor. But I would -- I guess I'm not sure where we are on the introduction of documents. 17 the stand. 17 18 HEARING EXAMINER: So if I recall 18 MS. ALLISON: And he testified to this 19 below, that this was not the entire purchase 19 correctly, Ms. Allison does not have any objection to 20 Exhibit E. She does have an objection, which I have contract. 20 MR. BERNERT: He did. And may I ask a 21 21 deferred ruling on for Exhibit F. 22 question that I think will address this question? 22 MS. ALLISON: And would have no HEARING EXAMINER: Sure. I like more objections to the remainder of the exhibits. 23 23 clarity better than less clarity, so go ahead. HEARING EXAMINER: Well, I will accept 24 24 the exhibits into evidence, again, noting my ruling 25 By Mr. Bernert: 25 Page 70 Page 72 on Exhibit F for my own edification. Q. Mr. O'Malley, we requested the purchase and sale agreement. Was JDM prepared to give it to 2 I just want to note that even though the 3 binder has an Exhibit I tab, there is actually no us? Exhibit I in the binder, but we did mark the first A. No, we're not. 4 5 Q. And would you please explain to the amendment to leases as Exhibit I, which is not in the Board in some detail why JDM has not provided the binder. full purchase and sale agreement? (EXHIBITS ADMITTED INTO EVIDENCE.) 8 A. Two basic reasons. The purchase and HEARING EXAMINER: And we can take a 9 sale agreement represents, in our mind, or our 9 15-minute break. 10 10 opinion, our proprietary skill in acquiring (Recess taken.) properties, when other buyers are out there trying to HEARING EXAMINER: All right. We're 11 11 12 12 acquire properties as well. back on the record. 13 Secondly, this was a portfolio 13 All right. So when we went off the 14 transaction that involved, again, I believe 15 or 16 14 record, Mr. Bernert moved for -- moved his exhibits 15 buildings in 11 different states, none of which, 15 into evidence, which I did, with the exception of 16 other than the Ohio property, is at issue here. 16 Exhibit F that was proffered into evidence. So 17 17 And so to the extent that my disclosure Ms. Allison. 18 to a government entity that would make it potentially 18 MS. ALLISON: Yes, we have had --19 a public document and it would then disclose 19 essentially through the testimony of Appellee's 20 transactions and values of properties that have 20 witnesses we had three different appraisal reports 21 nothing to do with this case, we're not willing to 21 submitted, and we would like to present the testimony 22 subject that to public disclosure. 22 of Mr. Sprout as a review appraisal appraiser, so we MR. BERNERT: So, your Honor, we are 23 23 ask for him to take the stand. requesting that Exhibit F be included. We do 24 24 MR. BERNERT: Just out of curiosity, understand it's not the entire purchase and sale 25 25 three?

	Page 73		Page 75
1	MS. ALLISON: Well, he identified the	1	take this up the chain.
2	bank, so the two from Mr	2	(Recess taken.)
3	MR. BERNERT: No one provided a	3	HEARING EXAMINER: I believe,
4	foundation for that.	4	Mr. Bernert, you let me know if I have the
5	MS. ALLISON: Well, it was provided to	5	understanding of where we left off, you objected to
6	us in discovery, and I'm just going to ask him if he	6	Ms. Allison's request for separation of witnesses.
7	reviewed the report and in his opinion if it	7	The property owner can have a rep here,
8	supports I'm not really offering it as evidence of	8	so Mr. O'Malley can stay. But Mr. Eberly, if you
9	value, I'm just offering it as support to the sale	9	plan to recall him, or you're unsure if you're going
10	price.	10	to recall him, will have to step out.
11	HEARING EXAMINER: Thank you,	11	MR. BERNERT: Your Honor, we strongly
12	Mr. Sprout. I have my note here, swear in the	12	object to a separation of witnesses for at least
13	witness.	13	three reasons. A separation of witnesses makes sense
14	MS. ALLISON: We would request a	14	in a fact context. If one person's testifying as to
15	separation of witnesses.	15	a fact the other person is testifying, it makes sense
	MR. BERNERT: No, that's why would		- · · · · · · · · · · · · · · · · · · ·
16	there be a separation of witnesses?	16	to separate them.
17	•	17	Now, the Board, in some cases, might
18	MS. ALLISON: I have a right to request	18	have allowed separation of witnesses, but in other
19	the witnesses be separated.	19	cases you have permitted, over an objection, the
20	MR. BERNERT: At this stage of the	20	ability of an expert to remain in the hearing room,
21	hearing?	21	so that there's precedent both ways.
22	MS. ALLISON: You could have requested	22	In this case it is a very late request.
23	it.	23	It could have been made earlier and it wasn't. Their
24	MR. BERNERT: I didn't request it.	24	witness sat through this entire testimony, and now
25	MS. ALLISON: You could have.	25	their witness gets to testify without the other
	Page 74		Page 76
1	BERNERT: It's too late now for	1	witness being present.
2	MS. ALLISON: No. I mean, he's going to	2	The third thing is that there is a real
3	be reviewing the report. We absolutely have the	3	unequal basis here to allow someone to come in
4	right to request a separation of witnesses.	4	without an appraisal report and just simply snipe at
5	MR. BERNERT: Your Honor, this is not	5	the other side. That's an extraordinary thing. I
6	right. First of all, she's talking about separation	6	don't think the final word has been expressed on
7	of our appraiser, who is not a fact witness? The	7	that. And we would continue to object to that.
8	Board doesn't require separation of nonfact	8	And I think that it really is not
9	witnesses.	9	appropriate in this case, that if this witness is
10	And if this is going to be a debate, if	10	going to be permitted to comment, to do your job,
11	the Board is going to permit debating with the	11	which is what he's doing, instead of presenting an
12	appraisers, as opposed to each doing their own	12	appraisal report as he should be, that we need to
13	independent report, I respectfully submit our	13	have our expert in the room.
14	appraiser needs to be here. He's heard our	14	We may be calling him back.
15	appraiser needs to be here. He's heard our appraiser, we need to hear him.	15	HEARING EXAMINER: Okay.
16	MS. ALLISON: And counsel and the	16	MS. ALLISON: May I respond briefly?
17	property owner's representative can hear it. I mean,	17	HEARING EXAMINER: Yes.
	he could have requested a separation of witnesses and		MS. ALLISON: Just for the record, the
18	Mr. Sprout would have been in the hallway.	18	
19 20	MR. BERNERT: It's not a separation of	19	Board does routinely grant separation of witnesses in cases like this.
		20	
21	witnesses when it's a fact it's not a fact	21	I don't know what other higher authority
22	witness.	22	you're going to get other than the Ohio Supreme Court
23	HEARING EXAMINER: Okay. The Board does	23	that has specifically said that we can meet our
24 25	grant separation of witnesses when it's expert testimony, but let's go off the record. I'm going to	24 25	burden by producing appraisal review testimony.  As for the separation the timing of
20			

Page 77 Page 79 the exhibit -- I mean, they are prejudiced by their going to bar Mr. Sprout from providing testimony on 2 own failure to request separation of witnesses when his review of Mr. Eberly's appraisal reports, or I 3 they were presenting their case in chief. think maybe this Cushman -- the Appellant's They could have requested a separation 4 Exhibit 3. Am I missing any other issues that you of witnesses, at which point Mr. Sprout would have 5 raised, Mr. Bernert? been required to leave. 6 MR. BERNERT: Fundamental fairness. MR. BERNERT: The obvious point is if HEARING EXAMINER: Fundamental fairness. she was planning on doing it -- counsel, excuse me --8 MR. BERNERT: We --9 counsel should have done it up front, if that was the HEARING EXAMINER: And I understand your 10 intention. 10 continuing objection. 11 MS. ALLISON: I didn't think you had a 11 MR. BERNERT: Yes, ma'am. 12 problem with it. 12 HEARING EXAMINER: And it's noted for 13 13 MR. BERNERT: To wait is extraordinary. the record. If we were going to separate, we would have separated 14 14 MR. BERNERT: Thank you. 15 both witnesses, your Honor, not one. 15 HEARING EXAMINER: Mr. Eberly, if you 16 MS. ALLISON: I just assumed he didn't 16 could step out, please. 17 have a problem with it. 17 (Pause.) 18 MR. BERNERT: And that doesn't make any 18 HEARING EXAMINER: Mr. Sprout, would you 19 sense, with all due respect, your Honor. 19 stand for just one second. Do you swear or affirm 20 HEARING EXAMINER: But, Mr. Bernert, you 20 that the testimony you're about to provide to the 21 didn't ask that the witnesses be separated, in which 21 Board today is the truth, and nothing but the truth? 22 MR. SPROUT: I do. 22 case I would have granted the request. 23 23 And it would seem, I don't know, that HEARING EXAMINER: Thank you very much, 24 Ms. Allison may or may not have known whether or not 24 Mr. Sprout. Ms. Allison. 25 she was going -- I don't know. All I know is no 25 Page 78 Page 80 request was made prior to Ms. Allison making her Thomas D. Sprout, 2 2 request. So I'm going to grant her request and ask being first duly sworn, as prescribed by law, was 3 Mr. Eberly to step out. examined and testified as follows: One of the other issues was you raised 4 DIRECT EXAMINATION 5 an issue with Mr. Sprout's ability to offer testimony By Ms. Allison: critiquing Mr. Eberly's report, and you said that you 6 Q. Mr. Sprout, can you briefly walk us thought that was inappropriate. You tell me if my through -- can you state your name for the record? 8 understanding is correct. I don't want to put words A. Thomas Sprout. 9 Q. And can you briefly walk us through your in your mouth. 10 10 professional credentials, please? MR. BERNERT: Yes, just to be clear, in 11 terms of disclosure, this witness was not disclosed 11 A. Absolutely. I have been a CPA since 12 as a review -- preparing a review appraisal. 12 1991. I have been a commercial real estate appraiser 13 MS. ALLISON: Can we confirm that? 13 since late 1995. I got my -- I received my license 14 14 HEARING EXAMINER: I'm looking at it, from the State of Ohio Certified General in 2001. I 15 15 became a member of The Appraisal Institute, the MAI and the Appellant, the Board of Education, witness 16 16 and exhibit list states Appellant Board of Education designation, in 2007. 17 17 of the Columbus City School District hereby discloses I have worked back in the '80s with one 18 the following witness who may be called to testify at 18 of the Big 8 accounting firms. I've worked for 19 the merit hearing in the above captioned matter; 19 custom home builders. I've worked for a development 20 Thomas D. Sprout. 20 company. I've been a teacher for a couple years. 21 MS. ALLISON: Okay. 21 And all of it has been related to accounting and/or 22 22 HEARING EXAMINER: And there is no real estate. 23 disclosure of an appraisal report from Mr. Sprout. 23 O. And you've testified before this Board MS. ALLISON: He did not prepare one. 24 24 on several occasions as an expert witness? 25 25 HEARING EXAMINER: Okay. So I'm not A. Many times.



Page 85 Page 87 provides the maximally productive use and/or value fee simple, leased fee situation. 2 3 4 2 for the property. Just because a property is leased We're looking at a highest and best use 3 doesn't mean that it is not market value, which the as improved, highest and best use as a single 4 definition of market value is included in the report, occupant owner/user facility. That is on page 26, 5 five conditions that are to be met. hopefully, of both reports, so that we don't have any 6 So as an appraiser we are to determine confusion. No. it's on page 27 of the -- is there if a lease that is in place is at market rent. And different exhibits here for the different --8 if there's enough evidence in the report to support HEARING EXAMINER: Exhibit G is for tax 9 that, then it would be considered akin to fee simple. 10 year 2013 and '14, and Exhibit H is for 2015. 10 So leased fee, fee simple value, would 11 THE WITNESS: All right. So this would 11 be approximately the same, if not the same. And that 12 be on Exhibit G, page 27, and Exhibit H on page 26. 12 happens in most appraisals. So the highest and best use conclusion So if we get into a situation where we 13 13 14 states it is a single occupant/owner user facility. 14 have a leased fee interest where the lease is above 15 So that being the case, as a review appraiser, you're 15 or below market -- in some cases you might get into a 16 looking for comparable data that supports that 16 situation where you have improvements that are loaded 17 17 in for some reason or another, or you have a below highest and best use analysis. 18 So you're looking for sales of single 18 market lease. 19 users, and you're also looking for rents of single 19 It is incumbent upon the appraiser at 20 users. Now, there are rents of single users. 20 that point in time to address that in the report, The conclusion in the report stating 21 21 talk about why it's above or below market, and then 22 that the income approach is not applicable, in my 22 adjust for that based on utilizing a capitalization 23 23 opinion, provides a credibility issue with the rate or a risk rate. 24 overall appraisal. 24 So obviously if you have a rent that is 25 A single occupant/user -- there are 25 considered above market, it's more risky. So the cap Page 86 Page 88 multiple leases and/or offerings in the marketplace rate would address that excess rent as a separate 2 of single tenant users of buildings of similar size, 2 entity. 3 condition, and age that because the income approach MR. BERNERT: I'm sorry, your Honor, 4 was not utilized, were ignored. I've got another objection. 5 That's a credibility problem. We're HEARING EXAMINER: That's okay. I 6 looking at an appraisal here for ad valorem tax 6 understand. purposes with a value conclusion of just over \$13 MR. BERNERT: What we're getting here 8 million. are instructions to the Board of Tax Appeals about 9 I'll be discussing another appraisal how to analyze an appraisal. This Board has a lot of 10 10 that was done for mortgage purposes that had a expertise in that, and this is improper, for that 11 11 conclusion of value of \$26 million. reason, in addition to the others. 12 Now, you're talking about what's 12 HEARING EXAMINER: Okay. That's okay. 13 maximally productive, what provides the highest value 13 As you mentioned, the Board knows how to analyze 14 14 to the property -appraisal reports and also critiques of appraisals, MR. BERNERT: Your Honor, may I object? 15 15 so noting your kind of objection --16 16 To the extent that he's discussing an appraisal that MR. BERNERT: It's an objection. 17 17 he didn't prepare, meaning the \$26 million one, HEARING EXAMINER: It's a very explicit 18 again, on that one we're objecting to this testimony. 18 objection. 19 We also object to him testifying with respect to an 19 MR. BERNERT: Yes, ma'am. 20 appraisal he did not prepare. 20 HEARING EXAMINER: I'm going to overrule 21 HEARING EXAMINER: Noting your 21 the objection and allow Mr. Sprout to continue to 22 22 objection, I'm going to overrule it. Go ahead, testify. 23 23 THE WITNESS: So effectively, what we're Mr. Sprout. 24 THE WITNESS: Thank you. So the other 24 talking about here then is the lease that's in place for State Farm, whether it's a sale/leaseback or how 25 issue that needs to be discussed here is the whole 25

Page 89 Page 91 that was all determined, is that \$10.50 per foot depreciation rate is. 2 rent, is that market. Now, in order for you to do that Well, the Pickering appraisal never 3 properly you have to have intimate knowledge of the addresses that. And once again, that's a flaw in the 4 building, you have to -- you have to do an appraisal 5 of the site in order to know what the value is of report. I agree with the highest and best use 6 analysis. A single tenant owner/user does provide that site as vacant to pull that properly out. 7 So, effectively, you're doing an its maximally productive use. I agree with that. 8 appraisal on every single one of the sales in the But how they determine a value 9 analysis. conclusion in their report is not credible, in my 10 opinion. And here is the reasons why: We're talking 10 Now, the sales that were utilized in 11 about providing a cost approach to value for this 11 this report, in my opinion, there are better sales 12 property. It's a 13 year old property. 12 out there that could have been and should have been 13 utilized. And that also goes to how the sales and 13 Investors -- and this is through my own 14 14 interviews with knowledgeable participants. They are how the depreciation was determined. 15 not going to take into account what a building is 15 So when we have an older building, or in 16 some of these cases we have 1999, 2000, 2001, we have going to cost when they make a determination of what 16 17 a couple buildings that are of similar age, a lot of they are willing to pay. 17 18 18 Every investor has their own parameters the depreciation that is being picked up here is 19 and what their -- acceptances of as far as a return 19 economic. There are three types of depreciation; 20 on and return of investment. Cash-on-cash, it was 20 21 very eloquently described by Mr. O'Malley. 21 physical, functional, and external, external being 22 22 the economic piece. Every investor has their own criteria. 23 23 So that's a subjective based on each individual, and Because the sales utilized in the report 24 were mostly vacant, or distressed, that's going to 24 that's the whole point of market value; what's a 25 willing buyer and willing seller able to negotiate. 25 have a major material impact on what the economic Page 90 Page 92 And a willing seller is going to try to get as much obsolescence or the economic depreciation is going to 2 money as they can for their property. 2 be when that is being brought back to the cost 3 So the cost approach that is utilized in approach to value. this report, to me, is not a credible indication of 4 MR. BERNERT: Your Honor, forgive me, 5 value conclusion. but because it's a long narrative, it's hard to 6 It could be used as a guide potentially, 6 interpose objections. but in order to rely upon it, as well as just relying There isn't a single basis to say those 8 sales are distressed. So to throw out well, they are on a sales approach as your two primary indications 9 9 distressed, without providing the foundation for of value, you're missing that piece of an income 10 10 that, is objectionable. approach. 11 The only time that you would not provide 11 And I object to the use of the word "distressed" unless this witness is prepared to show one of the approaches to value is if there's not 12 12 13 meaningful data in the marketplace to bring in to 13 that there is distress. 14 provide for credible opinion of value. 14 HEARING EXAMINER: Okay. Ms. Allison, 15 In this case, in my opinion, because 15 do you have a response? MS. ALLISON: I guess I would just ask 16 there are leases of single tenant buildings in the 16 17 marketplace for it to be ignored goes to the 17 Mr. Sprout if he has a response. credibility of the appraiser. 18 18 By Ms. Allison: So in determining the depreciation that Q. What are you qualifying as distressed 19 19 20 was utilized in the cost approach, in the Pickering 20 sales? 21 appraisal, the extraction methodology was utilized 21 A. I'll clarify one of the sales I have 22 based on the sales. 22 knowledge of. When I say distressed, it was only 13 They attempted to extract from the 23 23 percent vacant. And in my opinion, when you're market what the estimated cost was of that property, 24 24 dealing with vacant buildings --

25

less its land value, in order to determine what that

25

Q. Can I interrupt you for a second? You

Page 93 Page 95 said 13 percent vacant? So there's absolutely no discussion of 1 A. Thirteen percent occupied. that subsequent sale. That should be at least 2 addressed in this. The appraiser should have had O. Thank you. 3 A. I'm not saying that the vacant sales 4 knowledge of that going forward. within this report are distressed, I'm saying that 5 So when we get to -- and I'm going to Sale No. 2, which is the 3000 Corporate Exchange kind of finish this up, because the thing is, with 6 the income approach to value not being in the report, Drive --7 HEARING EXAMINER: Just one second. 8 that is something that because of its highest and best use single user building, I would have expected Does that help -- does that address the issue you 9 to see single user leases or offerings in the report, 10 raised, Mr. Bernert, on this particular objection? 10 MR. BERNERT: We should go forward. 11 11 and then analyzing the existing lease that's in place 12 I'll withdraw the objection, but subject to cross. 12 on this property, whether it's for fee simple or 13 HEARING EXAMINER: Okay. Go ahead. I'm 13 leased fee, analyzing that lease that's in place to determine if that rent is at market. And if it is, 14 sorry about that, Mr. Sprout. 14 THE WITNESS: That's no problem at all. then utilize that for ad valorem tax purposes in its 15 15 16 I was back with the economic, estimating the fee simple. 16 depreciation. 17 If it's not at market, then apply the 17 market rent with the other items that are necessary 18 So of course you're going to get into a 18 19 situation where you have vacant buildings that 19 in valuing a property for ad valorem tax purposes; 20 there's going to be a certain amount of motivation by its fee simple interest, what that market rent is. 20 the seller to unload the building, and it goes So that pretty much kind of winds up my 21 21 22 through the exposure process like it would typically discussion. 22 do until we work down to a price. By Ms. Allison: 23 23 24 Q. So let's just back up for a second. You If the subject building -- the subject 24 25 property were vacant, no problem, that's how it 25 said you agreed with the highest and best use as far Page 94 Page 96 as single tenant user, correct? should be valued. But it's not vacant. So there are sales in the marketplace, 2 A. Single tenant owner/user. Q. And regardless of that, an income 3 whether they are fee simple or leased fee sales, that approach, in your opinion, still should have been could have been utilized and to provide for a more 4 credible opinion of value, which in that place would 5 performed? have backed out the economic depreciation that was 6 A. It's crucial. pulled out of those sales, and brought it back more Q. Okay. We heard some testimony earlier to a physical situation like the subject property is. 8 today that for single tenant owner/occupied So from that standpoint, we're looking 9 properties, in order to value the fee simple, only 10 at some sales here that had those economic 10 properties that were vacant or about to became vacant underpinnings, the economic depreciation. 11 were appropriate for consideration. 11 MR. BERNERT: Objection, your Honor. 12 Now, just to specifically get into a 12 13 couple of the sales, one of the items that was 13 That is not consistent with the testimony. 14 interesting, Sale No. 2, we have located at 3000 14 MS. ALLISON: That is exactly what he Corporate Exchange Drive. 15 15 said. Molina Health Care purchased that 16 16 HEARING EXAMINER: To the extent --17 property in 2012. They turned around and sold that 17 MS. ALLISON: I'll rephrase. Can I 18 property in 2013. It was a sale/leaseback, but it 18 rephrase? 19 was a sale. There's no mention of that sale within 19 By Ms. Allison: 20 this report. That's -- that should have been 20 Q. In your opinion, would it be appropriate 21 mentioned. 21 to consider only properties that were vacant or about 22 And that sale price during that 22 to become vacant in a sales comparison approach for sale/leaseback was \$150 per square foot. I'll get 23 23 the subject property? into that. That's going to be in the mortgage report 24 24 A. In this case, no, because that's not the that I'm going to be discussing here in a little bit. 25 25 current -- that's not the current condition of the

Page 97 Page 99 subject property. That would be a hypothetical. MR. BERNERT: Objection. No foundation 2 Q. Okay. And in performing the market laid for that particular -extraction method, is it -- would it have been 3 MS. ALLISON: Can I finish the question? beneficial to appraise the properties involved before HEARING EXAMINER: Let her finish, and 5 performing -- I mean, that kind of goes along with then we can address it. 6 what you were talking about with the vacancy? By Ms. Allison: 7 A. That's part of the analysis. I'm not O. In reviewing that report, does the 8 saying you have to physically appraise every one of analysis in the report, in your professional opinion, 9 them, but you should have in your work file how you support a finding that the market rents and contract 10 determine what the land value was for each one of 10 rents were the same at the time -- I'm sorry, the 11 those properties; you know, does the appraiser have a 11 April 2014 sale? 12 license in Minnesota in order to determine what the 12 A. There's adequate support in the 13 13 land value is in Minnesota, or did they go -- did appraisal. 14 14 they go and go inside the property to have an idea MR. BERNERT: I did impose an objection, 15 what's in that building in order to properly cost it 15 right? 16 16 out? HEARING EXAMINER: You're going to have 17 17 Same with the properties that were to clarify, Mr. Bernert. 18 18 outside of the central Ohio area. So, you know, MR. BERNERT: I'm sorry. Before he 19 those are the two items that I pretty much discuss as 19 answers, I object to him going into that appraisal 20 20 far as the extraction methodology is concerned. and testifying with respect to what is in that report 21 Q. And how did you determine your contract 21 that that witness has never appeared on the stand. 22 22 rent for the subject property? Did you review the So I have a problem -- I mean, he -- he 23 23 heard everything that our witness had to say about lease or --24 24 A. I reviewed the lease. I just -- based his appraisals, no one with respect to this appraisal 25 on -- I think it steps every year, but I'm just kind 25 has ever testified. And now he's going in and saying Page 100 Page 98 of going off memory here without actually looking at in his opinion it meets this or that. It's just I 2 the document that's in here. It's in that range. have to preserve it for the record. 3 HEARING EXAMINER: I understand. O. And this is for a first generation user still, correct? 4 Ms. Allison. 5 5 6 A. Once again, that's what this property MS. ALLISON: Just for purposes of the record, the property owner's witness testified that Q. Okay. Thank you. I am going to hand appraisals were done at the time of the sale. you what has been marked as Appellant's Exhibit 3. This document was submitted to us in 9 MR. BERNERT: And I think I have a 9 discovery and represented that it was in fact the 10 10 continuing objection to this. appraisal report that was prepared for the subject HEARING EXAMINER: Yes, you do. 1 1 property at the time of the sale. 11 12 So if it's not what it purports to be we 12 By Ms. Allison: 13 Q. Have you seen that report before? 13 have bigger issues than the objection. But the only 14 A. I have. 14 reason I'm asking him is I want him to -- I mean, an 15 analysis has been done, and in his professional 15 Q. Is there an analysis in that report of what the contract and market rents are for the 16 opinion was it a valid analysis. 16 17 17 subject property just prior to the sale? HEARING EXAMINER: I'm going to defer ruling. However, I am going to allow Mr. Sprout to 18 A. Yes. 18 answer the question, and the Board will consider the 19 19 O. Okav. 20 A. There is a discussion of the rent, and 20 objection in its decision. 21 it's incumbent upon the appraiser to determine if --21 MR. BERNERT: Thank you, your Honor. 22 if indeed that rent in place is at market. 22 By Ms. Allison: 23 23 Q. So does the analysis in that report, in Q. So I think before -- can you just restate your answer? Does the analysis in the 24 your professional opinion, adequately support that 24 25 the market rent --25 financing appraisal support a conclusion that the

	Page 101		Page 103
1	market rent was contract rent?	1	MR. BERNERT: He is testifying what the
2	A. Right. And let me just kind of answer	2	author of that report said.
3	that, and then kind of move on from that, that	3	HEARING EXAMINER: Can I ask you
4	it's there's adequate support and adequate data in	4	could I ask you, Mr. Bernert and I apologize,
5	the report to support a conclusion.	5	because I want to make sure I have the right case to
6	There's also a value in here that	6	ask you about.
7	discusses the insurable value, which a lot of banks	7	So, let's see. The court issued a
8	want for whatever reason, for if the thing were to	8	decision in Emerson versus Erie County some months
9	burn down, what would be its cost.	9	ago One moment. I apologize, I don't want to lose
10	And it's important to understand, as an		my spot in March 2017.
		10	And in that case the court said we could
11	appraiser, you know, we're valuing the real estate.	11	
12	This appraisal values the real estate. It determines	12	consider an appraisal report done performed
13	that the lease that's in place that encumbers the	13	contemporaneous with the sale without there being a
14	property is at market. It provides a capitalization	14	hearsay authentication issue.
15	rate to that rent, that market rent that was	15	You may be unprepared to have a
16	discussed, to determine a value.	16	discussion about that, but I would ask you if your
17	A bank or a financing institution,	17	brief could discuss it.
18	utilizes this value conclusion with the collateral	18	MR. BERNERT: Be glad to.
19	being the real state.	19	HEARING EXAMINER: I think that would be
20	Now, yes, sir, there's an encumbrance on	20	very helpful to the Board to decide on this
21	that real estate, but if there was anything different	21	particular issue. I'm going to defer ruling and
22	in this report that suggested that the rent that was	22	allow Mr. Sprout to continue his testimony on this
23	encumbering the property was anything but market,	23	issue.
24	there would have been an adjustment.	24	MR. BERNERT: Your Honor, if I could
25	Therefore, since there wasn't, the lease	25	just make one quick point.
	Page 102		Page 104
1	fee interest in this case is akin to fee simple,	1	I think that the Supreme Court has never
2	because it's at market rent.	2	determined that this kind of review process that
3	Q. And specifically, what did they determine the market rent to be in the Cushman appraisal report?	3	we're seeing today is appropriate, and so whatever
4	A. They did two analyses. So in the direct capitalization	4	decisions have been made about allowing someone to
5	of the they indicated \$10.50 per square foot.	5	come in and testify, I don't think that it's over
6	Q. And the contract rent was in fact	6	yet.
7	\$10.50, right?	7	MS. ALLISON: I disagree with that
8	MR. BERNERT: Your Honor, he can say what he	8	wholeheartedly.
9	thinks, he can't say what they think. And I mean, what he's	9	MR. BERNERT: I understand. And that's
10	doing is, without getting the author, he's testifying what the	10	for the brief, as you suggested.
11	appraiser said, and that	11	HEARING EXAMINER: Clearly this case
12	can't be right.	12	probably will take a next step, at least one step,
13	Now, a review is one thing, but to go in and say well, here are the terms of this report and I'm going to	13	and I want to create the best record possible, not
14	recite them on the stand, is improper.	14	only for the Board, but also for reviewing board
15	HEARING EXAMINER: Okay.	15	courts.
16	MS. ALLISON: I'm going to ask him if the market	16	I want you to object as many times as
17	rent was contract in the analysis in that report, and he said	17	you want, Mr. Bernert, and not worry about
18	yes.	18	interrupting. Again, I want to make sure we create
19	I'm just verifying that they were in	19	the best record possible.
20	fact the same numbers. I'm not asking him a value, I'm not	20	MR. BERNERT: It's just hard because
21	asking him	21	it's a narrative.
22		22	HEARING EXAMINER: No, you feel free to
23		23	
23			interject when you feel.
25		24 25	MR. BERNERT: Okay.
2 5		23	HEARING EXAMINER: So again, I'm going
i		1	

		<u> </u>	
	Page 105		Page 107
1	to defer ruling on your objection and allow Mr.	1	Q. Okay. And just one more question, then.
2	Sprout to continue.	2	Based on your professional opinion, and after
3	By Ms. Allison:	3	reviewing the analysis in the Cushman reports,
4	Q. Do you remember the question?	4	understanding that you're not providingyou have not appraised the property on your own, but does the analysis
5	A. Well, right. And I just want to kind	5	in that report support the price that was paid for the sale of
6	of since this record is as a review appraiser, I	6	this property?
7	review a lot of reports for banks for testimony,	7	A. Well, the analysis in the report does support the
8	and a lot and there are times where the appraiser is not available because a report has been assigned.	8	data or the data in the report does support the
9	So it's my task as a review appraiser to provide	9	conclusions that are within this report.
10	information to the bank, or to the lending institution, or to	10	You know, once again, we're getting into
11	a School Board or to a property owner, as to the	11	a situation where there are single tenant leases out there, or
12	credibility of that document.	12	offerings, that would support an income approach to value.
	Q. Thank you. So and I guess in your professional		MS. ALLISON: Okay. I think that's all I have
13	opinion, should a value set forth in a financing appraisal	13	for right now. Thank you.
14	be the same as the value set forth in an ad valorem	14	HEARING EXAMINER: And I don't need to take my
15	appraisal report prepared	15	11:30 break, but, Mr. Bernert, if you'd like to take a few minutes to articulate, get your
16	MR. BERNERT: Object to the extent it's	16	thoughts together before you proceed with your cross-
17	asking for a legal opinion.  MS. ALLISON: I'm asking him if the value set	17	examination, I don't mind.
18	forth in an appraisal report prepared for financing	18	MR. BERNERT: That would be great.
19	purposes should be the same are you appraising the	19	Thank you.
20	same interest as you are in an ad valorem tax appraisal. I	20	(Recess taken.)
21	mean, that's in his professional wheelhouse.	21	HEARING EXAMINER: We're back on the
22		22	HEARING EXAMINER. WE'TE DACK OIL LIE
23		23	
24		24	
25		25	
		23	
	Page 106		Page 108
1	MR. BERNERT: As long as it's not the	1	record, and, Mr. Bernert, I believe you are about to
2	legal issue of ad valorem, because I'm afraid counsel	2	start your cross-examination.
3	and I don't agree on that.	3	MR. BERNERT: Yes, your Honor.
4	HEARING EXAMINER: I had the sneaking	4	
5	suspicion. I believe there's no objection once	5	CROSS-EXAMINATION
6	Ms. Allison clarified the question in your opinion as	6	By Mr. Bernert:
7	an appraiser.	7	Q. Good morning, Mr. Sprout.
8	MS. ALLISON: Thank you. Yes.	8	A. Good morning.
9	THE WITNESS: There should not be a	9	Q. So what precisely were you asked to do
10	material difference between an appraisal done for ad	10	by counsel in this case?
11	valorem tax purposes and an appraisal done for market	11	A. To provide an appraisal review of the
12	value.	12	Pickering appraisals and the Cushman Wakefield
13	There could be some differences if	13	appraisal for mortgage purposes.
14	there's above or below market rent, or if there	14	Q. So you've not done a written report of
15	are other factors that could come into play, but from	15	value?
16	a material standpoint from they should be	16	A. I have not done a written report of
17	relatively the same.	17	value. I didn't do any valuation in this case, other
18	There are not there's not two ways to	18	than benchmarking market rent and determining
19	appraise a property. A market value is a market	19	credibility of the appraisal documents.
20	value. There could be investment value or some other	20	Q. So if we were to think about a written
21	types of value, but but by the definition of	21	appraisal, you don't have the various elements you
22	market value, unless there's a hypothetical condition	22	would have if you were here testifying with respect
23	in the report, then no, there should be there	23	to an opinion of value; isn't that correct?
24	should be minimal difference between the two.	24	A. If I was doing that's a totally
25	By Ms. Allison:	25	different assignment from a written appraisal.
	2 <sub>3</sub> 1.13. 1 1113011.		anterent assignment from a written appraisa.

Page 109 Page 111 1 Q. So my question, sir, is if you were 1 the question just to make sure I understand? 2 2 doing a written -- if you were doing an appraisal to By Mr. Bernert: 3 present to the Board of Tax Appeals, there would be a 3 Q. Isn't it true that you have engaged number of requirements that you would have to go 4 counsel to advise you about whether you have to turn 4 5 5 through in order to do that report; isn't that over your files or not to the Board of Tax Appeals? correct? HEARING EXAMINER: Okay. Stop there. 6 6 7 To make sure I understand, when you say "counsel". 7 A. Yes. 8 8 you mean his own counsel, and not Ms. Allison? Q. And this assignment did not have you do 9 9 those elements that you would have to do if you had MR. BERNERT: For clarification, I mean 10 done an opinion of value; isn't that correct? 10 his own counsel. A. Yes. 11 MS. ALLISON: And if we could clarify to 11 Q. So you haven't met the minimum 12 say for another case, I don't think we have an 12 requirements for an appraisal of the property, 13 13 objection to that. Do you, Tom? 14 correct? 14 THE WITNESS: No. 15 15 A. I didn't do an appraisal. MR. BERNERT: Any case, I don't care. 16 Q. Okay. And this is not an oral report of 16 HEARING EXAMINER: Your clarification? 17 value either, correct? 17 MS. ALLISON: Is that he has engaged 18 A. This is an oral appraisal review. 18 counsel in the past on a previous case when a work 19 Q. But it's not an oral report of value? 19 file was requested, and his professional obligation to turn over that report. In contrast to a written report, just to be clear, 20 20 you're not doing an evaluation of the property? HEARING EXAMINER: And you are 21 21 22 A. I'm providing oral testimony at which 22 disagreeing with the --23 time once the testimony is completed -- I'm 23 MR. BERNERT: No, ma'am. My question to the witness is we want to confirm that he engaged expounding on this because I want to make sure it's 24 24 25 on the record properly. 25 counsel. Page 110 Page 112 1 1 Once this is over, I will be completing HEARING EXAMINER: In this case or 2 my work file with testimony from today's hearing, as 2 another case? 3 MR. BERNERT: In any case, to determine 3 well as information that has occurred and that I 4 testified to, which basically that document does. 4 whether he needs to turn over his file when he does 5 5 I did provide benchmark information, whatever it is he's doing for the Board of Tax 6 6 Appeals in these cases. benchmark appraisal information regarding market rent 7 7 in discussing Cushman and Wakefield's report. MS. ALLISON: And my relevancy objection 8 8 Q. You're not sharing your report file with still stands. It has nothing to do with what's 9 9 us this morning, are you? happening today. 10 MR. BERNERT: I think it does. It goes 10 A. I am not. 11 Q. And in fact, when I asked you for it you 11 to credibility, your Honor. 12 denied that you would give us that report, correct? 12 HEARING EXAMINER: I'm going to overrule A. You requested that off the record. 13 13 your objection, but I want to make the record clear, 14 14 Q. Yes. Now I'm doing it on the record. because I have to admit, the discussion was a little 15 15 Would you provide us your report, sir? confusing to me. 16 16 A. My work file? And, Mr. Bernert, your question is has 17 O. Your work file. 17 he, on any case, retained counsel to determine 18 18 A. No, I would not. whether or not he has to turn over his work file? 19 Q. And is it my understanding you engaged 19 MR. BERNERT: In these kinds of 20 counsel to assist you in answering that question? 20 proceedings, meaning similar Board of Tax Appeals 21 MS. ALLISON: Objection. This has been 21 proceedings, yes. 22 22 dealing with prior litigation, it's completely HEARING EXAMINER: Okay. Mr. Sprout? 23 THE WITNESS: We have engaged counsel --23 irrelevant in this case. 24 Brian W. Barnes & Company and Thomas C. Sprout, CPA, 24 MR. BERNERT: I don't think --25 have engaged counsel to go over what our rights are 25 HEARING EXAMINER: Val, could you repeat

	Page 113		Page 115
1	as a witness in all realms of BTA, bankruptcy,	1	Q. Did you contact Mr. O'Malley in this
	whatever types of court we're dealing with, or	2	case?
2 3	hearings that we're dealing with.	3	A. I did not.
	HEARING EXAMINER: Mr. Bernert.	4	Q. Did you contact Mr. Templet in this
5	By Mr. Bernert:	5	case?
4 5 6	Q. So you were engaged to do a formal	6	A. I did not.
7	appraisal review?	7	Q. Did you contact anyone with respect to
8	A. I was engaged to provide an appraisal	8	either of these transactions to confirm the status or
9	review of these three documents.	9	the circumstances for the two sales? And that's the
10	Q. Is it not customary for you to do a	10	sale from State Farm to Lone Star, and from Lone Star
11	report when you do an appraisal review?	11	to JDM.
12	A. Yes.	12	MS. ALLISON: I'm going to object.
13	Q. And you did not do a report in this	13	These questions that he's asking are outside the
14	case?	14	scope of what he was prepared to do. He was not
15	A. I'm providing an oral report.	15	prepared to determine whether this sale was an arm's
16	Q. Okay. And you don't think it's	16	length transaction. He was specifically asked to
17	important, when you are providing testimony, that the	17	review the information contained in the appraisal
18	Board of Tax Appeals should get a written appraisal	18	reports.
19	review? You don't think that's important?	19	MR. BERNERT: Your Honor, in my brief to
20	A. I don't think it's necessary in this	20	you I'm going to suggest that we can't have this kind
21	case, no.	21	of half baked approach.
22	Q. So you you testified the highest and	22	You either prepare a written report to
23	best use is the for a single tenant use of the	23	submit to the Board of Tax Appeals to review, or you
24	property, correct?	24	don't. What we have got here is this new hybrid
25	A. I testified that I agree with the	25	approach, and even if it's been accepted indirectly
	Page 114		Page 116
1	assessment in the appraisal.	1	as part of a larger case, we are going to address it.
2		-	
	DEARTING EXAMINER: And could we fust	2	
3	HEARING EXAMINER: And could we just	2	And so what we're saying is, we want you
3	clarify which appraisal.	3	And so what we're saying is, we want you to understand I think you do, but we want you to
3 4 5	clarify which appraisal.  THE WITNESS: In the Pickering	3 4	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not
1 2 3 4 5	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use	3 4 5	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.
6	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied	3 4	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under
6 7	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.	3 4 5 6 7	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what
6 7 8	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:	3 4 5 6 7 8	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions
6 7 8 9	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert: Q. Did you come up with any comparables	3 4 5 6 7 8 9	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was
6 7 8 9 10	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert: Q. Did you come up with any comparables that you decided not to include in your testimony	3 4 5 6 7 8 9	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.
6 7 8 9 10 11	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?	3 4 5 6 7 8 9 10	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask,
6 7 8 9 10 11	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information,	3 4 5 6 7 8 9 10 11	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal
6 7 8 9 10 11 12	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.	3 4 5 6 7 8 9 10 11 12 13	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking
6 7 8 9 10 11 12 13	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us	3 4 5 6 7 8 9 10 11 12 13	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or
6 7 8 9 10 11 12 13 14	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?	3 4 5 6 7 8 9 10 11 12 13 14	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.
6 7 8 9 10 11 12 13 14 15 16	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.	3 4 5 6 7 8 9 10 11 12 13 14 15 16	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale
6 7 8 9 10 11 12 13 14 15 16 17	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.  By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an
6 7 8 9 10 11 12 13 14 15 16 17	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building. By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically will contact either one of the participants in the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an appraisal review, the information that's in the
6 7 8 9 10 11 12 13 14 15 16 17 18	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.  By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically will contact either one of the participants in the sale, or the broker for a sale, to confirm that	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an appraisal review, the information that's in the appraisals, unless there's a reason to otherwise I
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.  By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically will contact either one of the participants in the sale, or the broker for a sale, to confirm that comparable sale; isn't that correct?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an appraisal review, the information that's in the appraisals, unless there's a reason to otherwise I have some knowledge that it's not true, I can take it
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.  By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically will contact either one of the participants in the sale, or the broker for a sale, to confirm that comparable sale; isn't that correct?  A. As part of our due diligence we do try	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an appraisal review, the information that's in the appraisals, unless there's a reason to otherwise I have some knowledge that it's not true, I can take it as being accurate through that process.
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.  By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically will contact either one of the participants in the sale, or the broker for a sale, to confirm that comparable sale; isn't that correct?  A. As part of our due diligence we do try to contact the buyer, seller, or broker, or	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an appraisal review, the information that's in the appraisals, unless there's a reason to otherwise I have some knowledge that it's not true, I can take it as being accurate through that process.  HEARING EXAMINER: Okay. Does that
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.  By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically will contact either one of the participants in the sale, or the broker for a sale, to confirm that comparable sale; isn't that correct?  A. As part of our due diligence we do try to contact the buyer, seller, or broker, or knowledgeable participants in a transaction in order	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an appraisal review, the information that's in the appraisals, unless there's a reason to otherwise I have some knowledge that it's not true, I can take it as being accurate through that process.  HEARING EXAMINER: Okay. Does that answer your question? No? Because I do agree with
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	clarify which appraisal.  THE WITNESS: In the Pickering appraisal. I agree with the highest and best use analysis which indicated a single user owner/occupied building.  By Mr. Bernert:  Q. Did you come up with any comparables that you decided not to include in your testimony today?  A. I have comparable information, absolutely.  Q. And you're not sharing that with us today, correct?  A. I haven't been asked to talk about it.  Q. So when you analyze sales, you typically will contact either one of the participants in the sale, or the broker for a sale, to confirm that comparable sale; isn't that correct?  A. As part of our due diligence we do try to contact the buyer, seller, or broker, or	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	And so what we're saying is, we want you to understand I think you do, but we want you to understand that this is not an appraisal, and I'm not exactly sure what he's doing on the stand today.  MS. ALLISON: It's permitted under USPAP, so he should be permitted to testify for what he was scoped to do and not be asked for conclusions for things that were outside the scope of what he was asked to do what he was scoped to do.  HEARING EXAMINER: Let me ask, Mr. Sprout, you were scoped to do an appraisal review. In an appraisal review or in undertaking your assignment did you review the same documents or make any determinations about the sale.  THE WITNESS: I reviewed the sale documents. However, the when I'm doing an appraisal review, the information that's in the appraisals, unless there's a reason to otherwise I have some knowledge that it's not true, I can take it as being accurate through that process.  HEARING EXAMINER: Okay. Does that

MR. BERNERT: This goes to the scope. I mean, the witness is talking about the credibility of another witness. And we're allowed to ask about what he did in this case, and the minimum standards that he's meeting before he presents testimony to you.

So it is customary, and -- it's customary to contact the participants or the brokers or a knowledgeable person with respect to sales that are being examined as part of testimony.

MS. ALLISON: In an appraisal review it's not customary. He is entitled to rely upon the information contained in the reports. It's in USPAP.

MR. BERNERT: I'm getting to the question that despite what counsel says, there is no place for a review of this nature at the Board of Tax Appeals. And I ought to be able to -- I'm not going that far, I just need to -- some of the basic things were not being done here.

MS. ALLISON: That goes to the probative nature, not the admissibility.

MR. BERNERT: It's admissible.
HEARING EXAMINER: And you're asking him these questions -- the question that you asked goes to your argument that he should have performed a written report partly? Maybe I don't get it.

Page 119

discussions were made with those individuals, and that the data that -- and the comments that are made about that information is accurate within the appraisal.

And just to give you an idea, one of the -- the Sale No. 2 in the Pickering report discusses the sale that occurred when the property was almost vacant when Molina bought it. It doesn't discuss the subsequent sale of that property about a year later.

I have knowledge of that sale through doing work in the City of Columbus, therefore I can make a comment about it because I have knowledge, or I would let whoever the user know, who my client knows, that there's another sale here that wasn't discussed. Why? I don't know. That would be something that counsel would have to ask.

Q. So in your opinion, is a sale/leaseback normally an indicator of the value of property that's subject to that sale/leaseback, in your opinion?

A. That's not -- well, sometimes it is and sometimes it's not.

Q. Okay.

A. And that's as honest of an answer that I can give you.

Page 118

MR. BERNERT: Well, written -- it could be an oral if he has everything that's in there. It's just I want to clarify the nature of this review process.

HEARING EXAMINER: Okay. I'm going to overrule your objection. You can continue. And I'm sure this will be completely briefed, but go ahead, Mr. Bernert.

By Mr. Bernert:

Q. So just very simply, you did not contact any of the participants in the two sales of the subject property as part of your appraisal review process; isn't that correct?

A. I did not talk to either one.

Q. With respect to the comparables that are in the two reports for this assignment, did you contact -- or prior assignments, did you contact participants in those sales, meaning that the comparables that are in the two exhibits which are the appraisals?

A. So basically we have got three exhibits. We have got three appraisals here. So the information that is from a verification of these sales, and the comments that are made to these sales, as a review appraiser I can assume that those

Page 120

Q. The second sale that you're focusing on, sir, that was a sale/leaseback, was it not?

A. It was.

Q. Thank you. With respect to Comparable No. 2, your observation, whatever, is that it is distressed because it's only 13 percent occupied; is that correct?

A. No, it is not. I have knowledge, and it was confirmed in the Cushman appraisal who actually uses that second sale in their report, it is -- let's see. Since you asked that question, I'm just going to provide what page that's on.

It would be sale 4 in the Cushman report. It's in the addendum so there's no -- there is no page number, but that's only about 12 pages from the end.

And I'll just -- you know, it just confirms the building was multi-tenanted, but Molina is master leasing the entire building.

They had acquired the building in December 2012 for only 8.5 million, which is discussed in the Pickering report, but the building had a distressed occupancy at the time as its largest existing tenant was known to be vacating the building and leaving only approximately 13 percent leased.

30 (Pages 117 to 120)

	7 101		7 100
	Page 121		Page 123
1	Q. So if I understand your opinion that	1	the property. You're saying disregarding the lease.
2	it's distressed is based on the fact that that report	2	Well, there is no lease as a fee simple unencumbered
3	said it was distressed, correct?	3	value. There is no lease on the property.
4	A. And I have knowledge of that sale.	4	Q. So you can't do a fee simple
5	Q. And so what you're doing today is taking	5	unencumbered valuation of leased property?
6	one report and playing it against the other report;	6	A. For ad valorem tax purposes you can.
7	isn't that correct?	7	MR. BERNERT: Nothing further.
8	MS. ALLISON: Objection. He just said	8	HEARING EXAMINER: Okay. Ms. Allison.
9	it was also based upon his own personal knowledge.	9	MS. ALLISON: Just a few.
10	HEARING EXAMINER: Do you have a	10	HEARING EXAMINER: I just had some
11	response?	11	questions that I was going to interject. But I'll
12	MR. BERNERT: I just want to hear his	12	wait.
13	answer, your Honor. That's all.	13	
14	HEARING EXAMINER: I'm going to sustain	14	EXAMINATION
15	her objection. Please ask your next question.	15	By the Hearing Examiner:
16	By Mr. Bernert:	16	Q. Could you explain for the benefit of the
17	Q. So in this case you are reviewing these	17	Board and Ms. Allison may have asked you this on
18	appraisals, each appraisal individually, correct?	18	direct, and I apologize, but I want to make sure the
19	A. Yes.	19	record is clear, since it's the crux of the
		1	
20	Q. And then what you're doing is you're	20	disagreement at this point, could you explain what an
21	accumulating that information together, synthesizing	21	appraisal review is, and what that requires of the
22	the different reports, and then telling the Board	22	appraiser under USPAP?
23	your conclusion as to how we should put together all	23	A. As a on reviewing the appraisal for
24	these reports; isn't that correct?	24	credibility, I'm reviewing the appraisal for
25	A. No.	25	accuracy, I'm reviewing and what I mean by that,
	Page 122		Page 124
1	Q. Okay. Then what is it that you're doing	1	that there aren't so many typos that it goes to the
2	exactly?	2	credibility of the report, the addition,
3	A. I did an independent appraisal review of	3	substraction, multiplication, those types of things.
4	each of the three documents. I discussed my opinion	4	Just and so effectively, the overall,
5	of each of those appraisals. My opinion on the	5	does the do the does the data in the report
6	Pickering reports, being two, was virtually the same.	6	support its overall conclusions. And that's wrapped
7	There was no income approach. In my opinion that's a	7	up with highest and best use, and the data used to
8	credibility issue and a severe flaw with the report.		
9		1 8	form the opinion of value.
9	7	8 9	form the opinion of value.
	I concluded that the Cushman report for	9	form the opinion of value.  And in this case, an income approach not
10	I concluded that the Cushman report for mortgage purposes I indicated that the data in the	9	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe
10 11	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a	9 10 11	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in
10 11 12	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of	9 10 11 12	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties,
10 11 12 13	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.	9 10 11 12 13	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and
10 11 12 13 14	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your	9 10 11 12 13 14	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a
10 11 12 13 14 15	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?	9 10 11 12 13 14 15	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.
10 11 12 13 14 15	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an	9 10 11 12 13 14 15 16	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been
10 11 12 13 14 15 16	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.	9 10 11 12 13 14 15 16 17	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal
10 11 12 13 14 15 16 17	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.  Q. And would you give us your understanding	9 10 11 12 13 14 15 16 17 18	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal  A. Okay.
10 11 12 13 14 15 16 17 18	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.  Q. And would you give us your understanding of what a fee simple unencumbered standard is?	9 10 11 12 13 14 15 16 17 18	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal  A. Okay.  Q. Make sure I'm understanding.
10 11 12 13 14 15 16 17 18 19 20	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.  Q. And would you give us your understanding of what a fee simple unencumbered standard is?  A. You just gave me the definition;	9 10 11 12 13 14 15 16 17 18 19 20	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal  A. Okay.  Q. Make sure I'm understanding.  is the appraiser and tell me which
10 11 12 13 14 15 16 17 18 19 20 21	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.  Q. And would you give us your understanding of what a fee simple unencumbered standard is?  A. You just gave me the definition; unencumbered.	9 10 11 12 13 14 15 16 17 18 19 20 21	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal  A. Okay.  Q. Make sure I'm understanding.  is the appraiser and tell me which verb I want supposed to, required, not supposed
10 11 12 13 14 15 16 17 18 19 20 21 22	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.  Q. And would you give us your understanding of what a fee simple unencumbered standard is?  A. You just gave me the definition; unencumbered.  Q. Disregarding the lease, correct?	9 10 11 12 13 14 15 16 17 18 19 20 21 22	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal  A. Okay.  Q. Make sure I'm understanding.  is the appraiser and tell me which verb I want supposed to, required, not supposed to, not required, express an opinion of value?
10 11 12 13 14 15 16 17 18 19 20 21 22 23	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.  Q. And would you give us your understanding of what a fee simple unencumbered standard is?  A. You just gave me the definition; unencumbered.  Q. Disregarding the lease, correct?  A. No, there is no lease on the property.	9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal  A. Okay.  Q. Make sure I'm understanding.  is the appraiser and tell me which verb I want supposed to, required, not supposed to, not required, express an opinion of value?  A. Only at the point where additional
10 11 12 13 14 15 16 17 18 19 20 21 22	I concluded that the Cushman report for mortgage purposes I indicated that the data in the report supported their conclusion of value. As a review appraiser, that was my task independent of each appraisal was independently reviewed.  Q. Would you please give us your understanding of what a leased fee is?  A. Yeah, it's basically it's an encumbrance on property.  Q. And would you give us your understanding of what a fee simple unencumbered standard is?  A. You just gave me the definition; unencumbered.  Q. Disregarding the lease, correct?	9 10 11 12 13 14 15 16 17 18 19 20 21 22	form the opinion of value.  And in this case, an income approach not being provided in the Pickering report is a severe flaw in my opinion, because there is adequate data in the market place for single tenant leased properties, or offered properties, and it goes to the highest and best use in the Pickering report that indicates a single user, owner/user property.  Q. Under when an appraiser has been scoped to review an appraisal  A. Okay.  Q. Make sure I'm understanding.  is the appraiser and tell me which verb I want supposed to, required, not supposed to, not required, express an opinion of value?

	Page 125		Page 127
1		1	
1	conclusion of value because of, in this case, the	1	MR. BERNERT: If in fact there's going
2	Pickering report doesn't have an income approach, at	2	to be now so the testimony and this goes to a
3	which point in time I would let my client know that,	3	cross-examination I guess, but let me just frame it.
4	and if they wanted me to expand upon my scope and	4	We were told this was a review
5	provide a benchmark or my own opinion of value, that	5 6	appraisal. Now we're told he's going beyond the
6	can be done at that time. That was not in this case.		review appraisal, that he was asked to do more than a
7	HEARING EXAMINER: That's all that I	7	review appraisal.
8	have. Ms. Allison, you can do your direct, and,	8	HEARING EXAMINER: Wait just one second.
9	Mr. Bernert, I'll bring it back to you if you have	9	Mr. Sprout and I just want to make sure our words
10	some further questions.	10	are precise.
11			Is there a different between an
12	REDIRECT EXAMINATION	12	appraisal review and a review appraisal?
13 14	By Ms. Allison:	13	THE WITNESS: Yes.
	Q. Just as a followup to that benchmark,	14	HEARING EXAMINER: Okay. Just one
15	though, you were in fact asked to provide an opinion	15	second. You were scoped to do an appraisal review or
16	of whether the Cushman appraisal report supported the	16	review appraisal?
17	sale price?	17	THE WITNESS: I was scoped to do an
18	A. If the data supported it. And in this	18	appraisal review.
19	case the value was \$26 million, and yeah, by default,	19	HEARING EXAMINER: Okay.
20	yes, it does support.	20	THE WITNESS: With can I continue or
21	But and I was also tasked to	21	not?
22	determine if the market if the rent that was being	22	HEARING EXAMINER: Yes.
23	paid by State Farm was consistent with market rent	23	THE WITNESS: Because there wasn't an
24	for a property like this, which I did that as well.	24	income approach to value.
25	Q. Thank you.	25	HEARING EXAMINER: Okay.
	D 100		
	Page 126		Page 128
1	So you were asked by counsel whether you	1	Page 128  THE WITNESS: I was additionally scoped
1		1 2	
1 2 3	So you were asked by counsel whether you		THE WITNESS: I was additionally scoped
	So you were asked by counsel whether you performed any outside analysis regarding the	2	THE WITNESS: I was additionally scoped to provide my support as to why an income approach
3	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the	2	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there
3 4	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?	2 3 4	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.
3 4 5	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes.	2 3 4 5	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only
3 4 5	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes.  Q. Okay. And you said that you did	2 3 4 5	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was
3 4 5 6 7	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes.  Q. Okay. And you said that you did consider outside information?	2 3 4 5 6 7	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been
3 4 5 6 7 8	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes.  Q. Okay. And you said that you did consider outside information?  A. I did.	2 3 4 5 6 7 8	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review
3 4 5 6 7 8 9	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you	2 3 4 5 6 7 8 9	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.
3 4 5 6 7 8 9	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes.  Q. Okay. And you said that you did consider outside information?  A. I did.  Q. Do you have that information with you today?	2 3 4 5 6 7 8 9	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all
3 4 5 6 7 8 9 10	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes.  Q. Okay. And you said that you did consider outside information?  A. I did.  Q. Do you have that information with you today?  A. I do.	2 3 4 5 6 7 8 9 10 11	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically
3 4 5 6 7 8 9 10 11 12	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it?	2 3 4 5 6 7 8 9 10 11	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want
3 4 5 6 7 8 9 10 11 12 13	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel	2 3 4 5 6 7 8 9 10 11 12 13	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was
3 4 5 6 7 8 9 10 11 12 13	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was	2 3 4 5 6 7 8 9 10 11 12 13 14	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I
3 4 5 6 7 8 9 10 11 12 13 14	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I	2 3 4 5 6 7 8 9 10 11 12 13 14 15	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I wasn't going to submit it, but since you opened the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.  MR. BERNERT: Why doesn't she ask a
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I wasn't going to submit it, but since you opened the door	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.  MR. BERNERT: Why doesn't she ask a question at this point?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I wasn't going to submit it, but since you opened the door THE WITNESS: I mean, it is in my work	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.  MR. BERNERT: Why doesn't she ask a question at this point?  By Ms. Allison:
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I wasn't going to submit it, but since you opened the door THE WITNESS: I mean, it is in my work file.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.  MR. BERNERT: Why doesn't she ask a question at this point?  By Ms. Allison:  Q. As part of performing your appraisal
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I wasn't going to submit it, but since you opened the door THE WITNESS: I mean, it is in my work file. MS. ALLISON: I've never seen it.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.  MR. BERNERT: Why doesn't she ask a question at this point?  By Ms. Allison:  Q. As part of performing your appraisal review, you made the determination that an income approach should have been performed in the Pickering appraisal, Eberly appraisal?
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I wasn't going to submit it, but since you opened the door THE WITNESS: I mean, it is in my work file.  MS. ALLISON: I've never seen it. THE WITNESS: I can present it verbally instead of as an exhibit, so I'm happy to do that. MR. BERNERT: I would object to that.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.  MR. BERNERT: Why doesn't she ask a question at this point?  By Ms. Allison:  Q. As part of performing your appraisal review, you made the determination that an income approach should have been performed in the Pickering
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	So you were asked by counsel whether you performed any outside analysis regarding the availability of single tenant users for leases in the market, correct?  A. Yes. Q. Okay. And you said that you did consider outside information? A. I did. Q. Do you have that information with you today? A. I do. Q. May I see a copy of it? MR. BERNERT: Is that what your counsel told you was MS. ALLISON: You asked about it. I wasn't going to submit it, but since you opened the door THE WITNESS: I mean, it is in my work file.  MS. ALLISON: I've never seen it. THE WITNESS: I can present it verbally instead of as an exhibit, so I'm happy to do that.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	THE WITNESS: I was additionally scoped to provide my support as to why an income approach would be necessary, or there's a reason why there should be an income approach done.  HEARING EXAMINER: Okay. And the only reason I keep hitting at this point is because it was my understanding it seems like I might have been right on this is appraisal review and review appraisal are two different things.  And I just want to make sure we're all using the same terms, noting that they are basically the same terms just in reverse order, but I just want to make sure we're on the same page about what was scoped. So could you restate your objection, or I can ask Val to do this.  MR. BERNERT: Why doesn't she ask a question at this point?  By Ms. Allison:  Q. As part of performing your appraisal review, you made the determination that an income approach should have been performed in the Pickering appraisal, Eberly appraisal?

	Page 129		Page 131
1	were adequate comparables to perform an income	1	HEARING EXAMINER: Five, ten minutes,
2	approach?	2	everybody can look at the document. I won't look at
3	A. Yes.	3	it until you decide how you want to do it, that way
4	Q. Do you have those comparables that you	4	you can be prepared to raise whatever issues you may
5	considered as part of your appraisal review with you	5	or may not have.
6	today?	6	Okay. So let's take ten minutes off the
7	A. Yes.	7	record.
8	Q. May I see a copy of those, please?	8	(Recess taken.)
9	A. You may.	9	(EXHIBIT MARKED FOR IDENTIFICATION.)
10	MS. ALLISON: He's asked for his work	10	HEARING EXAMINER: On the record. Go
11	file. If he's going to review it, I want it in the	11	ahead, Mr. Bernert.
12	record.	12	MR. BERNERT: First thing is we'd like
13	MR. BERNERT: I do note that I asked for	13	his entire file, because I think he's waived any
14	it earlier. They refused to give it, and now they	14	objection by being selective in now handing out part
15	are doing it.	15	of his work file.
16	HEARING EXAMINER: Ms. Allison, you	16	But I'd like to be very clear about what
17	stated that you hadn't seen this information.	17	my objection was, and what I've opened the door to.
18	MS. ALLISON: I have not.	18	So we had been told, and I hope I'm using the word
19	MR. BERNERT: Mr. Bernert, clearly you	19	correctly, that the witness was engaged to do an
20	haven't seen this information.	20	appraisal review.
21	MR. BERNERT: I haven't.	21	We were objecting because he was
22	MS. ALLISON: Just like the new lease we	22	communicating to the Board information outside the
23	had this morning.	23	appraisals, which is going beyond, I believe, an
24	HEARING EXAMINER: Ten minutes off the	24	appraisal review.
25	record enough to review this information?	25	Now, earlier we had been rebuked for
23	record chough to review this information.	23	Now, earlier we had been reduced for
	Page 130		Page 132
1	Page 130  MS. ALLISON: I haven't seen it yet, so	1	questioning what the scope of the presentation was,
1 2	-	1 2	questioning what the scope of the presentation was, so I have objected that if he's representing that
1 2 3	MS. ALLISON: I haven't seen it yet, so	1 2 3	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through
	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond		questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.
3	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear	3	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start
3 4	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond	3	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.
3 4 5	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now	3 4 5	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start
3 4 5	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got	3 4 5	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened
3 4 5	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.	3 4 5 6 7	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and
3 4 5 6 7 8	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on	3 4 5 6 7 8	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's
3 4 5 6 7 8 9	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of	3 4 5 6 7 8	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.
3 4 5 6 7 8 9 10	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about	3 4 5 6 7 8 9	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.
3 4 5 6 7 8 9 10	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this. HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm	3 4 5 6 7 8 9 10	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door
3 4 5 6 7 8 9 10 11 12	MS. ALLISON: I haven't seen it yet, so I don't know. MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this. HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.	3 4 5 6 7 8 9 10 11 12	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very
3 4 5 6 7 8 9 10 11 12	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine.	3 4 5 6 7 8 9 10 11 12 13	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in
3 4 5 6 7 8 9 10 11 12 13	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's	3 4 5 6 7 8 9 10 11 12 13	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.
3 4 5 6 7 8 9 10 11 12 13 14	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to	3 4 5 6 7 8 9 10 11 12 13 14	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are
3 4 5 6 7 8 9 10 11 12 13 14 15 16	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the	3 4 5 6 7 8 9 10 11 12 13 14 15 16	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the document, or are you objecting which she has not	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the document, or are you objecting which she has not moved into	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are sneaking in appraisal valuation information where
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine.  HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the document, or are you objecting which she has not moved into MR. BERNERT: I can't respond to that,	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are sneaking in appraisal valuation information where there hasn't and saying he did not do an
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the document, or are you objecting which she has not moved into  MR. BERNERT: I can't respond to that, your Honor, without looking at what it is.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are sneaking in appraisal valuation information where there hasn't and saying he did not do an appraisal. So that's my objection.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the document, or are you objecting which she has not moved into  MR. BERNERT: I can't respond to that, your Honor, without looking at what it is. HEARING EXAMINER: Okay. So we're going	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are sneaking in appraisal valuation information where there hasn't and saying he did not do an appraisal. So that's my objection.  HEARING EXAMINER: Okay.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the document, or are you objecting which she has not moved into  MR. BERNERT: I can't respond to that, your Honor, without looking at what it is. HEARING EXAMINER: Okay. So we're going to take five, ten minutes.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are sneaking in appraisal valuation information where there hasn't and saying he did not do an appraisal. So that's my objection.  HEARING EXAMINER: Okay.  MR. BERNERT: To open it up to all this
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. ALLISON: I haven't seen it yet, so I don't know.  MR. BERNERT: Can we I'm not clear what's going on. So my question was did he go beyond an appraisal review. That was my question. Now we're getting into this. I don't know how we got into this.  HEARING EXAMINER: Well, you did on cross-examination you were asking him what sort of information he looked at, and you did ask about market information. And I apologize if I'm paraphrasing that.  MR. BERNERT: That's fine. HEARING EXAMINER: So I do believe it's fair. You opened the door to allow Ms. Allison to to ask this question. Are you objecting to the document, or are you objecting which she has not moved into MR. BERNERT: I can't respond to that, your Honor, without looking at what it is. HEARING EXAMINER: Okay. So we're going to take five, ten minutes. MS. ALLISON: You gave me only have one	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	questioning what the scope of the presentation was, so I have objected that if he's representing that it's an appraisal review, and he's going through additional information, I was objecting to that.  The response was, well, let's start selectively pulling out his file. I haven't opened the door to that. If he's going to be doing and this is a summary document we have, which Appellant's Exhibit 4.  HEARING EXAMINER: That is correct.  MR. BERNERT: I haven't opened the door to going beyond the appraisal review being very selective in what information we're presenting in this proceeding.  So I object if if it's been represented to us it's an appraisal review and now we're going into additional elements. We are sneaking in appraisal valuation information where there hasn't and saying he did not do an appraisal. So that's my objection.  HEARING EXAMINER: Okay.  MR. BERNERT: To open it up to all this different testimony, we strongly object to that.

Page 133 Page 135 MS. ALLISON: I do. Mr. Sprout these. None of this has been disclosed. This is 2 2 3 4 specifically testified as part of his appraisal beyond the scope of what this witness is being asked review he compiled this list. So we're not going 3 to do. This is highly improper. beyond the appraisal review. HEARING EXAMINER: Okay. It's rebuttal, 5 Counsel asked him -- and we can read it so -- Ms. Allison, the BOE, doesn't have to 6 back if you'd like. He specifically asked him did provide -- doesn't have to disclose this given that 7 you look at market data to make your determination. this is their rebuttal. And I forget the exact wording, I apologize, it's MS. ALLISON: May I just make a 9 been a while ago, but he asked him if he looked at statement that they did open the door by asking 10 market data in making his determination that there 10 Mr. Sprout what he considered in determining that the 11 were single tenant lessees available. 11 income approach should have been done. 12 MR. BERNERT: Before this evidence comes 12 MR. BERNERT: It was in the context of 13 13 in we need to have an explanation whether this is whether he's exceeded his -- the scope of what he 14 14 within the appraisal review process -said he was doing. 15 15 MS. ALLISON: That's fair. HEARING EXAMINER: I'm going to defer 16 16 HEARING EXAMINER: Okay. ruling, and Mr. Sprout can testify about this 17 17 MR. BERNERT: -- to go this route. Is document. 18 this an appropriate --18 And, Mr. Bernert, you indicated that you 19 HEARING EXAMINER: Mr. Sprout, when you 19 wanted the work file. That's an issue that you need 20 20 are scoped to do an appraisal review -- and I believe to get in front of the Board, so it needs to be made 21 one of the -- one of the attorneys asked you what 21 in writing. You'll have to put that in writing. So 22 22 you're required to do, or maybe I asked as far as go ahead. 23 23 looking outside the appraisal reports that you are By Ms. Allison: 24 24 actually reviewing, is it customary for you to look Q. Mr. Sprout, you have just produced what 25 at market data when you are scoped to do an appraisal 25 has been marked as Appellant's Exhibit 4. Can you Page 134 Page 136 review? summarize for me what this document is? 2 THE WITNESS: In order to support my 2 A. Effectively, it is nine properties, 3 eight of which are in the central Ohio market area, conclusions, yes. And my conclusion was the income 4 approach was not utilized in the Pickering appraisal of leases or offerings of single tenant buildings, 5 report leading to its lack of credibility, I have to with the exception of 7400 West Campus Road which is support that conclusion. 6 in the New Albany market area. Aetna Life Insurance I am supporting that conclusion in my occupies most of that building, and those are their 8 work file with single tenanted -- or I think there's lease rates that are in place. one that's mostly tenanted buildings, and all this 9 There are three listings; the former 10 information has been testified to prior in other 10 Verizon building at Emerald Parkway, and the Civic 11 Center Drive building, that was a listing --11 cases that I've been involved in. 12 Q. Before we get specifically into the --12 So it's all -- it's all in the public 13 domain. I don't know what the case numbers are or 13 A. Sure. 14 anything. This is just information that -- that's 14 Q. I just want to make perfectly clear for 15 just supporting my conclusion, that's why it's in my 15 the record, this document was prepared as part of 16 your appraisal review process, correct? 16 work file. 17 17 A. Absolutely. HEARING EXAMINER: Mr. Bernert, you had Q. And it is contained in your work file? 18 something to say? 18 MR. BERNERT: I mean, the idea that we 19 19 20 should have gone through every case he's ever 20 Q. Could you have made the determination 21 testified to to get the evidence -- I mean, this 21 that it was improper for the Pickering appraisal 22 wasn't disclosed. 22 report not to perform an income approach without 23 This is evidence. If we go here, we're 23 looking at this data? 24 going down the rabbit hole, because this is a summary 24 A. Well, I knew about the data, I just

34 (Pages 133 to 136)

produced it on paper for my work file.

document. We need to go behind each and every one of 25

25

Page 137 Page 139 Q. So without considering market data, have the backup. You can't just use a summary. 2 could you have made that conclusion? HEARING EXAMINER: And I do see the A. No. 3 distinction that Mr. Bernert is making. MR. BERNERT: Your Honor, may I ask, is 4 MS. ALLISON: We're submitting this as 5 this being presented for the truth and the valuation proof that there were adequate single tenant users to that's in there, or to support what he said? Those 6 enable Mr. Sprout to determine that an appraisal --7 are two different things. I'm sorry, an income approach should have been 8 Is this being submitted for the limited performed. 9 purpose of what, you know, he used to form his MR. BERNERT: I'm sorry, that's not 10 opinion, or is it being presented as evidence in this 10 going to the distinction. It's nudging over to the 11 case? 11 Board of Tax Appeals, you can use these as value. If 12 MS. ALLISON: It's being presented to 12 it's just what he relied on, I don't have an 13 13 show what he relied upon to make his conclusion that objection. But when we say that you use it, I've got 14 14 it was err for Mr. Pickering not to perform the to get behind those numbers. 15 15 income approach to value. HEARING EXAMINER: No, this is --16 16 MR. BERNERT: So as I understand, it's MS. ALLISON: If these numbers aren't 17 not being presented as evidence. 17 correct, his conclusion is incorrect. That's where 18 MS. ALLISON: Well, it speaks for 18 I'm having -- go ahead. 19 itself. It is still evidence. 19 HEARING EXAMINER: This is not a full 20 MR. BERNERT: I'm sorry, it's one way or 20 appraisal report. 21 the other. 21 MS. ALLISON: Correct. 22 22 HEARING EXAMINER: I think what HEARING EXAMINER: The Board will not 23 Mr. Bernert is asking is, the BOE is not asking us to 23 consider this as a full appraisal report. We have 24 take BOE's Exhibit 4 and determine that's the market 24 three appraisal reports. This is not it. 25 rent, right? 25 And it appears to me that this document Page 140 Page 138 MR. BERNERT: Correct. is being offered to bolster Mr. Sprout's testimony that there were single tenant user properties in the 2 HEARING EXAMINER: That's --3 MS. ALLISON: We're asking you to take market. this document, along with his testimony. This is MS. ALLISON: Correct. what he relied upon when he made the conclusion that 5 HEARING EXAMINER: Okay. Let's move on. there were significant single user tenants in order 6 Was there a question? to -- that would have enabled him to perform an THE WITNESS: Do you want me to finish 8 my testimony about that document? income approach. 9 HEARING EXAMINER: So it's being offered HEARING EXAMINER: Yes. 10 10 THE WITNESS: Okay. Yes, this was a -to bolster his testimony. 11 MS. ALLISON: No, it's not being offered 11 this provided the support to my conclusion about the 12 to proof that 800 Brooks Edge was rented for \$8.12. 12 income approach. And if you notice, the building 13 MR. BERNERT: So just that I understand, 13 sizes are similar, the age of the buildings, all of 14 it's not being presented for the truth of what's in 14 which are older. 15 that document, just that he relied on it, correct? 15 MR. BERNERT: Your Honor, we're really 16 16 MS. ALLISON: I'm not sure what the going outside. So now what we're doing is we're 17 17 difference is. testifying -- I have to object, sir. I'm sorry. 18 18 You know, we're now getting into exactly MR. BERNERT: It's a big difference, 19 your Honor. We keep -- we have got this very narrow 19 the kind of testimony you would have in an appraisal. 20 scope, and then we keep expanding it. 20 MS. ALLISON: Mr. Sprout has already 21 The issue is if it's a document that he 21 testified that it's appropriate for him to perform 22 22 this type of analysis as an appraisal review. relied on in forming his opinion, that's one thing. 23 23 If he's presenting it to this Board as accurate and I know that's not what he wants it to 24 something you should take in your valuation, then 24 be, but he's permitted under USPAP to perform this 25 25 he's got to lay a foundation for it. I've got to type of analysis.

## Page 141 Page 143 MR. BERNERT: We're talking about MS. ALLISON: That's all I have. Thank 2 testimony at the Ohio Board of Tax Appeals. And you 3 don't do this kind of hybrid type thing to try to 3 HEARING EXAMINER: Okay. Mr. Bernert? start with a review and then expand it out. It 4 MR. BERNERT: Well, can we have the 5 just -- we're doing exactly the thing that you would backup data for each item here, or not? expect from an appraiser, your Honor. 6 HEARING EXAMINER: Ask your question. 7 MS. ALLISON: He's not relying on these to establish value. I think that's the determining 8 RECROSS-EXAMINATION 9 factor. He's not relying on this to say yes, this By Mr. Bernert: 10 proves the value of the property is \$26 million. 10 Q. Can you just hand us your file so we can 11 He's relying on these to prove that the 11 look at it, what you did to develop this summary? I 12 analysis in the Pickering record is flawed. These 12 mean, if you present a summary into evidence, 13 13 were out there, they are true, he should have done an whatever purpose, you have to provide the underlying 14 14 income approach. That's all I'm saying. data. 15 15 HEARING EXAMINER: Well, Mr. Bernert, I MR. BERNERT: And this is a summary 16 disagree. I don't think it's a hybrid approach, I 16 document, your Honor. And we don't have the 17 17 think this is what the Board has allowed in other underlying data that supports the summary. 18 cases, it's allowed appraisal review, and I think 18 MS. ALLISON: And again, this is not an 19 it's appropriate for Mr. Sprout to discuss what he --19 appraisal report. This is part of his appraisal 20 what -- the analysis he engaged in to come to his 20 review process. If he wants his work file he can 21 conclusion that Exhibits G and H are not supported. 21 submit the request in writing. 22 22 MR. BERNERT: So are we going to be HEARING EXAMINER: Did you have a 23 permitted to provide this to our witness and he could 23 question, Mr. Bernert? You're going to the weight 24 24 go look at it and come back and testify, or not? the Board should give this document. 25 HEARING EXAMINER: I guess if that comes 25 MR. BERNERT: I did ask for his files, Page 142 Page 144 up, I guess we'll cross that bridge, but certainly because we're going to have to respond to this. And, 1 2 allow you the opportunity to discuss it, and we'll 2 you know, as it stands now, there's a complete 3 see. surprise element that we have all these elements. MR. BERNERT: Thank you. 4 I'm still a little fuzzy what this is HEARING EXAMINER: Mr. Sprout, can you 5 being presented for. I understand the Board's 6 continue, if you remember where you left off, 6 understood and reached a conclusion on it, but I'm 7 otherwise I can ask Val. still a little confused. 8 THE WITNESS: All I was getting at was Are we not going to look at the 9 the information here, the data, this information underlying data for this? I just asked that 10 10 question. Does he have the underlying data with him here, each included size. I've included the year 11 built, and I include the tenant and the triple net 11 today, or does he have just the summary? 12 lease nature. 12 HEARING EXAMINER: Do you have the 13 So all I was trying to provide here was 13 underlaying data to --14 14 that there is adequate data, based on the size of the MS. ALLISON: And I'm just going to 15 building, based on its age, which I believe was built 15 object to the question. We just had a whole 16 objection about how I can't submit this as proof of 16 in 2001, so all this information here is either the 17 17 same age or older than the subject, and in similar what it says, and now you're asking him to support 18 locations as the subject property. 18 what it says. I mean, you're asking him to support 19 That -- here is a list of what the rents 19 the numbers on --20 are for that, or the asking rents are for that, and 20 MR. BERNERT: It's just a question. I'm 21 it just all kind of comes back to the information 21 just asking whether he's got the underlying data, for 22 22 that's in the Cushman report. the record. 23 23 So all I'm saying is this is my HEARING EXAMINER: And you're objecting 24 24 evidence, this is my support to my discussion about to that question? 25 the Pickering report, in my professional opinion. 25 MS. ALLISON: You know what, no, I'll

	Page 145		Page 147
1	withdraw it. That's fine.	1	away from looking at leases.
2	HEARING EXAMINER: Mr. Sprout.	2	You only have two options; you have a
3	THE WITNESS: What kind of data are you	3	vacant building or a building from one occupant to
4	looking for, underlying leases, sales data? Are you	4	another occupant, which is what we're looking at,
5	looking for confirmation?	5	just like a house, or you have a tenant and you're
6	By Mr. Bernert:	6	valuing the leased fee interest.
7	Q. I'm looking for something beyond what's	7	So in order to stay away from that
	• • • • • • • • • • • • • • • • • • • •		
8	in a summary report that supports this. That's all	8	lease, then yes, we're looking at one occupant to
9	I'm asking. Do you have it or not?	9	move in where another occupant was.
10	A. This isn't a report. It's a list of	10	Q. The Worthington example, was that
11	properties and their rents, or their listings. And	11	vacant?
12	this is what's in my work file.	12	A. I'd have to look at my notes in my
13	MR. BERNERT: So I would just note for	13	report. I'm sorry.
14	the record we have a summary, we don't have the	14	(Pause.)
15	backup for it, and I would just leave it at that.	15	I have down that the purchaser was an
16	HEARING EXAMINER: Okay. I believe the	16	owner/occupant. The prior use was Worthington
17	issue you're raising goes to the weight that the	17	Industries, and it was leased.
18	Board should accord Exhibit 4. To the extent it was	18	Q. So was it vacant at the time of the
19	a formal objection, I'm going to overrule it.	19	sale?
20	Is there any other questions of	20	A. It appears to be, yes.
21	Mr. Sprout by Ms. Allison or you, Mr. Bernert?	21	Q. Or was it changed in occupancy?
22	MR. BERNERT: No, your Honor.	22	A. It appears as though Worthington
23	MS. ALLISON: No.	23	Industries actually leased the property and then
24	HEARING EXAMINER: Okay. Mr. Sprout,	24	became an owner/occupant of the building.
25	you can step down.	25	Q. So if can you use properties that are
	5 446		
	Page 146		Page 148
	Page 146		Page 148
1	(Witness excused.)	1	leased and then adjust them to fee simple?
2	(Witness excused.) HEARING EXAMINER: Mr. Bernert.	1 2	leased and then adjust them to fee simple?  A. Very difficult. You would have to know
2 3	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip	3	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the
2 3 4	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this?	3 4	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what
2 3 4 5	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure.	3 4 5	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness
2 3 4	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the	3 4	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.
2 3 4 5	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second?	3 4 5	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's
2 3 4 5 6	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the	3 4 5	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.
2 3 4 5 6 7	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second?	3 4 5 6 7	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's
2 3 4 5 6 7 8	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.)	3 4 5 6 7 8	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a
2 3 4 5 6 7 8 9	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the	3 4 5 6 7 8	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you
2 3 4 5 6 7 8 9	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert.	3 4 5 6 7 8 9	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the
2 3 4 5 6 7 8 9 10 11	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly.	3 4 5 6 7 8 9 10 11	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got
2 3 4 5 6 7 8 9 10 11 12	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee	3 4 5 6 7 8 9 10 11 12	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales;
2 3 4 5 6 7 8 9 10 11 12 13	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.	3 4 5 6 7 8 9 10 11 12 13	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?
2 3 4 5 6 7 8 9 10 11 12 13 14	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.	3 4 5 6 7 8 9 10 11 12 13 14 15	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law,	3 4 5 6 7 8 9 10 11 12 13 14 15	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows:	3 4 5 6 7 8 9 10 11 12 13 14 15 16	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION By Mr. Bernert:	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?  Q. As far as we know, they are just leases.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION By Mr. Bernert: Q. Mr. Eberly, I have just a few questions.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?  Q. As far as we know, they are just leases.  A. And they appear to be triple net leases
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION By Mr. Bernert: Q. Mr. Eberly, I have just a few questions. One, is it your position that you would look only at	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?  Q. As far as we know, they are just leases.  A. And they appear to be triple net leases just like the State Farm, but I don't know any of the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION By Mr. Bernert: Q. Mr. Eberly, I have just a few questions. One, is it your position that you would look only at vacant buildings in evaluating a property for fee	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?  Q. As far as we know, they are just leases.  A. And they appear to be triple net leases just like the State Farm, but I don't know any of the terms. I mean, looking at this sheet I have no idea.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION By Mr. Bernert: Q. Mr. Eberly, I have just a few questions. One, is it your position that you would look only at vacant buildings in evaluating a property for fee simple purposes?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?  Q. As far as we know, they are just leases.  A. And they appear to be triple net leases just like the State Farm, but I don't know any of the terms. I mean, looking at this sheet I have no idea.  Q. But would you react to it in terms of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION By Mr. Bernert: Q. Mr. Eberly, I have just a few questions. One, is it your position that you would look only at vacant buildings in evaluating a property for fee simple purposes? A. Well, when you say vacant, it would be	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?  Q. As far as we know, they are just leases.  A. And they appear to be triple net leases just like the State Farm, but I don't know any of the terms. I mean, looking at this sheet I have no idea.  Q. But would you react to it in terms of using those triple net leases in terms of valuing the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	(Witness excused.) HEARING EXAMINER: Mr. Bernert. MR. BERNERT: We're going to put on Skip on recross or redirect. Can I show him this? MS. ALLISON: Sure. HEARING EXAMINER: Can we go off the record just one second? (Discussion off the record.) HEARING EXAMINER: We're back on the record. Mr. Bernert. MR. BERNERT: Your Honor, the Appellee recalls Mr. Eberly. HEARING EXAMINER: Mr. Eberly.  Ronald Eberly, being previously duly sworn, as prescribed by law, was examined and testified as follows: REDIRECT EXAMINATION By Mr. Bernert: Q. Mr. Eberly, I have just a few questions. One, is it your position that you would look only at vacant buildings in evaluating a property for fee simple purposes?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	leased and then adjust them to fee simple?  A. Very difficult. You would have to know every little nuance about the lease and how the market would react to that lease, and the what kind of cap rates those leased, the creditworthiness of the tenant. It would be very, very difficult.  Q. I'm going to hand you something that's been marked Appellant's Exhibit 4, and it's a document that was submitted. Would you please, you know, react to it? I don't know how else to ask the question.  A. You've got it looks like you've got nine properties here. I'm assuming these are sales; is that correct?  Q. The representation was that they were leases.  A. Okay. But are they sales, or they are just leases?  Q. As far as we know, they are just leases.  A. And they appear to be triple net leases just like the State Farm, but I don't know any of the terms. I mean, looking at this sheet I have no idea.  Q. But would you react to it in terms of

	Page 149		Page 151
1	A. No, because we again, you're trying	1	MS. ALLISON: I'll move Exhibits 1, 2,
2	to get away from appraising a property leased fee and	2	3, and 4 into evidence, please.
3	get it back into an unencumbered state. So in order	3	HEARING EXAMINER: And we have had a
4	to appraise it fee simple, you stay away from the	4	discussion about Exhibit 4, and we'll get back to
5	income approach.	5	that. But did you have objections to 1, 2, and 3, 1
6	That's the whole point of the highest	6	being the Conveyance Fee Statement and Deed, 2 being
7	and best use of this property being an	7	the lease agreement between
8	owner/occupant, that it typically is not leased on a	8	MS. ALLISON: Which is also an exhibit
9	market basis.	9	of Mr. Bernert.
10	These are owner/occupied buildings.	10	MR. BERNERT: Yeah.
11	Unless you have a tenant like State Farm where they	11	HEARING EXAMINER: And Exhibit 3 is the
12		12	Cushman & Wakefield appraisal report performed
13	are coming in and leasing the whole thing and then		contemporaneous with the sale.
	selling it outright in the marketplace, then you have	13	•
14	a leased fee interest, a leased fee estate.	14	MR. BERNERT: So with respect to
15	Q. If you went out and looked for it, you	15	Conveyance Fee Statement, no objection, it would
16	could find information that would support an income	16	speak to weight. The lease, there's no objection to
17	method for this property?	17	that, which is 2.
18	A. It would be very, very difficult. Large	18	Exhibit 3, it's just we have got this
19	buildings of this size, 155,000 square feet, single	19	appraisal without the appraiser, and that's
20	tenant buildings, it would be very difficult. It	20	objectionable. It depends on the limited purpose for
21	would be almost impossible, primarily again because	21	which it's present, and it's not clear to me what
22	the highest and best use is not for lease, they are	22	it's being presented for.
23	owner/occupied buildings.	23	If it's being presented for the truth of
24	MR. BERNERT: Nothing further, your	24	what's in there, then it's objectionable. And then
25	Honor.	25	the fourth one is this document, and we object to its
	Page 150		Page 152
1	Page 150  HEARING EXAMINED: Thank you	1	Page 152
1	HEARING EXAMINER: Thank you.	1	admission.
1 2	HEARING EXAMINER: Thank you. Ms. Allison?	2	admission. HEARING EXAMINER: I am going to reserve
3	HEARING EXAMINER: Thank you.	2	admission. HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept
3 4	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.	2 3 4	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I
3 4 5	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.   RECROSS-EXAMINATION	2 3 4 5	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and
3 4	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:	2 3 4	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.
3 4 5	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a	2 3 4 5 6 7	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)
3 4 5 6 7 8	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of	2 3 4 5 6 7 8	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more
3 4 5 6 7 8 9	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject	2 3 4 5 6 7 8	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies
3 4 5 6 7 8 9	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?	2 3 4 5 6 7 8 9	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the
3 4 5 6 7 8 9 10	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.	2 3 4 5 6 7 8 9 10	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the
3 4 5 6 7 8 9 10 11	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the	2 3 4 5 6 7 8 9 10 11	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I
3 4 5 6 7 8 9 10 11 12 13	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee	2 3 4 5 6 7 8 9 10 11 12	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit
3 4 5 6 7 8 9 10 11 12 13	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?	2 3 4 5 6 7 8 9 10 11 12 13	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.
3 4 5 6 7 8 9 10 11 12 13	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.	2 3 4 5 6 7 8 9 10 11 12	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit
3 4 5 6 7 8 9 10 11 12 13	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second	2 3 4 5 6 7 8 9 10 11 12 13	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.
3 4 5 6 7 8 9 10 11 12 13 14 15	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.	2 3 4 5 6 7 8 9 10 11 12 13 14	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.
3 4 5 6 7 8 9 10 11 12 13 14 15 16	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your opinion?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule.  First brief due on or before January 5th, 2018.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your opinion?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule.  First brief due on or before January 5th, 2018.  Second brief due I think I'm going to change that.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your opinion?  A. It all depends on a variety of different	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule.  First brief due on or before January 5th, 2018.  Second brief due I think I'm going to change that. I initially had it due January 19th, but I think I'm
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your opinion?  A. It all depends on a variety of different variables.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule. First brief due on or before January 5th, 2018. Second brief due I think I'm going to change that. I initially had it due January 19th, but I think I'm going to push it back an additional week, so
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your opinion?  A. It all depends on a variety of different variables.  MS. ALLISON: Okay. Thank you.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule.  First brief due on or before January 5th, 2018.  Second brief due I think I'm going to change that. I initially had it due January 19th, but I think I'm going to push it back an additional week, so January 26th. I believe it's the Friday after the
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your opinion?  A. It all depends on a variety of different variables.  MS. ALLISON: Okay. Thank you.  MR. BERNERT: Nothing further.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule.  First brief due on or before January 5th, 2018.  Second brief due I think I'm going to change that. I initially had it due January 19th, but I think I'm going to push it back an additional week, so January 26th. I believe it's the Friday after the tax conference. So we can go back to the 19th. I
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	HEARING EXAMINER: Thank you.  Ms. Allison?  MS. ALLISON: Just a few. Thank you.  RECROSS-EXAMINATION  By Ms. Allison:  Q. Mr. Eberly, so yes or no, did you make a market determination I'm sorry, a determination of what the market rent would be for the subject property?  A. No.  Q. Okay. And in your opinion, if the market rent equals the contract rent, aren't the fee simple and the leased fee estate the same?  A. Absolutely not.  Q. Is there a difference between a second generation and first generation tenant in your opinion?  A. It all depends on a variety of different variables.  MS. ALLISON: Okay. Thank you.  MR. BERNERT: Nothing further.  HEARING EXAMINER: Okay. All right.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	admission.  HEARING EXAMINER: I am going to reserve ruling on Exhibit No. 4, and I will accept Exhibits noting your critique of Exhibit No. 3, I will accept Exhibits 1, 2, and 3 into the record, and Exhibit 4 will be proffered pending Board review.  (EXHIBITS ADMITTED INTO EVIDENCE.)  MS. ALLISON: May I just make one more note for the record? We did submit certified copies of the Deeds and Conveyance Fee Statements at the Board of Revision, but for whatever reason the certified copies did not make it into the record. I would just note for the record we did submit certified copies.  MR. BERNERT: I would agree.  HEARING EXAMINER: Briefing schedule. First brief due on or before January 5th, 2018. Second brief due I think I'm going to change that. I initially had it due January 19th, but I think I'm going to push it back an additional week, so January 26th. I believe it's the Friday after the tax conference. So we can go back to the 19th. I know you'll be busy that week.

	Page 153
1	MS. ALLISON: As will I.
2	HEARING EXAMINER: I did see your name
3	on there. And of course, we understand life happens,
4	so if there's a need to adjust the deadline, just
5	work with each other to come up with a reasonable
6	date, and it will be fine. Just make sure it's
7	reasonable.
8	MR. BERNERT: We off the record?
9	HEARING EXAMINER: Not just yet. So we
10	have our briefing schedule. I've accepted the
11	exhibits, noting the one which I have deferred ruling
12	on an objection.
13	Is there anything also that we need to
14	take care of before we go off the record?
15	MR. BERNERT: No.
16	MS. ALLISON: No.
17	HEARING EXAMINER: Thank you very much.
18	There being nothing further, this concludes the
19	hearing.
20	(Thereupon, the hearing was
21	adjourned at 12:53 p.m.)
22	
23	
24	
25	
	Page 154
1	CERTIFICATE
2	I do hereby certify that the foregoing
3	is a true and correct transcript of the proceedings
4	taken by me in this matter on Wednesday, November
5	15th, 2017, and carefully compared with my original
6 7	stenographic notes.
8	
0	
9	Valerie J. Grubaugh,
	Registered Merit
10	Reporter and Notary Public
11	in and for the State of Ohio.
11 12	Onio.
13	

## **TRANSCRIPT 8**

The subject property discussed in this transcript is an apartment complex.

Page 1	Page 3
BEFORE THE STATE OF OHIO BOARD OF TAX APPEALS	1 INDEX
Columbus City Schools : Board of Education, :	2 WITNESSES: PAGE APPELLANT'S CASE: 3
: Appellant, :	SAMUEL D. KOON, MAI  4 Direct Examination by Ms. Allison 6
vs. : Case No. 2015-2427	Cross-Examination by Mr. Swaim 13 5 Redirect Examination by Ms. Allison 21 6
Franklin County Board of : Revision, et al., :	APPELLEE'S CASE:
: Appellees. :	DAVID R. HATCHER, MAI  8 Direct Examination by Mr. Swaim  Cross-Examination by Ms. Allison 37
PROCEEDINGS before Temeka M. Higgins, Attorney Examiner, at the State of Ohio Board of Tax Appeals, 30 East Broad Street, 24th Floor, Hearing Room B, Columbus, Ohio, called at 9:19 a.m. on Tuesday, September 27, 2016.	10 APPELLANT'S EXHIBITS ID'D REC'D 11 A - Appraisal Report by Mr. Koon 6 44  12 APPELLEE'S EXHIBITS 13 1 - Appraisal Report by Mr. Hatcher 43 44
ARMSTRONG & OKEY, INC. 222 East Town Street, Second Floor Columbus, Ohio 43215-5201 (614) 224-9481 - (800) 223-9481 FAX - (614) 224-5724	15 16 17 18 19 20 21 22 23 24 25
Page 2	Page 4
APPEARANCES: Rich & Gillis Law Group, LLC By Kimberly G. Allison, Esq. G400 Riverside Drive, Suite D Dublin, Ohio 43017  On behalf of the Appellant.  Law Office of Stephen Swaim By Stephen Swaim, Esq. 370 South Fifth Street, Suite G-7 Columbus, Ohio 43215 On behalf of the Appellee/property owner.  On behalf of the Appellee/property owner.	Tuesday Morning Session, September 27, 2016.  (EXHIBIT A MARKED FOR IDENTIFICATION.)  (EXHIBIT A MARKED FOR IDENTIFICATION.)  ATTORNEY EXAMINER HIGGINS: This is a hearing before the Board of Tax Appeals, State of Ohio, relative to an appeal styled Columbus City Schools Board of Education, Appellant, versus the Franklin County Board of Revision, et al., Appellees, having been assigned Board of Tax Appeals Case No.  2015-2427.  This hearing is being convened in the offices of the Board of Tax Appeals before Attorney Examiner Temeka M. Higgins at approximately 9:19 a.m. on September 27th, 2016.  Will the Board of Education's counsel please enter her appearance by name, mailing address, and telephone number.  MS. ALLISON: Yes. Thank you. Kim Allison with Rich & Gillis Law Group, 6400 Riverside Drive, Suite D, Dublin, Ohio 43017, telephone 614-228-5822, and we are here this morning on behalf of the Board of Education of the Columbus City School District. Thank you.

Page 5 Page 7 ATTORNEY EXAMINER HIGGINS: And will the 1 1 BY MS. ALLISON: 2 property owner's counsel please enter his appearance Q. And just for purposes of the record, is 2 3 3 by name, mailing address, and telephone number. your fee for today's testimony in any way tied to the 4 MR. SWAIM: Stephen Swaim, 370 South 4 outcome of this case? 5 Fifth Street, Suite G-7, Columbus, Ohio 43215. 5 A. No. 6 Telephone number is 614-469-1963. 6 Q. Thank you. If you could just briefly 7 7 walk us through your report. ATTORNEY EXAMINER HIGGINS: Thank you 8 A. The property which is the subject of 8 very much, Mr. Swaim. 9 this complaint is commonly referred to as the Spring 9 Miss Allison, would you like to start 10 Creek Apartments. This is a 288 unit project located 10 with a brief opening before calling your witness? 11 on the north side of Columbus. The site contains 11 MS. ALLISON: We will waive opening and 12 closing. We will request a briefing schedule. 18.5915 acres. The project was built in 1984. It 12 ATTORNEY EXAMINER HIGGINS: Okay. What 13 consists of four unit types. There are two sizes of 13 14 one bedroom, one bath gardens. There is a one about you, Mr. Swaim? 14 15 bedroom, one bath garden with den, and then a two 15 MR. SWAIM: We will have a short 16 bedroom, two bath garden units. 16 opening, but at the beginning of our reply. 17 So that you might understand the 17 ATTORNEY EXAMINER HIGGINS: Okay. 18 location of the property, we have included a 18 That's fine. 19 19 neighborhood map on Page 13 of Section B. Generally Well, Mr. Koon, if you would raise your 20 speaking, the property is located on the north side 20 right hand, I would like to swear you in. 21 of East Dublin-Granville Road, east of Karl Road. 21 (Mr. Koon was sworn.) 22 There is a site plan on Page 14 of Section B showing ATTORNEY EXAMINER HIGGINS: Thank you 22 23 the location of the buildings on the site. There's 23 very much. 24 an aerial photograph on Page 15. The improvements 24 Miss Allison. 25 25 are described beginning on Page 18 of Section B. MS. ALLISON: Thank you. Page 6 Page 8 1 1 We have utilized two of the three 2 2 traditional approaches to value, the income approach SAMUEL D. KOON, MAI, and the sales comparison approach. The income 3 3 4 being first duly sworn, as prescribed by law, was 4 approach is contained within Section D of the report. 5 examined and testified as follows: 5 Beginning on Page 2 of that section you can see that we have listed information in a grid regarding the 6 DIRECT EXAMINATION 6 7 7 BY MS. ALLISON: subject and six comparables. On Page 3 there is a Q. Good morning, Mr. Koon. Were you 8 map showing the location of the comparables relative 8 9 engaged to appraise the property that we're 9 to the subject property. 10 discussing today located at 5811 Spring Run Drive? 10 Beginning then on Page 4 of Section D we A. I was. have provided detailed information regarding these 11 11 O. And have you reduced your conclusions to 12 12 rent comparables as well as the subject property. writing in what has been marked as Appellant's 13 You will note that on Pages 4 and 5 the rental status 13 Exhibit A? of the subject property as of the tax lien date is 14 14 15 A. I have. 15 shown. The project was 95 percent occupied as of the Q. And are your qualifications contained in 16 16 date of value. Each of these rent comparables has 17 this report? 17 been analyzed. We have made adjustments for the similarities as discussed on Pages 18 through 20 of 18 A. They are. 18 19 MS. ALLISON: I would ask counsel if he 19 Section D. We have concluded that the rents which would be willing to stipulate to Mr. Koon's 20 were in place were reflective of market, and a total 20 qualifications. annual rental income has been calculated based on 21 21 22 MR. SWAIM: We will stipulate to Mr. 22 those rents as shown on the top of Page 21 of Section 23 Koon's qualifications as stated in the report. D. You'll notice that is \$2,098,848. 23 24 MS. ALLISON: Thank you. 24 Vacancy and collection loss has been 25 25 considered by looking at the competitive set, which

Page 9

is shown on Page 21 of Section D. There's further discussion about the ARA survey shown on the top of Page 22. We've utilized a five percent vacancy and collection loss. Expenses have been estimated by looking at rent comparables and IREM as shown on the

next page, Page 23.

ATTORNEY EXAMINER HIGGINS: Mr. Koon,

would you mind, for the benefit of the court reporter, telling her what IREM is? I'm sorry.

THE WITNESS: Sure Institute of Real

THE WITNESS: Sure, Institute of Real Estate Management.

ATTORNEY EXAMINER HIGGINS: Thank you. THE WITNESS: Uh-huh.

## BY MS. ALLISON:

Q. And while we're stopped briefly there, can I just ask you a quick question about applying your vacancy rate to your potential income. I notice that you applied the vacancy rates to potential gross income and then added back the reimbursement. Can you explain why you added the reimbursements back after you applied the vacancy rate?

A. The reimbursements are estimated after vacancy.

Q. Okay.

A. Because they're based on actual

We also looked at the PwC Real Estate Investor Survey, the results of which are shown on Page 30 of Section D. Based on this information, we have selected a capitalization rate of nine percent. to which we have added a real estate tax additur of 2.83 percent, so a total overall capitalization rate of 11.83 percent. We divided that number into the cash flow after the reserve of \$1,099,775, and a value indication of \$9,300,000 emerges.

The sales comparison approach is contained within Section E of the report. Beginning on Page 1 of that section we provided a chart showing the four sales from which we are gathering information. The location of those four sales is shown on Page 2 of Section E in a map, and then beginning on Page 3 and continuing through Page 10 we've provided information on each of these comparables complete with a photograph. Each comparable has been provided a page of detail with a photograph following. We've looked at each of these sales. We've made adjustments for the similarities --

ATTORNEY EXAMINER HIGGINS: Let's go off the record.

(Discussion off the record.)

Page 10

collections at projects as well as the subject, you don't estimate -- you're double dipping --

Q. Okay. Thank you.

A. -- if you do that.

The subject's historical operating statements for calendar years 2010 through 2014 are shown on Page D-25, which is a sideways chart, and this really is the essence of this appraisal. You can see that the property had been performing rather consistently.

Our effective gross income is less than actual in 2014. Our expenses are greater than actual in 2014. The capital expenditure in 2014 is greater than the reserve for replacement, so we have a cash flow that is greater than actual. You will note that that net operating income or cash flow after reserve for replacement is \$1,099,775. We have capitalized this number into an indication of overall property value by selecting a capitalization rate. That capitalization rate has been selected by looking at the sale comparables on Page 29 of Section D. You will note that three of the sale comparables sold between 7.18 and -- I'm sorry, 7.09 on the low end and 7.73 on the high end, and there was one comparable at 9.52 percent.

Page 12

ATTORNEY EXAMINER HIGGINS: Let's go back on the record. Sorry, Mr. Koon.

THE WITNESS: It's not a problem.

The adjustment process has been reduced to the adjustment grid on Page 13 of Section E where you can see we adjusted the sales for the similarities between them and the subject. We have concluded to a value of \$32,500 per unit.

We've also looked at the effective gross income, multipliers provided by the sales, and we have chosen an effective gross income multiplier of 4.25 as shown on Page 14. A value of \$9,200,000 emerges, and then we have performed a cash flow per rental unit variance analysis as shown on Pages 15 and 16 of Section E. That approach results in a value of \$10,100,000 or approximately \$35,000 per unit.

The three approaches utilize produced value estimates ranging from 9,200,000 to \$10,100,000. We have selected a value at the low end of that range of \$9,300,000 as being reflective of the subject's value.

The summation and final reconciliation is contained within Section F of the report. The approaches produced identical value estimates of

Page 13 Page 15 1 1 \$9,300,000. In the final analysis we felt that the that says repairs, as the expenses fall out, what 2 2 income approach should be given greatest weight since they're actually writing the checks for? 3 it most closely replicates the thought process of a 3 A. Correct. typical purchaser of a property such as the subject. 4 4 Q. And in this particular -- for this 5 So, in summary, as of January 1, 2014, 5 particular property you stated that the capital 6 it is our opinion that the market value of the 6 expenses are about -- and please correct me if I'm 7 unencumbered fee simple title to the property which 7 wrong, I'm just quoting back to you what you --8 8 is the subject of this complaint was \$9,300,000. approximately what you said a couple of minutes ago -- double what they -- you would normally expect 9 BY MS. ALLISON: 9 10 10 to see in a property of this size and age? Q. Just one follow-up, Mr. Koon. In your professional opinion, would the value of a property 11 A. No. You either didn't listen very well 11 12 like the subject's, would the market have improved 12 or you don't remember, so let's say it again. 13 from 2011 to 2014? 13 O. Okay. 14 A. Absolutely. 14 A. In calendar years 2012 -- I'm sorry, '11 15 '12, '13, and '14 there were capital expenditures at 15 Q. Okay. Thank you. 16 That's all. 16 approximately twice the level of a reserve for ATTORNEY EXAMINER HIGGINS: Thank you, 17 17 replacement. 18 Miss Allison. 18 Q. Okay. So a lot of the money that they 19 19 Mr. Swaim. were spending on the property was putting -- was 20 MR. SWAIM: Yes. 20 being put into the column of capital expenditures 21 21 versus into a standard operating statement of the CROSS-EXAMINATION 22 income statement of repairs for those years? 22 A. I don't have their operating statement 23 BY MR. SWAIM: 23 24 Q. Mr. Koon, let's go to Page D-26 of your 24 in front of me, so I'm not sure how they did their report, Maintenance and Repairs, and in that you 25 25 accounting. Page 14 Page 16 1 1 Q. Okay. If you would take that difference conclude to an extent of \$750 per unit, but prior to 2 2 that, in your text, you state that the property "has and add it to your \$750 per unit, would you not come 3 much closer to the IREM average then you have 3 experienced high levels of capital expenses." Could you please describe for us what you're talking about 4 4 concluded to here? 5 5 there? A. IREM average for what? 6 6 A. Back up one page, if you would, to D-25. Q. Per unit -- on Page D-26 you say, "The 7 The next to last line is where the capital expenses 7 IREM survey shows an average per unit expense of 8 have been recorded, and you can see in calendar years 8 \$1.148." A. Are you asking me if 750 plus 400 9 '11, '12, '13, and '14 they have been about double 9 10 what you might expect a normal reserve for 10 approximates 1,148? replacement to be. 11 11 O. Yes. 12 Q. And that double the level of expenses 12 A. Yes, that is correct. for reserve and replacement, would that more closely 13 13 O. Okay. And the higher levels of capital 14 match up to the IREM survey, the additional, extra 14 expense was consistent through the years that you 15 amount that you referred to on Page 26, D-26? 15 cite on page -- I guess it would be D-25, '11, '12, A. I don't follow your question. 16 '13. '14? 16 Q. When a property manager is doing work on 17 17 A. Are you asking me if 415, 871, 796, 773, a property, do they oftentimes have the ability to 18 and 1.054 is consistent? 18 either capitalize the work they're doing or to 19 Q. Well, consistently higher than you would 19 expect on a reserve account. 20 expense it? 20 21 A. Typically that's an accountant who makes 21 A. Well, we have estimated a reserve at 450, which is at the high end of what an investor 22 that decision, but a property manager could be 22 23 empowered to do it I suspect. 23 will do in this market. What is happening with this Q. Okay. So they could put it into one project is that there had been capital projects in 24 24 column that says capital expense and another column 25 calendar years '11 through '14 which have been 25

Page 19 Page 17 on Page 2 of Section E which shows the location of undertaken. I'm not sure what they are. Your owner 1 1 2 the sale comparables. Sale Comparable No. 1 is 2 can provide that information. An investor will not located at 4881 Kingshill Drive. It is located in 3 3 capitalize capital projects into perpetuity because northeast Columbus. It's north of Morse Road, just 4 they are intermittent. 4 5 Q. On your rental comparables, on the 5 east of I-71. 6 management fees, do you know what they were -- I'm 6 Comparable No. 2 is located at 1700 7 sorry -- yeah, on the rent comparables on the 7 Bob-O-Link Bend East. It is located in northeast 8 Columbus, north of Morse Road, east of Karl Road. 8 management fees, do you know what they were for those 9 Sale No. 3 is located at 1844 Forest 9 rent comparables? It may be knowledge outside of 10 10 this actual report, but maybe you've done appraisals Village Lane. It is located in northeast Columbus, east of Karl Road in the 161 corridor. on those -- some of those properties. 11 11 12 Sale No. 4 is located in Reynoldsburg, 12 A. Let me make sure I understand what 13 you're asking me. The rent comparables which we 13 in southeast Columbus. It is addressed as 735 14 14 Marlan, M-a-r-l-a-n, Avenue. used --15 Q. Okay. And going back to D-29, where did 15 Q. Yeah. you obtain your cash flow numbers for the comparable 16 16 A. -- you're asking me if I knew how much apartment sales data? 17 17 the owner was paying the property manager? A. That information was obtained either 18 O. Yes. 18 19 from a buyer or seller, a broker, sometimes a lender. 19 A. No. 20 Q. How would you categorize the location of 20 Q. Do you know who you obtained the 21 this property as to its overall economic vitality 21 information for for Sale No. 1? with the apartment complexes -- and you can use local 22 A. Sale No. 1 came from the listing agent. 22 23 Sale No. 2 I do not know. Sale No. 3 I do not know. 23 rental comparables in the area. Sale No. 4 came from the broker. 24 A. The property is located in northeastern 24 25 Columbus. It's located north of 161, south of 270. 25 Q. And did you confirm all four of those Page 18 Page 20 1 The surrounding area is between 25 and 50 years old 1 sales? 2 2 A. They have been confirmed by my office, in terms of when the development occurred. It's a 3 3 mature neighborhood. yes. Q. You're familiar with the fact that some 4 O. Okay. And do you know who they were 4 5 confirmed with? 5 of the properties, apartment complex properties in the area, went into foreclosure in the last few 6 6 A. I just --7 7 years, during the recession? MS. ALLISON: I believe he's confused by A. I am not familiar of any specific 8 8 that question. 9 examples of foreclosure. I have no reason to doubt 9 Q. By your office. This is separate from 10 the cash flow question. 10 vour accuracy. A. We talked to somebody and confirmed the 11 O. Okay. And how did you select the three 11 sale, and they gave us all of the information that's 12 and a half percent management fee? 12 on the sheet, so we didn't confirm different aspects 13 A. Typically an apartment project manager 13 of the comp with different people. 14 will be paid five percent of collections. Three and 14 15 a half is at the absolute low end of an acceptable 15 Q. Okay. And have any of those sales been 16 range. As a -- as an investor and an owner, I would 16 in -- I'll withdraw that question. I'll go back.

17

18

19

20

21

22

23

24

25

receivership?

wonder if my manager is doing his or her job well at

three and a half percent. I would want to make sure

they're compensated because I'm no better than the

location of your comparable sales listed on Page

D-29, just so that we have a reference as to what

Q. Could you physically describe for me the

A. For ease of understanding, there's a map

person at the desk renting my units.

part of the city they're in?

17

18

19

20

21 22

23

24

25

Had any of those sales been, of those properties.

A. On the information which I have before

me, there is nothing that would indicate that any of

foreclosure. With respect to the operating history

of the properties prior to these sales, I have no way

of knowing if they had been in foreclosure or if one

been in bankruptcy in the last few years or

these sales were influenced by bankruptcy or

## Proceedings

	Page 21		Page 23
1	of the owners had filed bankruptcy.	1	money in that. That is the theory of the replacement
2	Q. Okay. And what was the the occupancy	2	reserve. Investors typically will use a replacement
3	rate of these comparable sales at the time they sold?	3	reserve from 150 to \$450 per unit. That's the way
4	A. Sale 1 I'm not sure. Sale 2 is 92	4	the market works. You normalize your maintenance
5	percent. Sale 3 was 92 percent. Sale 4 was 97	5	line item, just like we have done, and then your
6	percent.	6	reserve for replacement is taken into account as a
7	MR. SWAIM: I have no further questions.	7	normal operating expense. You capitalize that
8	ATTORNEY EXAMINER HIGGINS: Thank you.	8	indication or you capitalize that income into an
9	Miss Allison.	9	indication of overall property value. If you have
10	MS. ALLISON: Just a few redirect.	10	large expenditures which are necessary, then they
11	Thank you.	11	become a dollar-for-dollar deduction, but what you
12		12	not do is capitalize into perpetuity the replacement
13	REDIRECT EXAMINATION	13	of short-lived building components because you will
14	BY MS. ALLISON:	14	undervalue the property every time.
15	Q. Mr. Koon, are you in your	15	Q. Thank you.
16	professional opinion, are you comfortable with the	16	That's all I have.
17	choice of rent and sale comps that the location of	17	ATTORNEY EXAMINER HIGGINS: Okay. Thank
18	the subject property was adequately accounted for in	18	you very much, Mr. Koon.
19	your opinion of value?	19	(Witness excused.)
20	A. Absolutely.	20	ATTORNEY EXAMINER HIGGINS: We'll go off
21	Q. And you did determine that all of your	21	the record and take maybe a five-minute break.
22	sale comps were, in fact, arm's length? None of them	22	(Recess taken.)
23	were the direct result of a foreclosure or a	23	
24	bankruptcy; correct?	24	(EXHIBIT 1 MARKED FOR IDENTIFICATION.)
25	A. That's correct.	25	
		20	
	Page 22		Page 24
1		1	
1 2	Q. Okay. And just one final question	1 2	ATTORNEY EXAMINER HIGGINS: We'll go
2	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the	2	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr.
2	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not	2	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher
2 3 4	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be	2 3 4	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the
2 3 4 5	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?	2 3 4 5	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right
2 3 4 5 6	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be	2 3 4 5 6	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in.
2 3 4 5 6 7	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal	2 3 4 5 6 7	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.)
2 3 4 5 6 7 8	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components	2 3 4 5 6 7 8	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in.
2 3 4 5 6 7 8 9	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an	2 3 4 5 6 7 8	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you
2 3 4 5 6 7 8 9	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as	2 3 4 5 6 7 8 9	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much.
2 3 4 5 6 7 8 9 10	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace	2 3 4 5 6 7 8 9 10	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim.
2 3 4 5 6 7 8 9 10 11	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of	2 3 4 5 6 7 8 9 10 11	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. Swaim. MR. SWAIM: Yes.
2 3 4 5 6 7 8 9 10 11 12	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years.	2 3 4 5 6 7 8 9 10 11 12	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of	2 3 4 5 6 7 8 9 10 11 12 13	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes DAVID R. HATCHER, MAI,
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. A furnace might have a life of 20 years, and what happens is if you take an income from a project which	2 3 4 5 6 7 8 9 10 11 12 13 14 15	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. Appliances may have a life of 15 years, and what	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. Mr. Swaim. MR. SWAIM: Yes.  DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. A furnace might have a life of 20 years. Appliances may have a life of 15 years, and what happens is if you take an income from a project which is inordinately depressed by an intermittent	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes. DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION BY MR. SWAIM:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. A furnace might have a life of 20 years. Appliances may have a life of 15 years, and what happens is if you take an income from a project which is inordinately depressed by an intermittent replacement of short-lived building components, you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes.  DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION BY MR. SWAIM: Q. Mr. Hatcher, what is your name and
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. Appliances may have a life of 15 years, and what happens is if you take an income from a project which is inordinately depressed by an intermittent replacement of short-lived building components, you will undervalue the project. So what we do as	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes. DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION BY MR. SWAIM:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. A furnace might have a life of 20 years. Appliances may have a life of 15 years, and what happens is if you take an income from a project which is inordinately depressed by an intermittent replacement of short-lived building components, you will undervalue the project. So what we do as appraisers is say let's take all of these short-lived building components and let's say what is it going to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes.  DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION BY MR. SWAIM: Q. Mr. Hatcher, what is your name and mailing address? A. 343 South Pearl Street, Hatcher &
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. A furnace might have a life of 20 years. Appliances may have a life of 15 years, and what happens is if you take an income from a project which is inordinately depressed by an intermittent replacement of short-lived building components, you will undervalue the project. So what we do as appraisers is say let's take all of these short-lived building components and let's say what is it going to cost to replace them, and then we set aside and in	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes.  DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION BY MR. SWAIM: Q. Mr. Hatcher, what is your name and mailing address?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. A furnace might have a life of 20 years. Appliances may have a life of 15 years, and what happens is if you take an income from a project which is inordinately depressed by an intermittent replacement of short-lived building components, you will undervalue the project. So what we do as appraisers is say let's take all of these short-lived building components and let's say what is it going to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes.  DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION BY MR. SWAIM: Q. Mr. Hatcher, what is your name and mailing address? A. 343 South Pearl Street, Hatcher & Associates, Columbus, Ohio 43215; 614-56 nope, 614-461-1946.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. And just one final question because I want to make sure the record is completely clear. You discussed a little bit about the treatment of your capital expenses and not capitalizing. Can you again say why it would be inappropriate to capitalize the capital expenses?  A. It probably merits talking about the reserve for replacement and that theory in appraisal practice. There are short-lived building components which wear out prior to the bone structure. In an apartment community where you look at things such as appliances, roofs, parking lots, you don't replace them on an annual basis. A roof might have a life of 20 years. A furnace might have a life of 20 years. Appliances may have a life of 15 years, and what happens is if you take an income from a project which is inordinately depressed by an intermittent replacement of short-lived building components, you will undervalue the project. So what we do as appraisers is say let's take all of these short-lived building components and let's say what is it going to cost to replace them, and then we set aside and in this instance I set \$450 per unit per year into a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	ATTORNEY EXAMINER HIGGINS: We'll go ahead and go back on the record. So we have Mr. David Hatcher MR. HATCHER: Yes. ATTORNEY EXAMINER HIGGINS: on the stand, and, Mr. Hatcher, you already have your right hand up, so I'll go ahead and swear you in. (Mr. Hatcher was sworn.) ATTORNEY EXAMINER HIGGINS: Thank you very much. Mr. Swaim. MR. SWAIM: Yes.  DAVID R. HATCHER, MAI, being first duly sworn, as prescribed by law, was examined and testified as follows: DIRECT EXAMINATION BY MR. SWAIM: Q. Mr. Hatcher, what is your name and mailing address? A. 343 South Pearl Street, Hatcher & Associates, Columbus, Ohio 43215; 614-56 nope,

Page 27 Page 25 1 A. Yes, sir. 1 (Discussion off the record.) 2 O. -- accurate? 2 A. The age range is 1963 to 2001, and we A. Yes, sir. 3 were built in 1984, and the overall capitalization 3 O. Okay. And you're a state-certified rates of the comparable sales range from 8.5 up to 10 4 4 percent, and the vacancy rates were 7 to 10 to 24. 5 general appraiser? 5 6 A. Yes, sir. 6 It's not really applicable. On all the -- and then I 7 MR. SWAIM: We would ask for purposes of 7 did not come up with a value on the sales comparison 8 8 this hearing today that Mr. Hatcher be recognized as approach. I just used it to extract the overall a qualified expert. capitalization rates. 9 9 MS. ALLISON: We would stipulate to his 10 The rent -- in the income approach, the 10 qualifications as set forth in the report. rent comparables are in the same general area but 11 11 Q. Mr. Hatcher, just briefly describe for outside of the subject neighborhood. These are 12 12 13 us, and I'm going to put emphasis on the word 13 all -- they're all located on -- they're all on 14 briefly, this property and its location. 14 Schrock Road except one is on Cooper Lakes right off A. 288 apartment units, garden units, one of Cleveland Avenue. They are -- they are 15 15 16 and two bedroom units. The one bedroom units don't 16 superior -- they are superior locations, all of them, and -- however, and the rents are slightly higher have fireplaces. The two bedrooms do have 17 17 fireplaces. There's two swimming pools. It's than the subject, and the subject rents -- the 18 18 located on State Route 161 just west of Cleveland subject rents are higher than all the apartments 19 19 20 Avenue, east of Interstate 71, in an area -- it's a 20 within the subject neighborhood. It's the nicest -- it's a very nice apartment project. It's in an 21 project. So I applied that to -- the number to 21 area that's transit, a lot of -- there is a lot of 22 the -- the rents to the number of units, and I 22 move ins, a lot of outs. It's the nicest apartment 23 concluded that the subject's rent schedule was at 23 project in the area. The rest of them are -- well, market with a total of \$2 million a year, and then 24 24 25 25 the -- the gross potential was 2,098,000. Other they're inferior, and it's got two swimming pools, Page 26 Page 28 1 and I was asked to do an appraisal as of January 1st, 1 income included administration fees, forfeited 2 2014. 2 profits ---3 And I looked at the subject property, 3 O. David, if I may just interject for and it's -- it's -- at the time, it was in good purposes of --4 4 condition. I found comparable sales within the Mr. Hatcher's basic income and his 5 5 Columbus, Ohio market, and one in Dayton. These --6 vacancy and credit loss is exactly the same as Mr. 6 7 7 these sales were all nice apartment projects. They Koon's. sold -- I did not -- on the sales comparison 8 8 Go ahead and continue. 9 approach -- I did not use the sales comparison 9 A. Okay. And adding other income put a -approach per se. I used the sales comparison 10 put a gross income of 2,271,000. Vacancy and credit 10 approach mainly to extract overall capitalization was five percent, with 113,000. It made it an 11 11 rates to be used in the income approach. The sales 12 effective gross income of \$2,157,000. I took out 12 comparison approach is -- is not really applicable in reserves for replacements. Reserve for replacements 13 13 a multi -- in an investment, multi-tenant investment 14 14 are items that are short-lived items that are 15 property, especially apartments, because, like, 15 replaced every year or so, and that came up to 16 apartment units might range in size, 1,000 to 2,000 a 16 \$126,000. Deducting that from the potential gross 17 square foot, and that's not taken into consideration 17 annual income indicates -- or the expenses -- let me on a premium basis; so I used the -- I used the back up. The expenses, I used the -- the expenses 18 18 cost -- the sales comparison approach to extract the came from three or four years of historical expenses 19 19 overall capitalization rates which goes into the from the '70s, and there they were -- they were 20 20 income approach, and these sales are listed on -- or \$1,322,000, which was 61 percent or \$4,593 per unit. 21 21 22 summarized on Page 28, and they -- the units are --22 Q. Is there a detailed listing of those my project was built in 1984, and these sales are 23 23 expenses, Mr. Hatcher? 24 units from '63 clear up to 2001. Size range was 160 24 A. Yes, in the pro forma. 25 units to 464 --25 Q. And would that be on Page 39?

Page 29

A. Yeah, it would be on Page -- it would be on Page 39 -- really is on Page 37, 38, 39, and 40. Those expense are -- are in line with the market. On Page 34 there are several apartment projects here in Columbus that -- that -- it shows the expenses there, and the subject is right in line with the market. The expenses are -- with the taxes included, and there's also an item taxes not included, and those all -- all apply. They're right at the market.

I came up with a net income of -- after deducting all expenses and replacement reserve, came up with a net operating income of \$780,000. The overall capitalization rates ranged from 8.5 to 10 percent, and then I used the -- I applied a 9 1/2 percent capitalization -- overall capitalization rate to apply to the subject's net income, and that produced a value of \$7,460,000. I used a tax additur of -- using 9 1/2 percent cap rate, which included the taxes. It gives the same value as \$7,460,000. I used the tax additur, also, and you add that to the cap rate. That gives you a composite rate of 12.3. Applying both of those rates to the -- to the subject's income indicates a value of \$7,460,000.

I did -- I did two income pro formas. On Page 37 and 38 is the income pro forma that calculated out your reserve for replacement on Page 35. What goes into your financial?

A. Okay. Reserves for replacements are short -- are short-lived, short-lived items in an apartment project, and if you look on Page 35, you'll see at the top there that we got -- that we included range, refrigerator, disposal, dishwasher, floor coverings, water heaters, washers and dryers, and these are -- these are expense -- these are items that have an economic life anywhere between seven and ten years. What I did, we got 289 units plus the -plus we got a leasing office, which I counted as a unit, and I got from some other apartment projects and from, like, Home Depot, Lowe's and people like that that sell appliances and stuff, and I arrived at -- at what the cost of each item was, and in Marshall Valuation and in talking to, you know, various property -- apartment owners that -- took out -- deduct the average -- the economic life and divide that -- you divide the -- you take the -- like for ranges, 325 a range times 289 units would be a total cost of \$93,000, and you divide that by the 10-year economic life, and it gives you \$9,300, and you would set aside, you know, a reserve account to replace these items as they become due, and the same

Page 30

Page 32

includes the taxes in the -- in the pro forma, and the next pro forma on Page 39 is -- the taxes are not excluded -- are not included in the expenses. They're added to the overall capitalization rate. I did not use -- did not use the sales comparison approach. I used the income approach only, and my final value conclusion is \$7,460,000 as of January 1st, 2014.

Q. Okay. I'm going to ask you some of the same questions, although you were not here, that I asked Mr. Koon, and one of those questions is the management fee, how did you determine the five percent management fee level?

A. Well, from other apartment projects in the -- in the area with, you know, with comparable sales and found that, and also the management fees were anywhere between four and five percent, and I used a five percent management fee at the top of the line because the subject property has a larger turnover than most of the units, and it takes a little more management. It takes -- they keep it looking a lot nicer, so the management will be at the higher end, which is the -- they would basically be four to five percent.

Q. Okay. And discuss for us how you

goes to with the refrigerators, disposals, floor coverings, and water heaters, and washers and dryers. The disposals have got, like, a seven-year life, and floor coverings and washers and dryers have a seven-year life. So all that added up to a total of \$126,000 a year that should be taken out and put in a replacement account to replace the items as they -- as they need be.

Q. Okay. And does your reserve account include reserves for other real property type expenses, roofs --

A. No. These are short-lived items. Replacement is typically for a short-lived item. Okay. Like a long -- those would be a -- probably a 20, 25-year life item, and, you know, siding and structure and -- I don't know what that would be. That's probably also, you know, a lot higher than that. You normally don't set up a reserve account for -- a reserve account for long -- long items -- or long-lived items. This is mainly short-lived items that -- that -- that wear out quicker.

Q. Okay. Now moving to your pro formas and specifically -- well, 38 and 40 are the same except for the tax additur issue. There is an item under Repairs and Maintenance that you entitled,

Page 36

Page 33 "Nonrecurring Replace/Replacements," for 160,000. 1 Could you please describe for us what that is and why 2 that actually -- you put it into the expenses as a 3 recurring item? 5 A. Yeah. A nonrecurring expense is 6 something that doesn't recur. Okay. So I got to 7 that item, and when I was going over -- over the owner's financials that they sent me, every year they 8 had a whole list of nonrecurring expenses, and I 9 thought how can it be nonrecurring if they recur --10 if it -- if these things happen every year, so I put 11

- Q. And are those expense reports contained within the report?
  - A. Yes. They are -- they are in the --

that -- I put that in the expense.

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. So these were actually recurring every year even though it's --

A. Yes. I mean, like -- not the exact same item each year, but generally you might replace a piece of -- I don't know, some building repair and this year and next year and next year, replace maybe -- I'll give you an example. Maybe they replaced a deck, okay, or they might have replaced some soffits or some gutters or downspouts or just things like that that they didn't expense out. They

over all these expenses. You know, they're nonrecurring, and they just say that's -- they put them there. Don't ask me why, and I don't know why they call them nonrecurring because they recur each year.

- Q. Okay. But they were showing up on the income statements versus the --
- A. Yeah.

1

2

3

4

5

6

7

8

9

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

4

5

6

7

8

9

10

11

12

15

16

17

18

19

20

21

22

23

24

25

- O. -- capital --
- 10 A. They were at the tail end of the income 11

(Discussion off the record.)

- Q. Do you have any reason to, in talking with the -- in talking with the property owner, do you have any reason to believe that the -- there is an end to these nonrecurring expenses occurring?
- A. Is there an end to the nonrecurring expenses? I would say yes, when they sell the property it will end for them.
- Q. Okay. In other words, you would anticipate it continuing into the future?
  - A. Yes, I would, yes.
- Q. Okay. And finally, moving to your capitalization rate again, can you please describe for us why you thought these properties were the

Page 34

applicable ones for which to derive your

2 3

capitalization rate? A. The cap rates range from 8.5 clear up to 10. I used a -- I used a 9 1/2 cap rate because it is a good -- nice property in the wrong location. It's the nicest -- everything around it is inferior, and it takes the -- it takes the -- it takes more

and all that on this project to keep it looking nice, which incurs more expense, and it also makes the risk just a tad higher than your typical apartment project at a good location; so I chose a cap rate closer to

management and more grass cutting and more trimming

the high end at 9 1/2 percent. 13 14

You know, the overall capitalization rate is return on your money and it involves risk. Okay. So if you're an investor and you're investing in something and you don't have to do a lot of work to get your money, you'll take a lower return, but if you've got to continually maybe chase your rent or do minor repairs or something like that, you say well, I think I'd like a little more return on my money; so that's the reason I chose a 9 1/2 percent cap rate.

Q. Are you aware if several of the apartment complexes in the general geographic area went through bankruptcy or receivership over the last

just call it nonrecurring expenses.

- Q. Okay. Now, this property, as of tax lien date, was approximately 30 years old; is that correct?
- A. Built in '84. Wait a minute. Yes, it was built in 1984.
- Q. And as these apartment complexes age, do the expense costs for just keeping them maintained tend to go up?
- A. Oh, they would go up, because, you know, the first -- the first -- the first five or ten years you're not going to have -- well, you're not going to have as many expenses as you are -- as you are when it's ten years old, because new you're going to have hardly any expenses at all except -- then when it gets older, you're going to have more expenses, as things wear out and get broken.
- O. So in reviewing those financials, you were seeing these -- what are called nonrecurring expenses --
  - A. Yes.
- Q. -- reappear every year in approximately the same amount?
- A. I think the amounts -- they fluctuated, and I talked to the -- I forget who I talked to to go

	Page 37		Page 39
1	few years?	1	second one is taxes not included in the expense
2	A. Well, I knew a lot of them were in bad	2	statement.
3	repair. I didn't track them, but I I think they	3	Q. On Page 34?
4	did, yes, because as I was looking up sales, you'd	4	A. On Page 34, yes.
5	see, like, receivership or whatever, and that's	5	Q. Okay. But you're using the subject's
6	improved over the over the last few	6	property properties including taxes at 1,322,744;
7	years and I don't know which ones did, just in	7	correct?
8	going through all my data.	8	A. Well, I'm doing it both ways. On
9	MR. SWAIM: I have no further questions	9	page on Page 38 I'm using if there are any
10	of Mr. Hatcher.	10	expenses, which is 4,593, and on Page on Page 40
11	ATTORNEY EXAMINER HIGGINS: All right.	11	they are not included, and the expenses are 3,868.
12	Thank you very much.	12	Q. Okay. So let's use those two numbers,
13	Miss Allison.	13	then. So 4,593 on Page 34 you say is within the
14	MS. ALLISON: Just a few. Thank you.	14	range of your comps; correct?
15		15	A. Yes.
16	CROSS-EXAMINATION	16	Q. Okay. But if you take the taxes out and
17	BY MS. ALLISON:	17	you use the 3,868, it's actually higher than all but
18	Q. So, Mr. Hatcher, I'm looking at your	18	one of your comps; correct?
19	reimbursable income.	19	A. Well, it's within okay. Yeah, it's
20	ATTORNEY EXAMINER HIGGINS: Which page,	20	higher it's higher than one, and it's just a tad
21	please?	21	above three of them.
22	MS. ALLISON: On Page 33. Thank you.	22	Q. Okay. And then you calculated your
23	Q. Your "other income," is that based on	23	expenses for refrigerators, dishwashers based on what
24	actuals?	24	someone would pay at Home Depot or Lowe's?
25	A. Yes.	25	A. No, not really. No, not really. You
	Page 38		Page 40
1		1	
1 2	Q. Okay. But then you apply a vacancy rate	1 2	keep in mind well, yes, I did, plus other
2	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?	2	keep in mind well, yes, I did, plus other apartment other apartment projects.
2	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No.		keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.
2 3 4	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that?	2 3 4	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven
2 3 4 5	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that? A. Because if you include it as income you	2	keep in mind well, yes, I did, plus other apartment other apartment projects. Q. Okay. A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a
2 3 4 5 6	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy.	2 3 4 5	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.
2 3 4 5 6 7	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual	2 3 4 5 6 7	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.
2 3 4 5 6 7 8	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject	2 3 4 5 6	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going. Thank you.
2 3 4 5 6 7 8 9	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?	2 3 4 5 6 7 8 9	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going. Thank you.  A. Okay.
2 3 4 5 6 7 8 9	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or	2 3 4 5 6 7 8 9	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going. Thank you.  A. Okay.  Q. And what was the actual management fee
2 3 4 5 6 7 8 9 10	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or five percent.	2 3 4 5 6 7 8 9 10	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?
2 3 4 5 6 7 8 9 10 11	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping? A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was	2 3 4 5 6 7 8 9 10 11	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I
2 3 4 5 6 7 8 9 10 11 12 13	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?  A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy?	2 3 4 5 6 7 8 9 10 11 12 13	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?  A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income	2 3 4 5 6 7 8 9 10 11 12 13	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?  A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then	2 3 4 5 6 7 8 9 10 11 12 13 14 15	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?  A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?  A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take the vacancy rate from that. You don't that's what	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your nonrecurring repairs and replacement on Page 40, what
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take the vacancy rate from that. You don't that's what you do.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your nonrecurring repairs and replacement on Page 40, what type of expenses are those? What exactly
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?  A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take the vacancy rate from that. You don't that's what you do. Q. Okay. Then we've heard a lot today	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your nonrecurring repairs and replacement on Page 40, what type of expenses are those? What exactly  A. They're nonrecurring.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take the vacancy rate from that. You don't that's what you do. Q. Okay. Then we've heard a lot today about expenses. Your grid on Page 34, comparing it	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your nonrecurring repairs and replacement on Page 40, what type of expenses are those? What exactly  A. They're nonrecurring.  Q. I know. For what?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take the vacancy rate from that. You don't that's what you do. Q. Okay. Then we've heard a lot today about expenses. Your grid on Page 34, comparing it to market expenses, the number that you're using to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your nonrecurring repairs and replacement on Page 40, what type of expenses are those? What exactly  A. They're nonrecurring.  Q. I know. For what?  A. On Page if you look on Page I'll
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property? A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take the vacancy rate from that. You don't that's what you do. Q. Okay. Then we've heard a lot today about expenses. Your grid on Page 34, comparing it	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your nonrecurring repairs and replacement on Page 40, what type of expenses are those? What exactly  A. They're nonrecurring.  Q. I know. For what?  A. On Page if you look on Page I'll tell where I got these numbers, and I discussed it
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. But then you apply a vacancy rate to that. So aren't you in effect double dipping?  A. No. Q. Why is that? A. Because if you include it as income you got to include it in vacancy. Q. But if you're basing it on the actual what was the actual vacancy rate for the subject property?  A. I think it was five percent, four or five percent. Q. So wouldn't those numbers be what was received for the four or five percent vacancy? A. You can you get your gross income for your apartment income and then your then your then your other income, and that's part of your income. Then you total that up. Then you take the vacancy rate from that. You don't that's what you do. Q. Okay. Then we've heard a lot today about expenses. Your grid on Page 34, comparing it to market expenses, the number that you're using to compare includes taxes; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	keep in mind well, yes, I did, plus other apartment other apartment projects.  Q. Okay.  A. Sometimes they'll buy maybe six or seven refrigerators and they might get somewhat of a discount.  Q. Right. Okay. That's where I was going.  Thank you.  A. Okay.  Q. And what was the actual management fee paid for the subject property in 2014?  A. What was the actual well, that I don't know.  Q. Okay.  A. Let me see if I can find it here. I don't have a management fee.  Q. Okay. And in determining your nonrecurring repairs and replacement on Page 40, what type of expenses are those? What exactly  A. They're nonrecurring.  Q. I know. For what?  A. On Page if you look on Page I'll

	Page 41		Page 43
1	whole list of nonrecurring nonrecurring	1	Mr. Swaim, any redirect?
2	replacements and non non other nonoperating	2	MR. SWAIM: No redirect.
3	costs and a like amount on each page or on each	3	ATTORNEY EXAMINER HIGGINS: All right.
4	for each year, and what I did, I got them all	4	Thank you, Mr. Hatcher.
5	together and talked to the talked to talked to	5	THE WITNESS: You're welcome.
6	someone. I forget who I talked to there and went	6	ATTORNEY EXAMINER HIGGINS: You did a
7	over them, and from that I came up with \$160,000.	7	
	There's four years there, and there's	8	good job. THE WITNESS: Thank you.
8 9	like in 2011 there's one, two, three, four,	9	
10	five I don't know, there's 10 or 15 nonrecurring		(Witness excused.)
	replacements and there's nonrecurring operating	10	ATTORNEY EXAMINER HIGGINS: Mr. Swaim,
11	expenses, which if they're non if they're if	11	do you have any objection to Appellant's Exhibit A?
12		12	MR. SWAIM: I do not.
13	they're nonrecurring, they wouldn't have a list of	13	ATTORNEY EXAMINER HIGGINS: And, Miss
14	them.	14	Allison, given that I believe Exhibit 1 was
15	Q. Are you aware that the subject property	15	previously submitted at the BOR, you have no
16	went through several capital improvement projects	16	objection?
17	recently?	17	MS. ALLISON: No objection.
18	A. No.	18	ATTORNEY EXAMINER HIGGINS: Okay. Thank
19	Q. If you had determined those expenses	19	you very much. Miss Allison had indicated that she
20	were for capital projects, would you have included	20	would like a briefing schedule.
21	them?	21	Mr. Swaim, are you okay with that?
22	A. If they were for capital projects, they	22	MR. SWAIM: I would like a briefing
23	would have stated it in the income statement. That's	23	schedule, also.
24	the way normally you'll get an income statement or	24	ATTORNEY EXAMINER HIGGINS: All right.
25	a profit and loss statement from a management	25	MR. SWAIM: I'd hate for her to be the
	Page 42		Page 44
1	company, and it will have capital improvements, and	1	only person writing one.
2	those I never include.	2	ATTORNEY EXAMINER HIGGINS: Okay. Well,
3	Q. Okay. But you're not aware of any	3	as always, there will be a simultaneously briefing
4	capital improvements that occurred at the property in	4	schedule. First brief due on or before October 27th,
5	the last couple years?	5	and reply briefs due on or before November 11th.
6	A. No.	6	I will accept the exhibits into
7	Q. Okay. And then in determining your	7	evidence, and unless there's anything else, this
8	cap rate, you relied exclusively on the sales on	8	concludes the hearing.
9	Page	9	(EXHIBITS ADMITTED INTO EVIDENCE.)
10	A. Yes.	10	(Thereupon, the hearing was concluded at
11	Q. What page is that? So those sales all	11	10:30 a.m.)
12	occurred in '11 and '12?	12	10.00 mill.)
13	A. Yes.	13	
14	Q. And in your opinion, did the market	14	
15	improve from 2011 to 2014?	15	
16	A. It probably has, yes.	16	
17	Q. Did you appraise the subject property	17	
18	for 2011, do you recall?	18	
19	A. I think I did.	19	
20	Q. You don't recall what your value was?	20	
21	A. No.	21	
/	MS. ALLISON: That's all I have. Thank	22	
		1.1.	
22			
22 23	you.	23	
22			

Proceedings

		Proceedings
	Page 45	
1	CERTIFICATE	
2	I do hereby certify that the foregoing	
3	is a true and correct transcript of the proceedings	
4	I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Tuesday, September 27,	
5	2016, and carefully compared with my original	
6	stenographic notes.	
7	2	
,		
8	Valerie J. Sloas, Registered	
O	Professional Reporter and	
9	Professional Reporter and Notary Public in and for the State of Ohio.	
)	the State of Ohio	
1.0	the state of Onto.	
10		
11	M : : 1 10 2021	
12	My commission expires June 10, 2021.	
13	(VJS-82050)	
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
∠ ⊃		

## **TRANSCRIPT 9**

The subject property discussed in this transcript is a senior housing complex.

## Proceedings

	Page
BEFORE THE BOARD OF TAX APPEALS	1 INDEX
STATE OF OHIO	1 INDEX 2
	3 APPELLANT'S CASE
Frank Cook Senior Housing LP,:	WITNESS PAGE
Appellant, :	Steven G. Randles (2016-1043)
vs. : Case No. 2016-1043	5 Direct Examination by Ms. Bauernschmidt 7 Cross-Examination by Ms. Gorry 20
Muskingum County Board of :	Cross-Examination by Ms. Gorry 20 Redirect Examination by Ms. Bauernschmidt 21
Revision, et al.,	7 Philip J. Lechner, Jr. (2016-1047)
Appellees. :	Direct Examination by Ms. Bauernschmidt 24  8 Cross-Examination by Ms. Gorry 35
Buckeye Community Twenty One :	9 Richard G. Racek, Jr. (2016-1043)
LP, :	Direct Examination by Ms. Bauernschmidt 37
Appellant, :	10 Cross-Examination by Ms. Gorry 51 Redirect Examination by Ms. Bauernschmidt 55
vs. : Case No. 2016-1047	11
Muskingum County Board of :	Richard G. Racek, Jr. (2016-1047)  12 Direct Examination by Ms. Bauernschmidt 56
Revision, et al.,	Cross-Examination by Ms. Gorry 69
Appellees. :	13 Redirect Examination by Ms. Bauernschmidt 78
	14 APPELLEE'S CASE WITNESS PAGE
	15
PROCEEDINGS	Thomas D. Sprout (2016-1043)
1 ROCLEDII VOS	16 Direct Examination by Ms. Gorry 80 Cross-Examination by Ms. Bauernschmidt 91
before Temeka M. Higgins, Hearing Examiner, at the	17
Board of Tax Appeals, 30 East Broad Street, 24th	Thomas D. Sprout (2016-1047)  18 Direct Examination by Ms. Gorry 113
Floor, Columbus, Ohio, called at 9:20 a.m. on	Cross-Examination by Ms. Bauernschmidt 121
Tuesday, June 26, 2018.	19
	20 APPELLANT'S EXHIBITS IDENTIFIED ADMITTED
	21
	C - Appraisal Report of Frank Cook 38 134 22 Senior Housing LP by Richard G.
ARMSTRONG & OKEY, INC.	Racek, Jr. (2016-1043)
222 East Town Street, Second Floor	23
Columbus, Ohio 43215-4620	D - Appraisal Report of Buckeye 57 134  Community Twenty One LP by
(614) 224-9481 - (800) 223-9481	Richard G. Racek, Jr.
	25 (2016-1047)
Page 2	Page
-	Tage
1 APPEARANCES:	1 INDEX (CONTINUED)
2 Vorys, Sater, Seymour & Pease	2
By Karen Bauernschmidt, Esq.	3 APPELLANT'S EXHIBITS IDENTIFIED ADMITTED
3 200 Public Square, Ste. 1400	4 E - Restrictive Covenant 13 134
Cleveland, Ohio 44114	(2016-1043)
4	5
On behalf of the Appellants.	
5	
Rich & Gillis Law Group	6 (2016-1047)
6 By Kelley Gorry, Esq.	7
6400 Riverside Drive, Ste. D	8 APPELLEE'S EXHIBITS IDENTIFIED ADMITTED
	9 3 - Appraisal Report of Frank Cook 81 134
7 Dublin, Ohio 43017	Senior Housing LP by Thomas D.
8 On behalf of the Appellees.	10 Sprout (2016-1043)
9	11 4 - Appraisal Report of Buckeye 113 134
0	
1	Community Twenty One LP by
2	12 Thomas D. Sprout (2016-1047)
3	13
4	14
5	15
5 6	16
	17
7	18
8	
9	19
0	20
1	
	21
	21 22
1 2 3	
2 3	22 23
2 3 4	22 23 24
2 3	22 23

	Page 5		Page 7
1	Tuesday Morning Session,	1	EXAMINER HIGGINS: Thank you very much,
2	June 26, 2018.	2	Ms. Bauernschmidt.
3		3	MS. BAUERNSCHMIDT: My first witness is
4	EXAMINER HIGGINS: This is a hearing	4	Steven Randles.
5	before the Board of Tax Appeals, State of Ohio,	5	EXAMINER HIGGINS: Mr. Randles, if you'd
6	relative to an appeal styled or two appeals styled	6	raise your right hand, I'd like to swear you in.
7	Frank Cook Senior Housing Limited Partnership, et al.,	7	(Witness placed under oath.)
8	Appellant, versus the Muskingum County Board of	8	THE WITNESS: I do.
9	Revision, et al., Appellees, having been assigned	9	EXAMINER HIGGINS: Thank you very much.
10	Board of Tax Appeals Case Nos. 2016-1043 and	10	I just want to make clear, is my reporter okay with
11	2016-1047.	11	Mr. Randles staying in his seat testifying?
12	This hearing is being convened in the	12	THE COURT REPORTER: Sure.
13	offices of the Board of Tax Appeals, before	13	EXAMINER HIGGINS: Okay. Thank you.
14	Attorney-Examiner Temeka M. Higgins, at approximately	14	
15	9:21 a.m., on June 26th, 2018.	15	STEVEN G. RANDLES,
16	Will the property owners' representative	16	being first duly sworn, as hereinafter certified,
17	please enter her appearance by name, mailing address,	17	deposes and says as follows:
18	and telephone number?	18	DIRECT EXAMINATION
19	MS. BAUERNSCHMIDT: Thank you very much.	19	BY MS. BAUERNSCHMIDT:
20	If it may please the Board, my name is Karen	20	Q. Is your phone shut off?
21	Bauernschmidt, I'm the attorney for the property	21	A. It's on vibrate anyway.
22	owner, my address is 200 Public Square, Suite 1400,	22	Q. Thank you. Please state your name for
23	Cleveland, Ohio 44114, and the phone number is area	23	the record.
24	code (216) 479-6141.	24	A. Steven Randles.
25	EXAMINER HIGGINS: Thank you very much,	25	Q. And what is your business address,
	Page 6		Page 8
1	Page 6 Ms. Bauernschmidt.	1	Page 8 Mr. Randles?
1 2	Ms. Bauernschmidt.	1 2	Mr. Randles?
	Ms. Bauernschmidt. Would the County Appellees'		
2	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name,	2	Mr. Randles? A. 407 Pershing Road, Zanesville, Ohio, the
2	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?	2 3	Mr. Randles? A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701. Q. And if you could tell the Board a little
2 3 4	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it	2 3 4	Mr. Randles? A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701. Q. And if you could tell the Board a little bit about your educational background.
2 3 4 5	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis	2 3 4 5	Mr. Randles? A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701. Q. And if you could tell the Board a little
2 3 4 5 6	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive,	2 3 4 5 6	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now
2 3 4 5 6 7	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822.	2 3 4 5 6 7	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High
2 3 4 5 6 7 8	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive,	2 3 4 5 6 7 8	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went
2 3 4 5 6 7 8	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.	2 3 4 5 6 7 8	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating
2 3 4 5 6 7 8 9	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much,	2 3 4 5 6 7 8 9	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.
2 3 4 5 6 7 8 9 10	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.	2 3 4 5 6 7 8 9 10	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the
2 3 4 5 6 7 8 9 10 11	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are	2 3 4 5 6 7 8 9 10 11	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.
2 3 4 5 6 7 8 9 10 11 12	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing	2 3 4 5 6 7 8 9 10 11 12 13	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was
2 3 4 5 6 7 8 9 10 11 12 13	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate	2 3 4 5 6 7 8 9 10 11 12 13 14	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening. MS. BAUERNSCHMIDT: That is correct.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during that time I served as an appointed member of the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening.  MS. BAUERNSCHMIDT: That is correct.  MS. GORRY: Correct.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during that time I served as an appointed member of the Zanesville Metropolitan Housing Authority Board, and
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening.  MS. BAUERNSCHMIDT: That is correct.  MS. GORRY: Correct.  EXAMINER HIGGINS: Ms. Bauernschmidt,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during that time I served as an appointed member of the Zanesville Metropolitan Housing Authority Board, and through that became interested in, involved with
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening. MS. BAUERNSCHMIDT: That is correct. MS. GORRY: Correct. EXAMINER HIGGINS: Ms. Bauernschmidt, would you like to call your first witness?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during that time I served as an appointed member of the Zanesville Metropolitan Housing Authority Board, and through that became interested in, involved with housing issues, and ultimately was offered a position
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening. MS. BAUERNSCHMIDT: That is correct. MS. GORRY: Correct.  EXAMINER HIGGINS: Ms. Bauernschmidt, would you like to call your first witness?  MS. BAUERNSCHMIDT: I think should we	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during that time I served as an appointed member of the Zanesville Metropolitan Housing Authority Board, and through that became interested in, involved with housing issues, and ultimately was offered a position with the Housing Authority.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening. MS. BAUERNSCHMIDT: That is correct. MS. GORRY: Correct.  EXAMINER HIGGINS: Ms. Bauernschmidt, would you like to call your first witness?  MS. BAUERNSCHMIDT: I think should we put on the record and I just thought about this	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during that time I served as an appointed member of the Zanesville Metropolitan Housing Authority Board, and through that became interested in, involved with housing issues, and ultimately was offered a position with the Housing Authority.  I took that position, became employed by
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Ms. Bauernschmidt.  Would the County Appellees' representative please enter their appearance by name, mailing address, and telephone number?  MS. GORRY: Yes. Thank you. May it please the Board, I'm Kelley Gorry of Rich & Gillis Law Group, business address 6400 Riverside Drive, Suite D, Dublin, Ohio, telephone (614) 228-5822. Thank you.  EXAMINER HIGGINS: Thank you very much, Ms. Gorry.  Just to clarify the record, we are consolidating these two cases just for hearing purposes only. The Board will issue separate decisions on these matters.  I believe the parties waived opening.  MS. BAUERNSCHMIDT: That is correct.  MS. GORRY: Correct.  EXAMINER HIGGINS: Ms. Bauernschmidt, would you like to call your first witness?  MS. BAUERNSCHMIDT: I think should we put on the record and I just thought about this that this is a continuation of a previous hearing	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Mr. Randles?  A. 407 Pershing Road, Zanesville, Ohio, the zip there is 43701.  Q. And if you could tell the Board a little bit about your educational background.  A. I'm a graduate of Zanesville High School; matriculated at Muskingum College, now Muskingum University; and after graduation there went to Case Western Reserve School of Law, graduating there in 1988.  Q. And if you could give the Board the background of your work experience.  A. After graduating from law school, I was in private practice for about five years. I then had a second career, if you will, heading bank trust and wealth management department or division, and during that time I served as an appointed member of the Zanesville Metropolitan Housing Authority Board, and through that became interested in, involved with housing issues, and ultimately was offered a position with the Housing Authority.  I took that position, became employed by the Housing Authority in 2005 as the job title was

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11 12

13

14

15

16

17

18

19

20

21

22

23

24

25

duties as assigned. Worked in that capacity for a year, at least with that title, was named the deputy director of the Housing Authority in 2006, and became the executive director of the Housing Authority in 2009, and serve in that capacity to this day.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. And what relationship do you have or the Metropolitan Housing Authority have to Frank Cook Senior Housing?

A. With these tax credit deals, they're a little complicated legally structure-wise, and historically housing authorities didn't qualify for tax credits, couldn't get tax credits. So Zanesville Metropolitan Housing Authority worked in conjunction with another local not-for-profit, Zanesville Housing Development Corporation. I was a member of Zanesville Housing Development Corporation, and now the president of Zanesville Housing Development Corporation. That was the entity that was involved in the idea behind what became Frank Cook Senior Housing.

As a result of the legal structure that gets created to do the tax credit, there's the creation of a limited partner and a general partner. The general partner, the owner of the development is Frank Cook Senior Housing GP, and I'm the president Page 11

So, again, through ZHDC one of the missions was to identify areas of need and then try and develop that housing. We identified that as senior -- the need for senior housing, and the only viable vehicle for that was the Low-Income Housing Tax Credit program.

Q. Does the LIHTC program control the rents at the subject property?

A. Yes. They are set at -- I believe at the federal level according to -- or in accordance with Section 42 of the Internal Revenue Code, I believe.

Q. If you could answer this question: Is there any project-based Section 8 rents at all at the subject property?

A. There are none.

Q. And are you familiar with the LIHTC program?

A. Yes.

Q. And if you could kind of explain to the Board how the LIHTC program begins since you started and were involved in the development of this project.

A. I'll take a shot at it.

Again, we identified a need in Zanesville for the development of affordable senior

Page 10

of that entity currently. At the time that we were developing that, I believe I was the treasurer of

Frank Cook GP, and then there's obviously the limited partnership that operates the -- owns the property or operates the property. Q. Is it fair to say that you have personal

knowledge about the development of Frank Cook Senior Housing?

A. It is.

Q. Okay. And if you could state for the Board, is Frank Cook Senior Housing an affordable housing project?

A. It is.

Q. And if you could tell the Board what type of affordable housing project Frank Cook Senior Housing participates in.

A. It is one of the deals that is a Low-Income Housing Tax Credit development. Often referred to as LIHTC. That really is about the only viable way there's been for at least the last 10, maybe the last 20 years to develop affordable housing, because there's not been HUD monies for the development of what you would call traditional public housing to meet the need of lower income individuals and families.

Page 12

housing. We worked with a consultant developer to try and put together what that deal might look like. Again, it was -- really the only viable solution was to go through the tax credit process, make that application through OHFA and all those kinds of things to be able to -- to be able to finance the construction of a three-story building that contains 60 two-bedroom apartment units.

The tradeoff, or I guess the string that is attached to that is that there is a commitment that is made when you agree to do that. And when you agree to have your investors get that tax-favored status under the credit program is that you agree that that property will be used for low-income housing for an absolute minimum of 15 years, and generally more often than not, for an additional 15-year period.

That's particularly true in this case of Frank Cook, because unlike some other LIHTCs, there is not a tenant option to purchase. So, again, it is -- it was anticipated and was set up to be in that tax credit program for the initial 15-year period and a 15-year renewal of that.

So rents have to be -- I guess the property management company has to understand rents

Page 13 Page 15 are set at what they're set at, and it is less than area median income. 1 1 2 market-rate rent. 2 Q. If you could turn to Paragraph 7 of the 3 O. By definition? 3 restrictive covenant, and for purposes of the record A. By definition. 4 it's Page 2 of 5. What is set forth in Paragraph 7? 4 5 Q. And are there any other restrictions on 5 I mean, I know you could read it, but can you just the property as part of that besides rent 6 kind of summarize and tell us what it really means? 6 7 restrictions? 7 A. It's the -- it's the provision that says A. Well, there's, again, the restrictive 8 that this, in effect, must be housing for low-income 8 covenant that I've referenced. And I know in that it 9 people, and that rents are set according to the 9 10 specifically provides that there's a rent -- there's 10 provisions of the Internal Revenue Code and the 11 income limits rather, I should say, and targets for 11 regulations related thereto. So the property owner, how those 60 units are rented and to whom based upon 12 the property management company, nobody can raise 12 13 those rents beyond what is allowed under the code and 13 Q. I'm going to show you what has been 14 the applicable regulations. 14 Q. And then turning to Paragraph 15, if you 15 marked as Exhibit E. 15 could tell the Board what is provided for -- and I 16 A. Okay. 16 MS. BAUERNSCHMIDT: If you could take a assume these are standard covenants that we -- you 17 17 18 look at that document. For purposes of the record, 18 would find in those restrictive covenants. 19 this is in the Statutory Transcript, but for ease of 19 A. I would think you would see these in the brief writing, Kelley and I have decided to 20 most of the LIHTC deals that get -- this is what's 20 separately mark them just so it's a little easier. 21 generally referred to as a covenant that runs with 21 EXAMINER HIGGINS: Okay. 22 the land. What that means is that even if Frank Cook 22 Senior Housing LP and GP were not the owners of this BY MS. BAUERNSCHMIDT: 23 23 Q. And if you could take a look at that 24 property, if for whatever reason this property were 24 25 document, and if you could identify it for the 25 conveyed to another party, it would still have to be Page 14 Page 16 1 1 record, please. operated as a low-income development because of the 2 A. It is the restrictive covenant that I 2 restrictive covenant. Again, that's for that initial 3 15-year period and the additional cont- -- 15-year 3 referenced. continuation period. 4 Q. And is your signature contained on that 4 5 document? 5 Q. And are you familiar with how LIHTC 6 A. It is. I signed it as the secretary of 6 rents are established? 7 the general partner for the limited partnership when 7 A. Generally. 8 Q. Generally? we were -- when we were doing this deal, the front 8 9 end of this deal. 9 A. Generally. Q. And is this a recorded document? Q. And if you could tell the Board what you 10 10 believe that way that LIHTC rents are established. 11 A. Yes. 11 A. Well, I guess, yes. They're done at the 12 Q. And if you can tell the Board, are the 12 13 income and rent restrictions set forth in this 13 federal level, and I think there's a formula that is 14 document? 14 created at that federal level that then depends on 15 A. Yes. Paragraph numbered 3 says that 15 what the area median income is for where the this building -- this development is to be 100 16 development is located. That's what goes back to the 16 percent low income, and then in Paragraph 4 it earlier paragraph that I referenced where a certain 17 17 specifies what's meant by that. So I believe 60 percentage of the units in this building had to be 18 18 percent of the units, which would be 36, have to be for folks that were at 60 percent of area median 19 19 20 affordable to folks who have income at 60 percent of 20 gross income, and others had to be at 50 percent of 21 the area median gross income; 35 percent, which I 21 area median gross income and so on. But that is 22 believe is 21 units, have to be available to those 22 prescribed, again, I think in keeping with the that have AMGI of 50 percent or less; and then 5 requirements and the structure that comes through the 23 23 percent, or three of the units, are earmarked for 24 24 Internal Revenue Code. those that have gross income of 35 percent of the 25 25 Q. And are the rents at your property

Page 17 Page 19 percent of these units are income restricted. established by the use of market rents of 1 1 2 conventional apartments? Q. And what would happen if you decided or 2 chose to ignore the LIHTC rent structure and utilize 3 A. Could you repeat that question? 3 4 Q. Yeah. I'm doing one of my stupid 4 rents in excess of the LIHTC rents? 5 questions, right? 5 A. Well, first of all, it would be a breach A. I just didn't follow. of the restrictive covenant we were talking about. 6 6 7 Q. That's okay. 7 So I'm sure there's any number of bad things that When the rents are established at the 8 happen when that happens from a damages and 8 litigation perspective. 9 subject property, are they established based upon 9 10 market rents of conventional apartments in the area? 10 From, I guess, my perspective as 11 A. No, they are not. They are established 11 somebody that's involved with the local 12 based upon what's required for the LIHTC program, not 12 not-for-profit that works in affordable housing and conventional rent. the public housing authority that works in public 13 13 housing, affordable housing, another consequence Q. Is that done on a countywide basis? 14 14 is -- or could be that we are prohibited from being 15 A. I believe so. I believe it is for 15 involved in any other deals. When you violate that Muskingum County. 16 16 Q. Now, your typical tenant pool, would and you don't observe the terms of the program, 17 17 you're no longer going to be able to participate in 18 they be renting at market-rate apartments? 18 19 A. Generally, no. Generally they would not 19 that program. be able to afford market rate units in our county. I don't know, there probably are other 20 20 civil and/or criminal penalties that I don't know That's what makes them candidates for residency at 21 21 about and maybe don't want to know about if you 22 Frank Cook and other low-income developments in our 22 violate the terms of that, but that's what I do know. 23 area. 23 24 Q. Now, is there a gross rent that is Q. Finally, would the subject property have 24 25 established for LIHTC projects? 25 been built if you did not receive tax credits? Page 18 Page 20 1 1 A. I think so. A. It would not have been feasible to 2 Q. Okay. 2 develop this property without the tax credits. I 3 3 A. I think so. can't remember what the total development cost was 4 Q. And is there also a utility allowance off the top of my head in 2006 or whenever we started 5 that is taken into account in determining LIHTC 5 down this path, but it was significantly by a factor 6 rents? 6 of X number what the valuation is. It just couldn't 7 7 have been done if you didn't have the ability to A. Yes. 8 8 package the deal and attract investors based upon O. And if you could kind of explain who 9 sets the utility allowance, and if that impacts the 9 them receiving tax credits. 10 MS. BAUERNSCHMIDT: I have no further 10 rent of the subject property at all. A. The utility allowance is established by 11 11 questions on direct. 12 the local housing authority, in this case Zanesville 12 EXAMINER HIGGINS: Thank you very much, 13 Metropolitan Housing Authority, and it does impact 13 Ms. Bauernschmidt. 14 the rent because it is essentially an offset on what 14 Ms. Gorry. 15 the gross rent would be to get -- to then affect the 15 MS. GORRY: Just a couple. 16 net rent by accounting for that utility allowance. 16 17 Q. And how often are the utility allowance 17 **CROSS-EXAMINATION** set by the local Metropolitan Housing Authority? 18 18 BY MS. GORRY: 19 A. I believe that is at least assessed and 19 Q. The Frank Cook, let me get the -- I want 20 reviewed annually to determine if there is the need 20 to get it right here so I don't see it wrong -- okay. 21 for revision; sometimes there is and sometimes there 21 Frank Cook Senior Housing Limited Partnership, that 22 is not. 22 is not a nonprofit entity? 23 Q. Are you permitted to charge a market 23 A. It is not. 24 conventional rent at the subject property? 24 Q. Okay. And then I saw in your rent roll A. You cannot for any of these units. 100 25 25 that it looks like probably at least 50 percent of

	Page 21		Page 23
1	the tenants do receive some sort of rent subsidy.	1	Q. Would it be the LIHTC rents?
2	Are those Section 8 vouchers?	2	A. It would be the LIHTC rents. And,
3	A. I don't have that rent roll and I	3	again, that's set by in my world with my public
4	haven't reviewed what you're referencing, but I know	4	housing authority hat on, somebody administers a
5	there are any number of voucher holders that reside	5	Section 8 program, that's set by the landlord, or in
6	at Frank Cook, yes.	6	this case set by the LIHTC rent structure.
7	Q. Okay. I'm guessing that's what they	7	What we know from being from the
8	are, too. There's not there's maybe another	8	Section 8 administrator is that it's more than what
9	way to ask, there's not a there's not a	9	the Tenant Choice Voucher holder makes, it's more
10	project-based rental assistance contract	10	than 30 percent of what they make; therefore, they
11	A. There is not.	11	utilize that voucher to make up the difference.
12	Q associated with the property?	12	EXAMINER HIGGINS: All right.
13	A. There is not. Anybody that is there	13	MS. BAUERNSCHMIDT: Thank you.
14	that has Section 8 assistance has that assistance	14	EXAMINER HIGGINS: Thank you,
15	because they hold what is called a Tenant Choice	15	Mr. Randles.
16	Voucher as opposed to a project-based voucher.	16	MS. BAUERNSCHMIDT: Do we want to do
17	Q. Okay. And those are issued by the	17	EXAMINER HIGGINS: Let's just hop off
18	Housing Authority?	18	the record real quick.
19	A. They are.	19	(Discussion held off the record.)
20	Q. Okay. Great. Thank you. That's all	20	EXAMINER HIGGINS: I believe,
21	the questions I have.	21	Ms. Bauernschmidt, you are calling your fact witness
22	EXAMINER HIGGINS: Miss	22	for Case No. 2016-1047, correct?
23		23	MS. BAUERNSCHMIDT: Correct. I'm
24	REDIRECT EXAMINATION	24	calling Mr. Philip J. Lechner, L-e-c-h-n-e-r, Junior,
25	BY MS. BAUERNSCHMIDT:	25	for Buckeye Community Twenty One LP, whose common
	Page 22		Page 24
1		1	
1	Q. As a follow-up to that Tenant Choice	1	name is Bedford Place Homes.
2	Voucher, what rent structure then is utilized for a	2	EXAMINER HIGGINS: Thank you very much,
3	tenant that would come in with a Tenant Choice	3	Ms. Bauernschmidt.
4	Voucher?	4	Mr. Lechner, if you'd raise your right
5	A. The way the Tenant Choice Voucher	5	hand, I'd like to swear you in.
6	program works is it's essentially a three-party	6	(Witness placed under oath.)
7	contract between the landlord, the tenant, and the	7	THE WITNESS: I do.
8	Housing Authority. The landlord indicates what the	8	EXAMINER HIGGINS: Thank you very much.
9	rent will be, the tenant is capable of paying some	9	PHILL I LECTIVED HANDS
10	part or all of that based upon their income. And the	10	PHILIP J. LECHNER, JUNIOR,
11	general rule of thumb in our world, in the public	11	being first duly sworn, as hereinafter certified,
12	housing world is 30 percent of their income can go	12	deposes and says as follows:
13	toward paying their rent. And if 30 percent of their	13	DIRECT EXAMINATION
14	income does not pay rent at Frank Cook Senior Housing	14	BY MS. BAUERNSCHMIDT:
15	or anywhere else, the voucher makes up the	15	Q. Please state your name for the record.
16	difference.	16	A. Philip J. Lechner, Junior.
17	So if somebody if rent is \$550 and	17	Q. And what is your business address,
18	somebody has the ability to pay only \$300 because	18	Mr. Lechner?
19	they are limited in income, the voucher pays that	19	A. 3021 East Dublin-Granville Road,
20	\$250 difference every month through that Tenant	20	Columbus, Ohio 43231.
21 22	Choice Voucher.	21 22	Q. And could you provide your educational
, ,		1 /ソ	background for the Board?
	Q. Specific to Frank Cook, what rents are	l	
23	utilized?	23	A. I graduated from Wittenberg University,
23 24	utilized?  A. I don't know what the rent structure is.	23 24	A. I graduated from Wittenberg University, 1979, and have been involved in the CPA practices
23	utilized?	23	A. I graduated from Wittenberg University,

Page 25 Page 27 1 Q. And could you provide your history of 1 remember what year it was, but it was -- we are the 2 work experience for the Board? 2 100 percent owner of the general partner, which I 3 A. Well, I did -- I worked for CPA firm --3 think is Bedford Housing Partners, Inc. 4 several CPA firms over a 30-year period involved 4 Q. And what is the common name of this 5 5 primarily in audits and tax returns for project, Bedford Place Homes? 6 not-for-profits, construction companies, and 6 A. Yeah, Bedford Place Homes, Bedford. 7 7 O. As CFO, do you have personal knowledge low-income housing projects, HUD, rural development. 8 8 and LIHTC properties that were being developed by of Bedford Place Homes? 9 not-for-profit developers or for-profit developers. 9 A. Yes. 10 So worked with a number of different entities that 10 Q. Is Bedford Place Homes an affordable 11 sponsored and developed these houses. 11 housing project? 12 Q. And are you currently employed? 12 A. Yes, it is. 13 13 A. I am. Q. And if you could tell the Board, what 14 O. And by whom are you employed? 14 affordable housing project does Bedford Place Homes 15 A. Buckeye Community Hope Foundation. 15 participate in? 16 A. It's a straight LIHTC deal, meaning that O. And how long have you been employed at 16 17 Buckeye Community Hope Foundation? 17 the only subsidy is tax credits. 18 A. It will be seven years this August. 18 Q. Does the LIHTC subject control the rents 19 Q. And what is Buckeye Community Hope 19 at the subject property? 20 A. Yes, it does. Foundation? 20 Q. Are you familiar with the LIHTC program? 21 A. Buckeye Community Hope Foundation is a 21 22 not-for-profit developer of low-income housing. They 22 A. Yeah. 23 provide housing to any -- you know, across a region 23 O. If you could explain in your own 24 words -all the way from Pontiac, Illinois to, you know, 24 25 South Carolina. We provide typically -- you know, 25 A. Sure. Page 26 Page 28 1 Q. -- what -- how the LIHTC program we'll either buy a used -- you know, an older 1 2 2 project, rehab it, or we'll do a new construction operates and works. 3 development depending on the need in the area under 3 A. Sure. Specifically from the rental side of things, is that what you're asking, or just in 4 the -- you know, they all use LIHTC because that's 4 5 the only way you can get anything done. 5 general? 6 We also do charter schools, which is --6 Q. Well, let's just start basically an 7 7 we sponsor charter schools in the state of Ohio. We overview of what it does for purposes of development 8 8 have 50 different charter schools, which is, you and the tax credits, kind of how far they interplay 9 know, a completely separate business line. 9 with one another. 10 10 O. And what is your mission? A. Sure. It costs, you know, a certain 11 A. Our mission is -- to provide affordable 11 dollar amount to develop a property. The property 12 housing is our primary mission and education for --12 first goes through a process to get qualified for tax 13 you know, within the state of Ohio, you know, as 13 credits with OHFA and they'll be awarded a certain 14 amount of tax credits. Those tax credits are used sponsored by the Ohio Legislature for Charter 14 15 Schools. But for housing it's primarily to 15 to -- they're sold to investors for whatever the 16 16 facilitate low-income residents by providing them price is at the time, market price, and they are 17 decent, safe, sanitary housing. 17 then -- the proceeds of that are used to buy down the costs of the property to an affordable level so that 18 Q. And what position do you hold at Buckeye 18 19 Community Hope Foundation? 19 the end result is your debt service on the property 20 A. I'm the CFO. 20 is very low, you know, maybe \$10,000 a unit or Q. And if you could tell the Board, what is 21 something like that. 21 22 So what that does is makes it affordable the relationship of Buckeye Community Hope Foundation 22 23 to the subject property, which is held in the name of 23 to rent at the structure that it is, you know, with Buckeye Community Twenty One LP? the reduced rents under the LIHTC program. So that 24 2.4 25 A. We sponsored that development, I don't 25 way the property will cash flow and, you know,

Page 29

although minimally, it's not designed to make a whole -- you know, any money, it only makes -- you know, you're only allowed -- it's 1.15 percent debt coverage ratio; so there's not a lot of extra involved with these. So that's the first phase.

The second part of it would be the whole rent structure is governed by -- under HUD rules that they publish annually, the area median gross income, which dictates the rents that can be charged. They can go up, they can go down. You know, rents could actually go down if the area median income falls. In some rural areas, it could have an impact where it does fall where the, say, employment is adversely affected by a layoff or, you know, a big company pulls out. So the whole area median could drop which would then cause you to reduce the rents. So those rents are not static, but that's the maximum you can charge.

Then there's also, you know, as previously, there's a utility allowance that further reduces the rents that the tenant pays. The tenants need to qualify for the rent to live there based on their income under the LIHTC guidelines, and if they have more than that they can't -- you know, they don't qualify initially. Their incomes can rise and

restrictions.

A. It appears that they're in paragraph -- or Section 4 of the restrictive covenant maintaining, you know, the gross rent restriction, which is 60 percent of the low income is qualified -- blah, blah, blah -- so the rents have to be maintained at 60 percent; and then there's also 35 percent of the units have to be below 50; and 5 percent of the units have to be under 35. So that adjusts your rents to the required amount.

Q. And how long is this restrictive covenant in place?

A. The initial period is always 15 years, and there's an additional 15-year period thereafter. So for 30 years these tenants are -- or the units are -- the whole project is restricted.

Q. If you could turn to Paragraph 7 of the restrictive covenant. If you could tell the Board what is set forth in Paragraph 7.

A. What it basically boils down to is you can't -- really you're restricted from doing anything; you can't change the rents, can't get rid of a tenant unless they're -- you know, for good cause. So there's no way -- basically it's just you're agreeing to those restrictions forever, you

Page 30

know.

Page 32

- you can't get rid of them, but, you know, they can't -- initially they have to have a hearing, you know, qualify within the program standards.
- Q. As part of this program, do you enter into rent and income restrictions for the subject property?
- A. Well, we would sign a restrictive covenant at some point in time to, you know -- in, you know -- indicating forever, you know, what we've agreed to.
- Q. I'm going to show you what has been marked as Appellant's Exhibit F. If you could take a look at that document. And, once again, this is part of the Statutory Transcript.
  - A. Uh-huh.
- Q. But if you could take a look at this document, and if you could identify it for the record.
- A. This is the restrictive covenant for Buckeye Twenty One.
- Q. And are there rent and income restrictions set forth in this restrictive covenant?
  - A. Yes, there are.
- Q. And if you could just, for purposes of the record, indicate where we would find those

- Q. And then at Paragraph 15, if you could tell the Board what is set forth in that paragraph.
- A. Paragraph 15 says that the covenants run with the land and therefore it's binding on anybody afterwards. So say the property were sold, if you could find someone to buy it -- which would be unlikely -- the property is permanently restricted essentially. So if you did sell it, they'd have to abide by the same rent restrictions so no one's going to be able to raise the rents.
- Q. And if you could tell the Board, how are the LIHTC rents established at the subject property?
- A. HUD would determine the rents, you know, based on the area median gross income, and there's just a chart, and it's just science based upon how many people are in the unit, you know, what they're allowed.
- Q. And the rents at the subject property, are they designed to be below-market rents, that of conventional apartments?
  - A. Yes, they are.
- Q. And --
  - A. The whole purpose of the code is to design people to make housing so that people can live

	Page 33		Page 35
1	there that, you know, can't afford to live or	1	difference to everybody as long as you did that.
2	where they're paying more than 30 percent of their	2	Q. And would the subject property have been
3	area median income, they want to be able to provide	3	built if you weren't able to receive tax credits?
4	safe, sanitary housing to those individuals or	4	A. No.
5	families.	5	MS. BAUERNSCHMIDT: I have no further
6	Q. And can a tenant bring a voucher to this	6	direct of this witness.
7	particular property?	7	EXAMINER HIGGINS: Thank you very much.
8	A. Yes, they could.	8	Just before Ms. Gorry gets a chance to cross-examine
9	Q. And if they brought a voucher, how would	9	with Mr. Lechner, would you mind clarifying the
10	the rent be established? Would it be based on a	10	acronym OHFA? I've heard it used.
11	LIHTC rent or some other	11	THE WITNESS: Ohio Housing Finance
12	A. It would be based on LIHTC.	12	Agency.
13	Q. And are you permitted to charge a market	13	EXAMINER HIGGINS: Thank you very much.
14	rate rent at the subject property?	14	Ms. Gorry.
15	A. No, very regulated. You know, OHFA's in	15	MS. GORRY: Yes, thank you.
16	there, you know, there's a lot of people that are	16	
17	looking at it, your syndicators, there's a lot of	17	CROSS-EXAMINATION
18	regulatory guidance in this area. So there's always	18	BY MS. GORRY:
19	people ensuring that you don't stray from what you're	19	Q. Is it Buckeye I'm sorry, Buckeye
20	allowed to do.	20	Community Twenty One Limited Partnership, that's the
21	Q. And the gross rents as established,	21	owner of the subject property?
22	those are then reduced by utility allowance?	22	A. Correct.
23	A. Correct.	23	Q. Is that a nonprofit entity?
24	Q. And who sets the utility allowance for	24	A. No, it is not.
25	the subject property?	25	Q. Okay. Great. Thank you.
	3 1 1 7		,
	Page 34		Page 36
1	Page 34  A. It would be the whatever that	1	
1 2	A. It would be the whatever that	1 2	Page 36  MS. GORRY: That's all the questions I have.
	-		MS. GORRY: That's all the questions I
2	A. It would be the whatever that Metropolitan Housing Authority typically would set those.	2	MS. GORRY: That's all the questions I have.
2	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your	2 3	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing.
2 3 4	A. It would be the whatever that Metropolitan Housing Authority typically would set those.	2 3 4	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.
2 3 4 5	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.	2 3 4 5	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  MS. BAUERNSCHMIDT: I have nothing.  EXAMINER HIGGINS: All right. Thank you
2 3 4 5 6	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I	2 3 4 5 6	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  MS. BAUERNSCHMIDT: I have nothing.  EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh.
2 3 4 5 6 7 8	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how	2 3 4 5 6 7	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me
2 3 4 5 6 7	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?	2 3 4 5 6 7 8	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it.
2 3 4 5 6 7 8 9	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.	2 3 4 5 6 7 8 9	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much. THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do
2 3 4 5 6 7 8 9 10	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in	2 3 4 5 6 7 8 9	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it.
2 3 4 5 6 7 8 9 10 11	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?	2 3 4 5 6 7 8 9 10	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses? (Discussion held off the record.)
2 3 4 5 6 7 8 9 10 11 12 13	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you	2 3 4 5 6 7 8 9 10 11	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses?  (Discussion held off the record.) (Witness placed under oath.)
2 3 4 5 6 7 8 9 10 11 12 13	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive	2 3 4 5 6 7 8 9 10 11 12	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses?  (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do.
2 3 4 5 6 7 8 9 10 11 12 13 14	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know,	2 3 4 5 6 7 8 9 10 11 12 13 14	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses? (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses? (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses? (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much. MS. BAUERNSCHMIDT: Before we go on the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set the rents at the wrong level for whatever reason.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses?  (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much.  MS. BAUERNSCHMIDT: Before we go on the record
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set the rents at the wrong level for whatever reason.  And at that point in time what would happen is you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses? (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much.  MS. BAUERNSCHMIDT: Before we go on the record EXAMINER HIGGINS: We're actually on the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set the rents at the wrong level for whatever reason.  And at that point in time what would happen is you would be required to refund all the rents that were	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses?  (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much.  MS. BAUERNSCHMIDT: Before we go on the record EXAMINER HIGGINS: We're actually on the record. We can go off.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set the rents at the wrong level for whatever reason.  And at that point in time what would happen is you would be required to refund all the rents that were over assuming they were overcharged, you'd have to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses?  (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much. MS. BAUERNSCHMIDT: Before we go on the record EXAMINER HIGGINS: We're actually on the record. We can go off. (Discussion held off the record.)
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set the rents at the wrong level for whatever reason.  And at that point in time what would happen is you would be required to refund all the rents that were over assuming they were overcharged, you'd have to refund the tenants all that rent that was overpaid to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses? (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much. MS. BAUERNSCHMIDT: Before we go on the record EXAMINER HIGGINS: We're actually on the record. We can go off. (Discussion held off the record.) EXAMINER HIGGINS: We are back on the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set the rents at the wrong level for whatever reason.  And at that point in time what would happen is you would be required to refund all the rents that were over assuming they were overcharged, you'd have to refund the tenants all that rent that was overpaid to them, you know. So you made a mistake, like a dollar	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses?  (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much. MS. BAUERNSCHMIDT: Before we go on the record EXAMINER HIGGINS: We're actually on the record. We can go off. (Discussion held off the record.)
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. It would be the whatever that Metropolitan Housing Authority typically would set those.  Q. And you're not free to establish your own rent structure of the subject property?  A. No.  Q. And I think I may have asked, but if I didn't, how long are the I think I did ask you how long the restrictions are for the subject property?  A. Thirty years.  Q. What would happen if you charge rent in excess of the LIHTC rentals at the subject property?  A. You'd violate a host of agreements, you know, the least of which would be your restrictive covenant which would say you can't do it. You know, it could happen that inadvertently you make a you know, something changed, I don't know, and you set the rents at the wrong level for whatever reason.  And at that point in time what would happen is you would be required to refund all the rents that were over assuming they were overcharged, you'd have to refund the tenants all that rent that was overpaid to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. GORRY: That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt. MS. BAUERNSCHMIDT: I have nothing. EXAMINER HIGGINS: All right. Thank you very much.  THE WITNESS: Uh-huh. MS. BAUERNSCHMIDT: Thank you. Let me give this back to you so you have it. EXAMINER HIGGINS: Do you need to do anything with your witnesses? (Discussion held off the record.) (Witness placed under oath.) THE WITNESS: I do. EXAMINER HIGGINS: All right. Thank you very much. MS. BAUERNSCHMIDT: Before we go on the record EXAMINER HIGGINS: We're actually on the record. We can go off. (Discussion held off the record.) EXAMINER HIGGINS: We are back on the

Page 37 Page 39 1 being first duly sworn, as hereinafter certified, 1 fee-simple basis. 2 deposes and says as follows: 2 Q. And when you changed that, did you make 3 DIRECT EXAMINATION 3 any other changes to the appraisal report? 4 BY MS. BAUERNSCHMIDT: 4 A. Minor changes. Basically I -- I did a 5 Q. Please state your name for the record. 5 survey of the market to determine what a rental rate 6 A. Richard Racek, Junior. 6 would be at the subject rather than relying upon the 7 7 O. And what is your vocation, Mr. Racek? rent roll. 8 8 A. I am a real estate appraiser. Q. Let's go to your appraisal. Do you have 9 MS. GORRY: And the County will 9 a definition of fee simple in your Appraisal No. 2? 10 stipulate to his qualifications as set forth in the 10 A. Yes. It's on Page 19. 11 addendum of the appraisal. 11 Q. And if you could, for purposes of the MS. BAUERNSCHMIDT: Thank you very much. 12 record -- this is probably the only time I'll ask you 12 13 13 MS. GORRY: Sure. to actually read from your appraisal report -- can 14 14 BY MS. BAUERNSCHMIDT: you state what the definition of fee simple is as set 15 Q. Do you have any interest either in 15 forth on Page 19 of your appraisal report? ownership, management, of the subject property or the 16 16 A. Sure. It's listed at the bottom of the 17 outcome of this case? 17 page, but the definition is "Absolute ownership 18 A. No, I do not. 18 unencumbered by any other interest or estate, subject 19 Q. Were you retained to appraise the Frank 19 only to the limitations imposed by the governmental 20 20 Cook Senior Housing LP, a property located at 450 powers of taxation, eminent domain, police power, and Baker Street in Zanesville, Ohio? 21 21 escheat." 22 22 A. Yes. Q. Thank you very much. 23 Q. And pursuant to that assignment, did you 23 So if you could kind of walk us through prepare an appraisal report? 24 24 then the differences. You changed it from leased fee 25 A. I did. 25 to fee simple? Page 38 Page 40 1 1 Q. Did you previously testify to another A. Correct. 2 2 appraisal report on Frank Cook Senior Housing as of Q. And you used the definition of fee 3 3 January 1st, 2015? simple as your guideline in the second appraisal 4 A. I did. 4 report, would that be fair to say? 5 Q. And you have then provided a second 5 A. Correct. 6 6 Q. And as you did that, did you do any appraisal? 7 7 surveys of any projects for your income approach? A. I have. 8 8 Q. And I'm going to show you what has been A. Yes. On facing Page 28 is a survey of 9 9 four elevator-style apartment communities that are marked as Appellant's Exhibit C. If you could take a 10 10 look at that document. Are you able to identify that all participating in the LIHTC program, and it's from 11 for the record? 11 those rentals that I reviewed to determine what a 12 A. I am, ves. 12 rental rate would be at the subject property. 13 Q. And if you could identify it, please. 13 Q. I note from looking on the facing page 14 14 A. This is the appraisal report that was of 28 that you only have two projects from Muskingum basically an update from the previous report that was 15 County. If you could explain why there's only two 15 16 submitted at the prior hearing. from Muskingum County, and then how you went about 16 17 Q. So the previous hearing, let's refer to 17 finding additional rentals for your rental survey. 18 18 that as your Appraisal 1 and this is Appraisal 2. A. Well, as I stated, these were LIHTC 19 A. Okav. 19 properties, these were the ones that I think were 20 Q. What is the difference, first of all, in 20 most similar to the subject property. And since 21 21 your appraisal assignment from Report 1 to Report 2, there are very few elevator-style buildings in the 22 if any? 22 county, that is the reason I expanded the search. 23 A. Basically it was a change in the 23 Obviously there are other LIHTC communities, such as property rights appraised. The first appraisal was 24 24 the next report of Buckeye Community Twenty One, but done on a leased-fee basis; this report is done on a 25 25 I didn't feel it was appropriate to utilize the rates

Page 41 Page 43 of a house in comparison to an apartment unit within currently being generated at the property are 1 1 2 an apartment building. 2 actually at the top end of the range as established 3 O. And how did you then select what 3 by rents in competing properties, and sometimes counties to choose from, if any, for your rental 4 exceed the rent that is being paid at competing 4 survey of elevator LIHTC buildings? 5 5 properties. A. I tried to stay within counties that had Based upon all that information is how I 6 6 7 similar area median gross incomes. 7 projected a rental rate of \$505 per month for the 60 Q. Why did you do that? 8 two-bedroom units that are within the subject, which 8 A. Because the rental restrictions or equates to a total gross potential income of 9 9 10 the -- the rental incomes of the residents looking 10 \$363,600. 11 for apartments would be very similar. 11 Q. If the Board put side by side your two Q. I note that in your survey that you also 12 income approaches, would -- other than potential 12 listed certain percentages. If you could explain --13 income, would there be any other changes for vacancy 13 maybe we should just go through each column so you and credit loss, expenses, or reserves? 14 14 can explain for purposes of the record what is set 15 15 A. No. forth. O. And you testified before regarding how 16 16 you determined vacancy and credit loss, expenses and 17 A. Well, on the rental survey I've 17 reserves, would that be fair --18 provided, obviously I have the location and 18 19 property -- name of the property. 19 A. Yes. The next unit -- or next column is unit Q. -- in your first appraisal? 20 20 type, and those were the units that were surveyed in A. Correct. 21 21 22 each complex, whether they're two, three, or four 22 Q. Did you make any changes to your overall bedroom, some one, two, three, or four-bedroom style capitalization rate from your first appraisal to your 23 23 units, and the income restrictions associated with second appraisal? 24 24 25 those unit types. 25 A. No. Page 42 Page 44 The next column would be the rental rate Q. Did you add a cost approach in Appraisal 2? 1 1 that applies to the rent that was being paid at those 2 A. No. 2 different units and the different rent restrictions, Q. And the reason you didn't include --3 3 and then the occupancy of the property. with the change of the property rights that you were 4 4 5 Q. And if you could tell the Board, what is 5 appraising, was there a reason that you did not 6 the date of those rental rates? 6 include a cost approach? 7 A. January 1st, 2015. 7 A. First of all, a cost approach is not Q. So those are rents that were physically 8 relevant. The property would not have been 8 in place for those properties as of January 1st, constructed but for the tax credits. So to develop a 9 9 cost approach, assuming a LIHTC rent structure, there 2015? 10 10 A. Correct. would be a very large amount of economic 11 11 obsolescence. And I don't believe a cost approach is 12 Q. Okay. And then you have the next 12 13 column, occupancy. Did you -- were you able to also 13 going to determine an accurate value estimate for a 14 survey what the occupancy was for these four LIHTC 14 property that is subject to these government projects? restrictions. 15 15 16 Q. And did you utilize a sales comparison 16 A. Yes. O. And what was the occupancy rate that you approach to value? 17 17 indicate on facing page of 28? A. I did not. 18 18 A. Anywhere between 75 percent to 100 Q. And if you could tell the Board why you 19 19 20 percent occupied depending on the property. 20 did not add a sales comparison approach to value in 21 Q. So after you did this survey, then how 21 your second appraisal report. 22 did you project the income for the subject property? 22 A. Sure. It's for the same reason I didn't A. I reviewed these rents, I also did include it in the first appraisal; these LIHTC 23 23 review the rent roll that was in place for the units 24 properties, if and when they do sell, are sold based 24 25 upon their income-generating capabilities and not how 25 as of the tax lien date. The rents that are

Page 45

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

they compared to the other properties in the market.

1

2

3

4

5

6

7

8

9 10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q. I note that you did not use any market rents from conventional apartments. If you could tell the Board why you didn't utilize that in your report.

A. Our tenants can't afford to live in a conventional community; so for that reason, their market is other LIHTC properties. If they were able to live in a conventional community, chances are they probably would not be classified as low income and they could then afford to live in a conventional market property, but since we have government restrictions that this property could only be leased to people with low income, I tried to survey other properties that were available to people of low income.

Q. Now, let's turn to Page 31 of your appraisal report, and this is your Appraisal Report No. 2. Could you kind of walk us through and summarize your income approach? I know you talked about how you arrived at your gross potential rent, but if you could just walk us through your vacancy and credit loss, what was that based upon at 2 percent?

A. The vacancy and collection loss is based

collections at the subject property, which has basically been in a range from about \$6,357 to \$9,459 between the years of 2013 and 2015. So I added that after making an adjustment for vacancy since it's based upon historical collections, which already takes into consideration the fact that there was some vacancy at the property.

Q. And then did you determine the effective gross income for the subject property?

A. I did, yes.

Q. And for purposes of the record, could you state what that is?

A. \$363,828.

O. And the operating expenses that you utilized, how did you arrive at the \$222,000?

A. I reviewed the actual performance of the subject property for the years 2013 through 2015. I also compared that to nine examples of other similar style apartment communities that are in the LIHTC program. On Page 29 are the actual 2015 expenses excluding real estate taxes for those properties.

In addition to that, I also reviewed a IREM -- Institute of Real Estate Management -publication, which indicated that 197 apartment complexes located in a multi-state region had

Page 46

Page 48

upon the actual performance of the subject property and also comparing it to other properties in Muskingum and the surrounding counties of Coshocton, Guernsey, Licking, Morgan, and Perry County, which is a survey I've provided in the addendum which is provided from the Ohio Housing Finance Agency, or OHFA. Based upon those sources is how I've projected a vacancy of 2 percent.

Q. And where would we find that survey in your addendum of your appraisal report, if you could just give us the page number.

A. It would be found on Page 39. What is indicated on Page 39 shows a vacancy of 1.31 percent. That would be for vacancy only without any potential credit loss.

Q. And is that 2 percent also supported by your survey that you added to this appraisal report on the facing page of 28?

A. It is, yes.

Q. After you utilized a 2 percent vacancy and credit loss, what was the next step in your income approach?

A. Well, I added some additional income, or what I classify as other income of \$7,500. That number is based upon a review of historical

expenses of about \$3,041 excluding real estate taxes. Based upon all that information is how I projected an expense before tax of \$3,700 per unit, or approximately \$222,000 per year.

Q. The IREM survey that you reference, were those for LIHTC projects?

A. Yes.

Q. And your expenses on Page 29, are those elevator buildings?

A. They are.

Q. Is there a different expense review when you have an elevator building compared to a nonelevator building?

A. There usually is. Obviously it costs money to maintain an elevator. Elevator buildings generally have more common area amenities. A lot of the units are generally accessed off of an interior hallway as compared to possibly an exterior entrance apartment; so that elevator buildings will have on average more common areas to maintain and more of the building area will be common space as compared to rentable space that would be leased to an apartment dweller.

Q. And one other comment regarding your expenses on Page 29. You said that they don't

	Page 49		Page 51
1	include real estate taxes. Are reserves included in	1	utilizing a 9 percent capitalization rate before real
2	those expenses?	2	estate tax additur?
3	A. No. Those are strictly expenses.	3	A. Yes. Muskingum County is basically more
4	Q. And these were actual 2015 expenses?	4	of a rural county than, say, some of these other
5	A. Correct.	5	properties that were located in Warren County or, you
6	Q. What did you determine as the reserve	6	know, closer to more populated areas. So I think
7	for replacement?	7	over capitalization rate, one that's well within this
8	A. Estimated reserve for replacement is	8	range but not at the low end of the range is
9	\$400 per unit.	9	reasonable.
10	Q. And is that the same as in Appraisal	10	MS. BAUERNSCHMIDT: I have no further
11	No. 1 that you prepared?	11	direct.
12	A. Yes.	12	EXAMINER HIGGINS: Okay. We'll go ahead
13	Q. And if you could then tell the Board,	13	and take our first break now. We'll take 15 minutes,
14	did you opine to a net operating income for your	14	and then Ms. Gorry will start her we're off the
15	second appraisal?	15	record.
16	A. Yes.	16	(Discussion held off the record.)
17	Q. And did that differ slightly from your	17	EXAMINER HIGGINS: We're back on the
18	first appraisal?	18	record. Ms. Gorry.
19	A. It did.	19	MS. GORRY: Yes. Thank you very much.
20	Q. And did you utilize the same	20	GD OGG FYYAN MYYAFYON
21	capitalization rate in capitalizing your net	21	CROSS-EXAMINATION
22	operating income?	22	BY MS. GORRY:
23	A. I did.	23	Q. Okay. So let's start first with the
24	Q. And what was your final value conclusion	24	highest and best use. Just to clarify, your highest
25	before a deduction for personal property when you	25	and best use is as encumbered by the restrictive
	Page 50		Page 52
1	capitalized the net income by your overall	1	covenant, right?
2	capitalization rate of 10.67 percent?	2	A. Yes.
3	A. \$1,104,292.	3	Q. Okay. And then let's go ahead and go to
4	Q. And that's fairly similar to your first	4	the income approach. Let's start with the LIHTC rent
5	appraisal. If you could explain why the numbers are	5	comps on Page 28 I'm sorry, the chart in front of
6	so close together.	6	Page 28.
7	A. Because the rent that was projected is	7	Okay. So when I was looking at these,
8	very similar to the actual rent that was being	8	Rick, you know, if we note on I think every single
9	collected based upon revenue.	9	one yeah, every single one for example, the 50
10	Q. And then did you make a deduction for	10	percent and the 60 percent rents in every single one
11	personal property?	11	of these is the same. So I take that to mean that
12	A. I did.	12	these are not generating their maximum permissible
13			
1 /	Q. What was your final value conclusion via	13	rents?
14	the income approach?	13	rents? A. Correct.
14 15	the income approach? A. \$1,090,000.		
	the income approach? A. \$1,090,000. Q. And when you determined the overall	14	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners?
15 16 17	the income approach? A. \$1,090,000. Q. And when you determined the overall capitalization rate to utilize, what kind of data did	14 15 16 17	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they
15 16 17 18	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization	14 15 16 17 18	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The
15 16 17 18 19	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization rate?	14 15 16 17 18 19	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The owners have the ability and flexibility to charge a
15 16 17 18 19 20	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization rate?  A. Sales of properties that were in the	14 15 16 17 18 19 20	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The owners have the ability and flexibility to charge a rent as long as it's less than or up to maximum
15 16 17 18 19 20 21	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization rate?  A. Sales of properties that were in the LIHTC program that were purchased after the initial	14 15 16 17 18 19 20 21	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The owners have the ability and flexibility to charge a rent as long as it's less than or up to maximum allowable.
15 16 17 18 19 20 21 22	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization rate?  A. Sales of properties that were in the LIHTC program that were purchased after the initial compliance period, but still remained in the program	14 15 16 17 18 19 20 21 22	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The owners have the ability and flexibility to charge a rent as long as it's less than or up to maximum allowable. Q. Right. Okay. And do you know what
15 16 17 18 19 20 21 22 23	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization rate?  A. Sales of properties that were in the LIHTC program that were purchased after the initial compliance period, but still remained in the program after acquisition.	14 15 16 17 18 19 20 21 22 23	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The owners have the ability and flexibility to charge a rent as long as it's less than or up to maximum allowable. Q. Right. Okay. And do you know what just out of curiosity, did you look what the max
15 16 17 18 19 20 21 22 23 24	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization rate?  A. Sales of properties that were in the LIHTC program that were purchased after the initial compliance period, but still remained in the program after acquisition.  Q. Did the nature of the location of the	14 15 16 17 18 19 20 21 22 23 24	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The owners have the ability and flexibility to charge a rent as long as it's less than or up to maximum allowable. Q. Right. Okay. And do you know what just out of curiosity, did you look what the max allowable rents were for these comps?
15 16 17 18 19 20 21 22 23	the income approach?  A. \$1,090,000.  Q. And when you determined the overall capitalization rate to utilize, what kind of data did you utilize to support that overall capitalization rate?  A. Sales of properties that were in the LIHTC program that were purchased after the initial compliance period, but still remained in the program after acquisition.	14 15 16 17 18 19 20 21 22 23	A. Correct. Q. Okay. And so these are these are self-restricted by each of these owners? A. Well, self-restricted to be what they think they can generate below maximum allowable. The owners have the ability and flexibility to charge a rent as long as it's less than or up to maximum allowable. Q. Right. Okay. And do you know what just out of curiosity, did you look what the max

	Page 53		Page 55
1	them I'm familiar with, but for every single one, I	1	Q. Okay. And then your cap rate here, 9
2	don't know the maximum allowable.	2	percent, that was the same cap rate that was used in
3	Q. Okay. And then I'm assuming that	3	we'll call it Appraisal 1?
4	location of these comps isn't important except to the	4	A. Yes.
5	extent that the County has the same AGMI levels.	5	Q. Okay. And then also your value for the
6	A. Yes.	6	real estate at \$1,090,000, that is not only similar
7	Q. Okay. So age of the property, also not	7	to the prior appraisal, that is the exact same value,
8	important?	8	right?
9	A. It's not important to the government	9	A. Correct.
10	when they're setting the rent.	10	Q. Okay.
11	Q. Okay. Condition of the property, not	11	A. It's a rounded number.
12	important?	12	Q. Okay.
13	A. No. They do it by bedroom size.	13	A. So if you go above it, the number will
14	Q. Okay.	14	be slightly different, but, again, it's a rounded
15	A. Or bedroom type; one bedroom, two	15	number at \$1,090,000.
16	bedroom, three bedroom.	16	Q. But in the prior appraisal, you also
17	Q. Okay.	17	rounded to a million-ninety.
18	A. It's not it's not contingent on the	18	A. Correct.
19	size of the unit or how many bathrooms it has, it's	19	Q. Okay. I don't have any further
20	all done by bedroom.	20	questions. Thank you.
21	Q. Quality of construction, not important?	21	EXAMINER HIGGINS: Any redirect?
22	A. Not when they're setting the rent, no.	22	MS. BAUERNSCHMIDT: Yes. Yes.
23	Q. Okay. Great. And then okay. Then	23	
24	out of curiosity, do you know, did all of these comps	24	REDIRECT EXAMINATION
25	also accept portable vouchers or were there any	25	BY MS. BAUERNSCHMIDT:
20	also accept portained vouciness of viola indica and	20	BI MB. BRODINGOIMBI.
	Page 54		Page 56
1	Page 54 project-based rental assistance contracts associated	1	
1 2	-	1 2	Q. You were just asked some questions regarding the rents you utilized and the expenses
	project-based rental assistance contracts associated		Q. You were just asked some questions
2	project-based rental assistance contracts associated with any of these comps?	2	Q. You were just asked some questions regarding the rents you utilized and the expenses
2 3	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based.	2 3	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the
2 3 4	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay.	2 3 4	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?
2 3 4 5	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find	2 3 4 5	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.
2 3 4 5 6	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property.	2 3 4 5 6	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing
2 3 4 5 6 7	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual	2 3 4 5 6 7	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.
2 3 4 5 6 7 8	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent	2 3 4 5 6 7 8	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.
2 3 4 5 6 7 8	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual	2 3 4 5 6 7 8	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much. I believe, Ms. Bauernschmidt, please
2 3 4 5 6 7 8 9	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your	2 3 4 5 6 7 8 9	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the
2 3 4 5 6 7 8 9 10	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents? A. It's close.	2 3 4 5 6 7 8 9 10	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in
2 3 4 5 6 7 8 9 10 11	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses?	2 3 4 5 6 7 8 9 10 11	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much. I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047
2 3 4 5 6 7 8 9 10 11 12 13	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the	2 3 4 5 6 7 8 9 10 11 12 13	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.
2 3 4 5 6 7 8 9 10 11 12 13	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses?	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye
2 3 4 5 6 7 8 9 10 11 12 13 14 15	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION  BY MS. BAUERNSCHMIDT:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time, for each one of these have you confirmed that they	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much. I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION  BY MS. BAUERNSCHMIDT:  Q. Mr. Racek, were you retained to do a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time, for each one of these have you confirmed that they were LIHTCs before and after they traded?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION  BY MS. BAUERNSCHMIDT:  Q. Mr. Racek, were you retained to do a second appraisal on Buckeye Community Twenty One LP,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time, for each one of these have you confirmed that they were LIHTCs before and after they traded? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION  BY MS. BAUERNSCHMIDT:  Q. Mr. Racek, were you retained to do a second appraisal on Buckeye Community Twenty One LP, known as Bedford Homes?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time, for each one of these have you confirmed that they were LIHTCs before and after they traded? A. Yes. Q. Okay. And so OHFA approved each one of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION  BY MS. BAUERNSCHMIDT:  Q. Mr. Racek, were you retained to do a second appraisal on Buckeye Community Twenty One LP, known as Bedford Homes?  A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents? A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time, for each one of these have you confirmed that they were LIHTCs before and after they traded? A. Yes. Q. Okay. And so OHFA approved each one of these transfers to the new buyers?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION BY MS. BAUERNSCHMIDT:  Q. Mr. Racek, were you retained to do a second appraisal on Buckeye Community Twenty One LP, known as Bedford Homes?  A. Yes.  Q. And you testified on a previous occasion
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents?  A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time, for each one of these have you confirmed that they were LIHTCs before and after they traded? A. Yes. Q. Okay. And so OHFA approved each one of these transfers to the new buyers? A. That's a requirement, that OHFA has to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION  BY MS. BAUERNSCHMIDT:  Q. Mr. Racek, were you retained to do a second appraisal on Buckeye Community Twenty One LP, known as Bedford Homes?  A. Yes.  Q. And you testified on a previous occasion to an appraisal which is known as Appraisal 1.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	project-based rental assistance contracts associated with any of these comps?  A. None of them were project based. Q. Okay. A. But generally you will find voucher-based tenants living in a LIHTC property. Q. Sure. Yeah. Absolutely. Okay. And then your selection of rent here, that's essentially the average of the actual rents? A. It's close. Q. Okay. And same thing on expenses, your selection of the per-unit expenses is essentially the average of the actual expenses? A. I didn't look at it that carefully, but it's close, yes. Q. Okay. And then cap rate sales are all I'm sorry, I know I ask you this all the time, for each one of these have you confirmed that they were LIHTCs before and after they traded? A. Yes. Q. Okay. And so OHFA approved each one of these transfers to the new buyers?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. You were just asked some questions regarding the rents you utilized and the expenses were averaged. Did you calculate the rents and the expenses based on an average?  A. No.  MS. BAUERNSCHMIDT: I have nothing further.  EXAMINER HIGGINS: Thank you very much.  I believe, Ms. Bauernschmidt, please correct me if I'm wrong, we are going to go to the direct examination of Mr. Racek on the appraisal in 2016-1047  MS. BAUERNSCHMIDT: Correct.  EXAMINER HIGGINS: with the Buckeye Community Twenty One LP?  DIRECT EXAMINATION BY MS. BAUERNSCHMIDT:  Q. Mr. Racek, were you retained to do a second appraisal on Buckeye Community Twenty One LP, known as Bedford Homes?  A. Yes.  Q. And you testified on a previous occasion

	Page 57		Page 59
1	Q. And you have then prepared a second	1	Q. So you used different rental comps in
2	appraisal?	2	Bedford Homes than what you used for Frank Cook?
3	A. I have.	3	A. Yes.
4	Q. Okay. I'm going to show you what has	4	Q. And has that change of property rights
5	been marked as Appellant's Exhibit D. If you could	5	caused to have your value changed between the two
6	take a look at that document. And after looking at	6	appraisals?
7	it, if you're able to identify it for the record,	7	A. It did.
8	please do so.	8	Q. All the other data other than the rental
9	A. Yes. This is the appraisal, the rewrite	9	survey is the same as before, the information for
10	of the first report that was submitted for the prior	10	your cap rate, expenses, that's all the same from
11	hearing.	11	your first appraisal report?
12	MS. BAUERNSCHMIDT: At this point in	12	A. It is.
13	time, I'm going to ask the County if they'd be	13	Q. But different than what you utilized for
14	willing to stipulate to Mr. Racek's qualifications as	14	Frank Cook?
15	you did in the previous appraisal report?	15	A. Correct.
16	MS. GORRY: We will indeed.	16	Q. Okay. So let's turn to your rental
17	MS. BAUERNSCHMIDT: Thank you very much.	17	survey, which is at the facing page of 28. Kind of
18	MS. GORRY: Sure.	18	explain what is set forth on your rental survey.
19	BY MS. BAUERNSCHMIDT:	19	A. The rental survey, I have five examples
20	Q. But your qualifications are, in fact,	20	of other housing communities that are located either
21	set forth in this appraisal report and the previous	21	in Muskingum, Licking, or Coshocton Counties, which
22	one?	22	would be either the county the subject is located,
23		23	Muskingum, or adjacent counties, which would be
23	A. Yes. In this report, they're provided	24	•
25	on Page 49.  Q. So if you could tell the Board, what is	25	Licking or Coshocton County.  What I've indicated is the unit style or
23	Q. 30 if you could tell the Board, what is	23	what I ve indicated is the unit style of
	Page 58		Page 60
1		1	
1 2	the main difference between Appraisal 1 and your	1 2	unit type, either a three or four-bedroom unit in
		2	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are
2	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.	2	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates
2	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight	2	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are
2 3 4	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised.	2 3 4 5	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.
2 3 4 5	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property	2 3 4	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to
2 3 4 5 6 7	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee	2 3 4 5 6 7	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are
2 3 4 5 6	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.	2 3 4 5 6	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?
2 3 4 5 6 7 8	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you	2 3 4 5 6 7 8	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is.
2 3 4 5 6 7 8 9	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.	2 3 4 5 6 7 8 9	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any
2 3 4 5 6 7 8 9	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.	2 3 4 5 6 7 8 9	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is.
2 3 4 5 6 7 8 9 10	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified	2 3 4 5 6 7 8 9 10	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct.
2 3 4 5 6 7 8 9 10 11 12 13	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was	2 3 4 5 6 7 8 9 10 11 12 13	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct. Q. So having done this survey, what was the
2 3 4 5 6 7 8 9 10 11 12 13 14	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was	2 3 4 5 6 7 8 9 10 11 12 13	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct. Q. So having done this survey, what was the next step that you utilized?
2 3 4 5 6 7 8 9 10 11 12 13 14 15	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple	2 3 4 5 6 7 8 9 10 11 12 13	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct. Q. So having done this survey, what was the next step that you utilized? A. Well, from this survey is how I
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also	2 3 4 5 6 7 8 9 10 11 12 13 14	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct. Q. So having done this survey, what was the next step that you utilized? A. Well, from this survey is how I projected a gross potential income by the for the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also then surveyed the market to determine a rent based	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct. Q. So having done this survey, what was the next step that you utilized? A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also	2 3 4 5 6 7 8 9 10 11 12 13 14 15	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct. Q. So having done this survey, what was the next step that you utilized?  A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property. Q. And did you utilize any other data other
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also then surveyed the market to determine a rent based upon market support rather than relying solely upon rent roll.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is.  Q. Okay. None of these have any project-based Section 8?  A. Correct.  Q. So having done this survey, what was the next step that you utilized?  A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property.  Q. And did you utilize any other data other than the survey in opining to the rental rates for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also then surveyed the market to determine a rent based upon market support rather than relying solely upon rent roll.  Q. And when you say you did a market	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8? A. Correct. Q. So having done this survey, what was the next step that you utilized? A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property. Q. And did you utilize any other data other than the survey in opining to the rental rates for the subject property?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also then surveyed the market to determine a rent based upon market support rather than relying solely upon rent roll.  Q. And when you say you did a market survey, what did you do a market survey of?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8?  A. Correct. Q. So having done this survey, what was the next step that you utilized?  A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property.  Q. And did you utilize any other data other than the survey in opining to the rental rates for the subject property?  A. I reviewed the rent roll, but also
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also then surveyed the market to determine a rent based upon market support rather than relying solely upon rent roll.  Q. And when you say you did a market survey, what did you do a market survey of?  A. I surveyed the market to find other	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8?  A. Correct. Q. So having done this survey, what was the next step that you utilized?  A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property.  Q. And did you utilize any other data other than the survey in opining to the rental rates for the subject property?  A. I reviewed the rent roll, but also relied upon market evidence to project a rental rate.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also then surveyed the market to determine a rent based upon market support rather than relying solely upon rent roll.  Q. And when you say you did a market survey, what did you do a market survey of?  A. I surveyed the market to find other examples of rental housing that were in the LIHTC	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8?  A. Correct. Q. So having done this survey, what was the next step that you utilized?  A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property. Q. And did you utilize any other data other than the survey in opining to the rental rates for the subject property?  A. I reviewed the rent roll, but also relied upon market evidence to project a rental rate. Q. And when you use the term "market,"
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the main difference between Appraisal 1 and your Appraisal No. 2 on I think let's just call it Bedford Homes since it's easier.  A. Basically Appraisal 2 was a slight change in the in the property rights appraised. In Appraisal 2 I've assumed a fee-simple property right, and in the Appraisal 1 was a leased-fee analysis.  Q. And how did those differ, because you did that on the previous appraisal you just testified to in Frank Cook.  A. Yes. Basically the difference is in a leased-fee analysis, I assumed the rent that was being paid based upon the rent roll was what was utilized to project a value; and in a fee-simple analysis I looked at the actual rents, but I also then surveyed the market to determine a rent based upon market support rather than relying solely upon rent roll.  Q. And when you say you did a market survey, what did you do a market survey of?  A. I surveyed the market to find other	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	unit type, either a three or four-bedroom unit in those communities, the income restrictions that are applicable to the unit type, the rental rates generated at those unit types, and the occupancies at the communities.  Q. Having done this survey is it fair to say these are all single-family rental units that are subject to LIHTC?  A. Yes, it is. Q. Okay. None of these have any project-based Section 8?  A. Correct. Q. So having done this survey, what was the next step that you utilized?  A. Well, from this survey is how I projected a gross potential income by the for the various unit types at the subject property.  Q. And did you utilize any other data other than the survey in opining to the rental rates for the subject property?  A. I reviewed the rent roll, but also relied upon market evidence to project a rental rate.

Page 64

Page 61

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- O. And did you then project the rental rates for the various unit types somewhere in your appraisal report?
  - A. I did, on the top of Page 29.
- Q. And if you could, kind of tell us, how did this information compare to your original Appraisal No. 1 on Bedford Place, did the rents go up or did they go down?
- A. To the best of my recollection, the rents increased.
- Q. Okay. And your overall determination of gross potential rental income, is that higher than what you utilized in your Appraisal No. 1?
  - A. I believe it is.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24 25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16 17

18

19

20

21

22

23

24

25

Q. Kind of walk through how you determine these rental rates, and then give us what your projection was for the annual rental income.

A. Well, the rental rates that I've provided on facing Page 28 indicate obviously a fairly large range. They -- the properties that I surveyed are all freestanding houses similar to what we have at the subject property, whether they're in a neighborhood setting or in a scattered site setting, meaning multiple houses throughout a city rather than a specific continuous neighborhood.

A. Well, the actual rents that the property was receiving were between \$499 and \$560 for a three-bedroom unit, and \$549 to \$660 per unit for a four-bedroom unit. So they're close to what was actually being collected at the subject.

Q. And after you projected the annual income and your monthly rental rates, what was the next step in your analysis?

A. I added in some additional income that the property is able to generate from late charges, application fees, things of that nature. It's been very minimal. Between the years of 2014 and 2015, they've collected about \$688 to about \$1,818. I ultimately used \$1,250.

Q. Is that the same miscellaneous income that you utilized in your first appraisal?

A. Yes.

Q. Okay. And then if you could continue on, how did you determine the vacancy and credit

A. I reviewed the historical performance of the subject property. I also reviewed information obtained from the Ohio Housing Finance Agency and also looked to the survey of properties that I presented in my rental survey. Based upon that

Page 62

The rents that you see are the rents that would be paid to the owner of the property, and then the tenant would then be responsible for paying the utilities on the home. So when we talk about maximum allowable rent that is determined by government, that would be a rent including the utilities, but that -- the rent that's paid to the owner is something less than maximum allowable because you have to take into consideration the utility allowance. So what you're seeing here are the rents as paid to the owner before any payment of utilities.

O. And the reason for that is that the tenant is responsible for paying their own utility

A. Correct. So that's what is shown on that survey, rental rates only. From that -- again. looking at the rent roll is how I projected at the top of Page 29 the various rental rate only for each of the various three and four-bedroom units of the subject property.

Q. And how does that compare and did you set forth in your appraisal what the actual rents that the property was receiving as of January 1st, 2015?

information is how I projected a 5 percent vacancy and credit loss for the subject.

Historically for the years of 2014 and 2015, the subject has had a vacancy and credit loss, which is in a range from about 7.1 percent to 7.52 percent.

Q. And that 5 percent vacancy and credit loss that you used in your second appraisal report, is that the same vacancy and credit loss that you used in your first appraisal report?

A. Yes.

Q. How did you go about then determining expenses?

A. Multiple ways. First, looked at the actual performance of the subject property. I also reviewed information obtained from the Ohio Housing Finance Agency that indicates operating expenses in Muskingum and the seven counties, and that survey is provided on Page 42.

What is indicated on Page 42 are 23 properties, all single-family detached units, located in the surrounding counties. Now, I included Franklin County in order to get an adequate number of examples. Without Franklin County included, there were only three examples of housing communities in

Page 68

Page 65

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21 22

23

24

25

4

5

6

7

8

9 10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

the surrounding counties; so including Franklin gives me a bigger sampling. But based upon that sampling, you can see that the total cost, which includes real estate taxes, is \$5,158.

1

2

3

4

5

6

7

8

9 10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I've also surveyed other similar housing communities throughout the state. And on Page 30 are the actual 2015 operating expenses, excluding real estate taxes and reserves, in seven other housing communities around the state, and these properties indicate expenses of approximately \$3,125 to \$3,841, again, during 2015 excluding taxes and reserves.

I also looked to the Institute of Real Estate Management, their Section 42 program, which is the LIHTC program, but that would indicate total expenses of about \$3,041, and that includes apartment communities in addition to possibly housing communities similar to the subject. So based upon that information is how I projected expenses before real estate taxes and reserves of \$3,100 per unit, or \$108,500 per unit.

Q. And how did you go about determining a reserve for replacement?

A. I've estimated a reserve at \$400 per unit. I think that's a fairly optimistic figure given the fact that we have freestanding houses with percent capitalization rate in Frank Cook as well?

A. I looked at it more in terms of location, in terms of being more of a rural location than an urban location. The 9 percent I think falls well within the range. It's obviously not at the low end of the range, but generally the ones at the lower end of the range were in more urban locations; so I think our rural location would have an impact on the capitalization rate.

Q. And when you capitalize the net operating income by your 10.57 percent capitalization rate, what was your value indication before a deduction for personal and property?

A. \$1,060,624.

Q. And what did you deduct for the value of the personal property?

A. \$250 per unit, or roughly \$8,750.

Q. And when you deducted that from the overall value, what was your value indication for the subject property as of January 1st, 2015?

A. A rounded \$1.050.000.

O. And that's in excess of the value that you testified to for your Appraisal No. 1 at \$960,000?

A. Yes.

Page 66

Q. And if you could explain to the Board 1 2 why you had that change in value from \$960,000 to \$1.050,000. 3

A. Basically it's a change in income, I've projected more gross potential income. And since my vacancy and expenses have remained unchanged, the result is having a greater net operating income.

Q. If you could tell the Board why you didn't use rental income from conventional rental homes or conventional apartments.

A. Basically our tenants are low income, they are generally unable to afford conventional either housing or apartments. Since our tenants, I believe, are searching for options, I tried to show what options are available and included those in my survey, and those I think represent what the market is for a tenant looking for a unit either in our building or our houses or in the competition.

Q. If you -- did you utilize any operating expenses or reserves or cap rate based on any market data from either conventional rental homes or conventional apartments?

A. No.

Q. And is that the same reason as you stated for not using it for the rental information?

a lot of roofs, siding, windows, appliances to replace. But that's how I've projected reserve for \$400 per unit, or about \$14,000 per year.

Q. Having determined the gross potential income, vacancy and credit loss, miscellaneous income, operating expenses and reserves for replacement, were you able to determine or make a net operating income?

A. Yes.

Q. And what was the net operating income that is set forth on Page 32 of your appraisal report?

A. \$112,108.

Q. How did you determine a capitalization rate for the subject property?

A. On Page 31 are eight examples of capitalization rates of LIHTC properties that sold between 2013 and 2015. These properties are LIHTC properties that are still operating as such even after the sale.

Q. And what was the overall capitalization rate you determined before real estate tax additur?

A. Nine percent.

Q. And how did you go about determining a 9 percent cap rate for this, because you utilize a 9

	Page 69		Page 71
1	A. Yes.	1	A. No.
2	MS. BAUERNSCHMIDT: I have nothing	2	Q. Okay. And so, again, these were the
3	further.	3	owners what I call self-restricting the rents to keep
4	EXAMINER HIGGINS: Thank you,	4	them affordable to the tenants?
5	Ms. Bauernschmidt.	5	A. And to keep occupancy.
6	Ms. Gorry.	6	Q. Okay.
7	MS. GORRY: Yes. Thank you.	7	A. I mean, you could try to keep maximum
8	MB. GORRI. 168. Thank you.	8	allowable rent, but if you're running a property at
9	CROSS-EXAMINATION	9	75 percent occupancy and you're losing money, it
10	BY MS. GORRY:	10	tells me that there's not enough tenants in the
11	Q. Okay. I'm going to ask the virtually	11	market that can afford to pay you rent.
12	identical questions I asked in the other one. Let's	12	Q. Right.
13	go to the highest and best use analysis on page	13	A. So you have to reduce the rent in order
14	let's see, I'll get there, bear with me okay,	14	to keep your occupancy up.
15	Page 25. So, again, the when you refer to fee	15	Q. Okay. And then on these rent comps
16	simple, you're referring to fee simple as encumbered	16	again, I'm going to ask the exact same questions
17	by the restrictive covenant?	17	the location of these is not important except to the
18	A. Correct.	18	extent that you felt the county in which they were
19	Q. Okay. And then let's go to the rent	19	located had similar AGMI levels?
20	comps on Page 27, okay. Same question here, and I do	20	A. Yes. I tried to find some that had as
21	appreciate the qualification on the utilities because	21	close to the same area median gross incomes.
22	I know those are included, too, but so I'll	22	Obviously the two the first two that are in
23	qualify my question a little bit better.	23	Muskingum County have the same.
24	So on some of these here, like on No. 1,	24	Q. Sure.
25	for example, No. 2, No. 3, and No. 4, when we get	25	A. Licking County is obviously closer to
	Page 70		Page 72
1		1	_
1 2	into the bigger units well, they might not be	1 2	Columbus, has a higher area median gross income; so
2	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the	2	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and
2	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower	2	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median
2 3 4	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than	2 3 4	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.
2 3 4 5	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.	2	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.
2 3 4 5 6	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.	2 3 4 5 6	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves,
2 3 4 5 6 7	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.  Q. Okay.	2 3 4 5 6 7	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark
2 3 4 5 6 7 8	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.  Q. Okay.  A. Because of the utility allowance.	2 3 4 5 6	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves,
2 3 4 5 6 7 8 9	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be	2 3 4 5 6 7 8 9	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.
2 3 4 5 6 7 8	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.  Q. Okay.  A. Because of the utility allowance.  Q. Okay. Well, utility allowance would be the same per person, though, right?	2 3 4 5 6 7 8	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that
2 3 4 5 6 7 8 9	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.  Q. Okay.  A. Because of the utility allowance.  Q. Okay. Well, utility allowance would be the same per person, though, right?  A. The utility allowance is based on the	2 3 4 5 6 7 8 9	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?
2 3 4 5 6 7 8 9 10	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.  Q. Okay.  A. Because of the utility allowance.  Q. Okay. Well, utility allowance would be the same per person, though, right?  A. The utility allowance is based on the number of bedrooms in the apartment, not based upon	2 3 4 5 6 7 8 9 10	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at
2 3 4 5 6 7 8 9 10 11 12 13	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.  Q. Okay.  A. Because of the utility allowance.  Q. Okay. Well, utility allowance would be the same per person, though, right?  A. The utility allowance is based on the	2 3 4 5 6 7 8 9 10 11	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.
2 3 4 5 6 7 8 9 10 11	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there.	2 3 4 5 6 7 8 9 10 11 12 13	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at
2 3 4 5 6 7 8 9 10 11 12 13	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the	2 3 4 5 6 7 8 9 10 11 12 13	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom? A. Correct.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10 years of one another in terms of comparing them to
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible.  Q. Okay.  A. Because of the utility allowance.  Q. Okay. Well, utility allowance would be the same per person, though, right?  A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there.  Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom?  A. Correct.  Q. Okay. And then just out of curiosity,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10 years of one another in terms of comparing them to the subject.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom? A. Correct. Q. Okay. And then just out of curiosity, on these did you take a look at what the maximum	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10 years of one another in terms of comparing them to the subject.  Q. Okay. And then same thing with quality
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom? A. Correct. Q. Okay. And then just out of curiosity, on these did you take a look at what the maximum allowable rents were after deducting the utility allowance? A. For several of them I have that, yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10 years of one another in terms of comparing them to the subject.  Q. Okay. And then same thing with quality of construction, condition of the property, those
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom? A. Correct. Q. Okay. And then just out of curiosity, on these did you take a look at what the maximum allowable rents were after deducting the utility allowance? A. For several of them I have that, yes. Q. Okay. And were any of these achieving	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10 years of one another in terms of comparing them to the subject.  Q. Okay. And then same thing with quality of construction, condition of the property, those aren't important in determining the rent?  A. Well, actually they're all very similar to ours.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom? A. Correct. Q. Okay. And then just out of curiosity, on these did you take a look at what the maximum allowable rents were after deducting the utility allowance? A. For several of them I have that, yes. Q. Okay. And were any of these achieving the maximum allowable rents after deducting the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10 years of one another in terms of comparing them to the subject.  Q. Okay. And then same thing with quality of construction, condition of the property, those aren't important in determining the rent?  A. Well, actually they're all very similar to ours.  Q. Okay.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	into the bigger units well, they might not be bigger, let's just say the more bedroom units, the four-bedroom units, interestingly some of the lower AGMI categories have potentially higher rents than the higher AGMI categories.  A. It's possible. Q. Okay. A. Because of the utility allowance. Q. Okay. Well, utility allowance would be the same per person, though, right? A. The utility allowance is based on the number of bedrooms in the apartment, not based upon how many people live there. Q. Oh, okay. I did not know that. So the utility allowance is based upon bedrooms, not number of occupants in each bedroom? A. Correct. Q. Okay. And then just out of curiosity, on these did you take a look at what the maximum allowable rents were after deducting the utility allowance? A. For several of them I have that, yes. Q. Okay. And were any of these achieving	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Columbus, has a higher area median gross income; so their rents generally are going to be higher, and Coshocton County has actually the same area median gross income as Muskingum County.  Q. Okay.  A. In terms of the communities themselves, most of them are located in rural areas. East Newark Homes is scattered throughout Newark, which is more of an urban area.  Q. Okay. And then the the age that these properties were built is not important?  A. Again, the government doesn't look at age when determining a rent.  Q. Okay.  A. Now, these properties are very similar in age. I would say that they're all built within 10 years of one another in terms of comparing them to the subject.  Q. Okay. And then same thing with quality of construction, condition of the property, those aren't important in determining the rent?  A. Well, actually they're all very similar to ours.

		1	
	Page 73		Page 75
1	I've surveyed or the subject property, they're nice	1	scattered site interchangeably for those that are in
2	houses, but they're no frills. I mean, they they	2	the same community and those that are not, but
3	don't they're not putting granite countertops and	3	these but I think what you're saying is every
4	stainless steel appliances in these things.	4	single one is a freestanding single-family home?
5	Q. Sure. Now, do these come with washer	5	A. Correct.
6	and drier or do the tenants have to bring those in?	6	Q. Okay.
7	A. Washers and driers are usually the	7	A. Freestanding single-home community.
8	hookups, and the tenants usually bring their own	8	Q. Sure.
9	washer and drier.	9	A. Meaning I mean, I indicate how many
10	Q. Okay. Then out of curiosity, do you	10	total units there are representing those communities.
11	know what the max allowable rents and I'll qualify	11	Q. Right.
12	minus utility allowance would be for the subject	12	A. So while the first one, Defiance
13	units?	13	Crossing, which I would call is a similar
14	A. I do not know that.	14	neighborhood community
15	Q. Okay. And then do you know, does this	15	Q. Sure.
16	specific property have a waiting list, did it as of	16	A like ours has 32 units, but if you go
17	1-1-15?	17	to Greenwood Homes, which is scattered sites, there's
18	A. I do not know.	18	23 houses scattered throughout a larger neighborhood.
		19	Q. Different areas, sure. Okay.
19	Q. Okay. And these were just complete in late 2013, right?		And then the cap rate sales, same
20	A. Sounds about right.	20	-
21	<u> </u>	21	question, are all of these single-family homes?
22	Q. Okay. And then let's go to the expenses	22	A. No. These would be LIHTC apartment
23	on Page 29 and 30. Your pro forma of 3,100 per unit,	23	communities.
24	that would essentially be the average or very close	24	Q. Okay. Because many of these
25	to the average of the actual expenses for 2014 and	25	single-family homes end up being tenant purchased if
	Page 74		Page 76
1		1	
1 2	2015, right?	1 2	Page 76 the owner has gotten OHFA to agree to that option, right?
	2015, right? A. I didn't do it on an average basis, but		the owner has gotten OHFA to agree to that option,
2	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.	2	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy
2	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps	2 3	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the
2 3 4	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered	2 3 4	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that
2 3 4 5	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps	2 3 4 5	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the
2 3 4 5 6 7	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.	2 3 4 5 6	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.
2 3 4 5 6 7 8	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.	2 3 4 5 6 7	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.
2 3 4 5 6 7	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is	2 3 4 5 6 7 8	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a
2 3 4 5 6 7 8 9	2015, right?  A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.	2 3 4 5 6 7 8	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.
2 3 4 5 6 7 8 9	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.	2 3 4 5 6 7 8 9	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something
2 3 4 5 6 7 8 9 10	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if	2 3 4 5 6 7 8 9 10	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these
2 3 4 5 6 7 8 9 10 11 12 13	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.	2 3 4 5 6 7 8 9 10 11 12 13	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15
2 3 4 5 6 7 8 9 10 11	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.	2 3 4 5 6 7 8 9 10 11 12	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more	2 3 4 5 6 7 8 9 10 11 12 13 14 15	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.  A. So you might not have one after another,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult to find tenants or owners that can qualify to buy these.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.  A. So you might not have one after another, you might have one on this street and two on the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult to find tenants or owners that can qualify to buy these.  Q. Okay.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.  A. So you might not have one after another,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult to find tenants or owners that can qualify to buy these.  Q. Okay.  A. Because now you're going to take on not
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.  A. So you might not have one after another, you might have one on this street and two on the other street, but they're generally within a fairly	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult to find tenants or owners that can qualify to buy these.  Q. Okay.  A. Because now you're going to take on not only your expense when you were only paying rent, now
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.  A. So you might not have one after another, you might have one on this street and two on the other street, but they're generally within a fairly confined area.  Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult to find tenants or owners that can qualify to buy these.  Q. Okay.  A. Because now you're going to take on not only your expense when you were only paying rent, now you're going to pay a mortgage payment, real estate
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.  A. So you might not have one after another, you might have one on this street and two on the other street, but they're generally within a fairly confined area.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult to find tenants or owners that can qualify to buy these.  Q. Okay.  A. Because now you're going to take on not only your expense when you were only paying rent, now
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I didn't do it on an average basis, but it appears to fall within that range.  Q. Okay. And then the the expense comps on Page 30, for the first three, are those scattered site or are those more of an apartment-type deal?  A. No. Those are all houses.  Q. Okay.  A. But they're all within what I'll call is a contiguous housing community.  Q. Okay.  A. Like ours, it's all one neighborhood if you will.  Q. Sure.  A. And the other four would be more scattered site houses.  Q. Oh, okay.  A. So you might not have one after another, you might have one on this street and two on the other street, but they're generally within a fairly confined area.  Q. Okay.  A. But not contiguous and would have other	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the owner has gotten OHFA to agree to that option, right?  A. Actually I've never seen a tenant buy their own house even though it's written in the conveyance sorry, the restrictive covenant that the tenants have the option of doing that.  Q. Yeah.  A. I've never actually seen a tenant buy a house.  Q. Okay.  A. I'm not sure, and I think it's something that is going to come up, because a lot of these housing communities were built within the past 15 years.  Q. Yeah. Yep.  A. I think it's going to be very difficult to find tenants or owners that can qualify to buy these.  Q. Okay.  A. Because now you're going to take on not only your expense when you were only paying rent, now you're going to pay a mortgage payment, real estate taxes, maintenance and repairs, which they don't do

	Page 77		Page 79
1	see if anybody actually does it.	1	Bedford Place Homes because that's the community
2	Q. Now, this one is a this particular	2	name, correct?
3	one, this could this is a lease purchase, right?	3	MS. BAUERNSCHMIDT: That is correct.
4	So in other words, at the end of the first 15-year	4	EXAMINER HIGGINS: Okay. Thank you. I
5	period, the owner could sell these homes to tenants?	5	was a little confused, but I see it's on Page 24 and
6	A. That is on Page 46 of my report, I	6	I just want to clarify
7	believe you're looking at about the middle of the	7	MS. BAUERNSCHMIDT: I appreciate that.
8	page	8	EXAMINER HIGGINS: for anyone else
9	Q. Exactly.	9	reading the transcript.
10	A where the owner is proposing a lease	10	MS. BAUERNSCHMIDT: Thank you.
11	purchase.	11	THE WITNESS: If you drive to the
12	Q. Yep.	12	property, you'll see Bedford Place Homes as a
13	A. Right.	13	welcoming sign.
14	Q. But they can't be done until the end	14	EXAMINER HIGGINS: All right. Thank you
15	at least the end of the first compliance period,	15	very much, Mr. Racek.
16	right?	16	THE WITNESS: Shall I send Tom in?
17	A. Correct.	17	MS. GORRY: Yes, please.
18	Q. Okay. And then I think that's	18	EXAMINER HIGGINS: We can go off the
19	actually all the questions I have. Oh, no, I'm	19	record for a second.
20	sorry. One final question. Your rounded real estate	20	(Discussion held off the record.)
21	value in the first appraisal was \$960,000, right?	21	EXAMINER HIGGINS: We're back on the
22	A. Okay.	22	record.
23	Q. Does that sound right?	23	Mr. Tom Sprout has joined us. And,
24	A. Sounds close. I couldn't tell you	24	Mr. Sprout, if you'd raise your right hand.
25	exactly.	25	(Witness placed under oath.)
	Page 78		Page 80
1	-	1	Page 80 THE WITNESS: I do.
1 2	Q. Okay. So you would be a little bit higher in the second report?	1 2	THE WITNESS: I do.
	Q. Okay. So you would be a little bit	1	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much,
2	Q. Okay. So you would be a little bit higher in the second report?	2	THE WITNESS: I do.
2	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher.	2 3	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout.
2 3 4	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher.  Q. Okay. And that is because of the slight	2 3 4	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County
2 3 4 5	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher.  Q. Okay. And that is because of the slight change in the rents you used?	2 3 4 5	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County
2 3 4 5 6	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher.  Q. Okay. And that is because of the slight change in the rents you used?  A. Correct.	2 3 4 5 6	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT,
2 3 4 5 6 7	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher.  Q. Okay. And that is because of the slight change in the rents you used?  A. Correct.  Q. Okay. Thank you. That's all the	2 3 4 5 6 7	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.
2 3 4 5 6 7 8	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.	2 3 4 5 6 7 8	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified,
2 3 4 5 6 7 8	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.	2 3 4 5 6 7 8 9 10	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows:
2 3 4 5 6 7 8 9	Q. Okay. So you would be a little bit higher in the second report? A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have. EXAMINER HIGGINS: Ms. Bauernschmidt.	2 3 4 5 6 7 8 9 10 11	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION
2 3 4 5 6 7 8 9 10	Q. Okay. So you would be a little bit higher in the second report? A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have. EXAMINER HIGGINS: Ms. Bauernschmidt.	2 3 4 5 6 7 8 9 10	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY:
2 3 4 5 6 7 8 9 10 11	Q. Okay. So you would be a little bit higher in the second report? A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have. EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you	2 3 4 5 6 7 8 9 10 11 12 13	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for
2 3 4 5 6 7 8 9 10 11 12 13	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by	2 3 4 5 6 7 8 9 10 11 12 13 14 15	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please.
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction? A. Yes. Q. I have nothing further.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth in his appraisal report.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction?  A. Yes. Q. I have nothing further. EXAMINER HIGGINS: Okay. Thank you very	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth in his appraisal report. MS. GORRY: Great. Thank you so much.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction?  A. Yes. Q. I have nothing further. EXAMINER HIGGINS: Okay. Thank you very much, Mr. Racek.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth in his appraisal report. MS. GORRY: Great. Thank you so much. BY MS. GORRY:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction? A. Yes. Q. I have nothing further. EXAMINER HIGGINS: Okay. Thank you very much, Mr. Racek. Ms. Bauernschmidt, I just want to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth in his appraisal report. MS. GORRY: Great. Thank you so much. BY MS. GORRY: Q. Were you hired by the County to appraise
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction? A. Yes. Q. I have nothing further.  EXAMINER HIGGINS: Okay. Thank you very much, Mr. Racek.  Ms. Bauernschmidt, I just want to clarify and I'm sure you said it and I missed	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth in his appraisal report. MS. GORRY: Great. Thank you so much. BY MS. GORRY: Q. Were you hired by the County to appraise the property which is called the Frank Cook Senior
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction?  A. Yes. Q. I have nothing further. EXAMINER HIGGINS: Okay. Thank you very much, Mr. Racek. Ms. Bauernschmidt, I just want to clarify and I'm sure you said it and I missed it even though the property owner in this case is	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth in his appraisal report. MS. GORRY: GORRY: Great. Thank you so much. BY MS. GORRY: Q. Were you hired by the County to appraise the property which is called the Frank Cook Senior Housing property?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. So you would be a little bit higher in the second report?  A. Looks like about \$90,000 higher. Q. Okay. And that is because of the slight change in the rents you used? A. Correct. Q. Okay. Thank you. That's all the questions I have.  EXAMINER HIGGINS: Ms. Bauernschmidt.  REDIRECT EXAMINATION BY MS. BAUERNSCHMIDT: Q. You were asked a question on cross-examination regarding fee simple that you valued the subject property fee simple encumbered by the restrictive covenant. Is the restrictive covenant a governmental restriction? A. Yes. Q. I have nothing further.  EXAMINER HIGGINS: Okay. Thank you very much, Mr. Racek.  Ms. Bauernschmidt, I just want to clarify and I'm sure you said it and I missed	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	THE WITNESS: I do. EXAMINER HIGGINS: Thank you very much, Mr. Sprout. MS. GORRY: Thank you. The County Appellees call Thomas D. Sprout, MAI to the stand.  THOMAS D. SPROUT, being first duly sworn, as hereinafter certified, deposes and says as follows: DIRECT EXAMINATION BY MS. GORRY: Q. Tom, if you could state your name for the record, please. A. Thomas D. Sprout. Q. And are you a state-certified general appraiser? MS. BAUERNSCHMIDT: Once again, we'll stipulate to his qualifications as they're set forth in his appraisal report. MS. GORRY: Great. Thank you so much. BY MS. GORRY: Q. Were you hired by the County to appraise the property which is called the Frank Cook Senior

Page 81 Page 83 O. And is a copy of the appraisal report That is a hypothetical condition that is within my 1 1 2 that you prepared in this matter which I have as 2 report, and the appraisal was completed -- in this 3 being dated January 4th of 2018, is that a true and 3 hypothetical -- is necessary for credible assignment 4 accurate copy of your appraisal report? 4 results under the market rent and expense premise. 5 A. Yes. 5 Q. Okay. Q. Okay. Great. Thank you. 6 6 A. So that being said, and on the record, I In connection with us appraising this 7 can jump right into my valuation section upon your 7 property one of the two times, did you have an 8 8 opportunity to conduct a physical inspection of the 9 Q. Great. Let's go ahead and go into the 9 10 property? 10 income approach. 11 A. I did view the property, yes. 11 MS. GORRY: I would ask the Board that 12 Q. Okay. Great. Thank you. Let's go 12 Tom be permitted to testify in the narrative ahead and jump right into the appraisal report. 13 regarding the income approach, and then I may follow 13 Tell us of the three approaches to value up with some specifics after that if that would be 14 14 here, which approaches did you use? 15 15 acceptable to the Board. A. I used the sales and the income EXAMINER HIGGINS: Ms. Bauernschmidt. 16 16 approaches to the value. I placed very little weight MS. BAUERNSCHMIDT: I'd prefer questions 17 17 on the sales approach. The income approach is the 18 18 and answer, to be perfectly honest, it's just easier 19 predominant indication of value for this particular 19 for me to follow. property. EXAMINER HIGGINS: Okay. I'm going to 20 20 Q. Okay. Let's go ahead and start -- I 21 allow Mr. Sprout, as Mr. Racek is as well, very good 21 forget which one. Yeah, I don't know if we even 22 22 at getting through the appraisal report very really want to spend any time on the sales comparison 23 23 efficiently: so I'll let him -approach at all. It's up to you. I mean, I --24 MS. BAUERNSCHMIDT: Thank you. 24 25 obviously income -- let's go ahead and go to the 25 EXAMINER HIGGINS: -- go ahead and Page 82 Page 84 1 testify in the narrative form as long as he can avoid 1 income now first and then we'll think about the sales 2 comparison approach later, but let's start with the 2 reading from the appraisal report. income approach, Tom, on page -- let's see here, if I 3 THE WITNESS: No worries on that. 3 can get there --4 BY MS. GORRY: 5 A. Can I make a couple statements --5 Q. Go ahead, Tom. 6 6 A. Starting with the income approach to 7 A. -- regarding -- kind of leading up to 7 value on Page 33, I've provided a grid indicating the income approach about the property? 8 four what I would consider functionally similar units 8 Q. Absolutely. in order to determine a market rent for the subject 9 9 A. Great. We appraised this thing as of 10 property. These four apartment projects are located 10 January 1st, 2015. in the greater Zanesville market area. I have 11 11 MS. BAUERNSCHMIDT: Objection. I think appraised an apartment facility in the greater 12 12 13 we should not let him go rogue. I think it's better 13 Zanesville area for mortgage purposes within the past 14 for you to ask questions and have an answer. 14 several years. I'm familiar with the market. I'm BY MS. GORRY: familiar with the rentals. There aren't a lot of 15 15 Q. Okay. Well, let's go ahead, and I think 16 rental properties in this market area. 16 I know where you're going. Tell us -- tell us the Of the four, if you make note of the 17 17 difference between your first appraisal report and dates that they were built, the subject was built in 18 18 the second appraisal report. 2007, the Kensington Village property was built in 19 19 20 A. You read my mind. 20 2009; so it's a similar age. The other three 21 This is an appraisal that's a revision 21 apartment facilities were built prior to 2007, which 22 from our original report that was dated November 30, 22 was the age of the subject. 2016, which was due to a recent Supreme Court The subject property's building size is 23 23 850 -- or unit size is 855 square feet, that does not decision. The property that is appraised is being 24 24 appraised assuming market rent and market expenses. 25 include any common area. So I have not included the 25

Page 85

2.4

common area in my calculation for a market rent, just as these four comparables do not have any common area. Those are the actual size of their two-bedroom units.

1 2

As you can see by the subject's size versus the competition, very similar. I concluded to a market rent of \$700, or 82 cents per square foot. This is above the Comparables 2, 3, and 4, which are older, but it's below Comparable No. 1, which is newer and I believe a superior product than the subject.

So by concluding the \$700 per unit, per month, I take that information over to Page 34, which is the stabilized profit and loss statement I put together based on market rents, historical information that was provided to me, and I assume to be accurate from the property owner for 2013, '14, and '15 I've included next to for comparative purposes.

The income side is going to differ because of the tax credit and the subsidized rents. However, the expenses that have been included basically mirror the historical expenses from the subject property, the only inclusion was reserves for replacement at \$250 per unit. You see total expenses

Page 38 along with the Realty Rates survey for the first quarter of 2015.

Because of the durability and consistency of the income stream, because of the lack of apartments in the marketplace, because of the age of the subject property, I concluded to a capitalization rate near the lower to middle of the range of 7.25 percent on a retrospective basis as of the tax lien date. A lower cap rate, in my opinion, would be optimistic considering the size of the property, meaning a smaller size.

Tax additur on Page 39 increases the capitalization rate to 8.92 percent, applying that to my net operating income of \$245,000 indicates a value conclusion of 2,750,000 by the income approach to value. As we've previously discussed, the sales approach to value is a secondary indication, it's provided limit weight in valuing the subject property.

Q. Okay. Great. Thank you.

Just a couple of follow-up questions.

The -- when you were arriving at your market rent, what type of utility structure are you considering, Tom?

A. The utility structure that I'm

Page 86

on a stabilized basis at \$236,000.

You look at the operating expenses for this property 2014 to '15 at \$221,000, that's the difference, the \$15,000. Obviously the income side, as I previously discussed, would be different because it's based on market rents. Market vacancy in the area has been determined at 6 percent or right around that area based on a survey that's in my highest and best use section. That concludes to a net operating income of \$245,000.

As I indicated before, the expenses are based on historical expenses for this property and subsequently corroborated with other projects that I have verified, either through appraisal or through other means. The expense per unit, net of taxes at \$3,936 is near the middle to upper end of the range of the comparables that I've included. This would be not unusual since the property does have common areas that would require additional utility costs, as well as potential additional insurance costs as well.

Page 37 is a list of apartment projects that have sold in the Central Ohio market area. Some are in the Dayton market area with appropriate cap rates, they are all market-based apartment units. I've also included the Pricewaterhouse survey on

Page 88

considering is that the tenants are paying for the utilities.

Q. Okay. And is that market based?

A. Typically, yes. The only thing that will sometimes be different is that the rent will be inclusive of water and sewer, and a lot of times that will be a reimbursement back to the landlord, not a direct pay to the utility company.

Q. Okay. But in each of the market rent comparables that you've located -- that you've utilized on Page 33, those all have the same utility structure as what you're utilizing for the subject?

A. Yes.

Q. Okay.

A. And because of the higher utility costs, because of all the common areas in the subject property, you're going to see a higher per-unit basis for utility costs at \$625 per unit.

Q. Okay. And then on the expenses you noted that you did rely upon the actual expenses to a certain extent, but I just -- but on Page 36, those are market or conventional apartment expense comparables?

A. Yes, that is correct. That's correct.

Q. And your concluded expenses at 3,936 a

22 (Pages 85 to 88)

		1	
	Page 89		Page 91
1	unit, and that would obviously include reserves, are	1	Tuesday Afternoon Session,
2	those in line with the market based upon your market	2	June 26 2018.
3	comparables on Page 36?	3	
4	A. In my opinion, yes, they are. They are	4	EXAMINER HIGGINS: Let's go on the
5	in line with market expectations and market expenses.	5	record.
6	And the information that was provided to me is	6	Ms. Bauernschmidt, I'll turn it over to
7	those are the historical numbers, and in this case	7	you.
8	with the exception of maybe some higher-than-market	8	MS. BAUERNSCHMIDT: Thank you very much.
9	management fees or professional fees, which in this	9	
10	case I didn't believe those were the case, I felt	10	THOMAS D. SPROUT,
11	that they were right in line with what a market	11	being first duly sworn, as hereinafter certified,
12	operator would have in expenses.	12	deposes and says as follows:
13	Q. Okay. Great. And then, let's see, yes,	13	CROSS-EXAMINATION
14	your vacancy and credit loss of 6 percent, did you	14	BY MS. BAUERNSCHMIDT:
15	consider the subject's actual occupancy in arriving	15	Q. Mr. Sprout, is the subject property a
16	at that?	16	LIHTC apartment property project?
17	A. I just used the straight market approach	17	A. Yes.
18	of a five-mile radius for the area. On Page 24, as	18	Q. And you testified previously to your
19	of 1-1-15, it was between 4-1/2 and 5 percent, I went	19	first appraisal for the 2015 tax year, correct?
20	to 6 percent to include some credit loss potential	20	A. Did I testify for it? I I can't
21	within the project.	21	remember if we had a hearing for that or not, to be
22	Q. Great. Thank you. And then your	22	honest with you. If I did, I did.
23	capitalization rate, that is also a market-based cap	23	Q. Okay. I'll help you out. You did
24	rate?	24	testify.
25	A. Yes.	25	A. Okay. That's fine.
	Page 90		Page 92
1	Page 90  O Okay And then finally in looking at	1	Page 92
1	Q. Okay. And then finally in looking at	1 2	Q. And in your first appraisal report, you
2	Q. Okay. And then finally in looking at the market rent for the subject property, what	2	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income
2	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market	2 3	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?
2 3 4	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?	2 3 4	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes.
2 3 4 5	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered fee-	2 3 4 5	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes.  Q. And in this second appraisal, you're
2 3 4 5 6	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market	2 3 4 5 6	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes.  Q. And in this second appraisal, you're utilizing market rents from conventional apartment
2 3 4 5 6 7	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your	2 3 4 5 6 7	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes.  Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?
2 3 4 5 6 7 8	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't	2 3 4 5 6 7 8	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes.  Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes.
2 3 4 5 6 7 8	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date,	2 3 4 5 6 7 8 9	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific
2 3 4 5 6 7 8 9	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.	2 3 4 5 6 7 8 9	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes.  Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes.  Q. Okay. And were you given any specific instructions in how to do your second appraisal?
2 3 4 5 6 7 8 9 10	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.	2 3 4 5 6 7 8 9 10	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a
2 3 4 5 6 7 8 9 10 11	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real	2 3 4 5 6 7 8 9 10 11	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market
2 3 4 5 6 7 8 9 10 11 12	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures,	2 3 4 5 6 7 8 9 10 11 12 13	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal?  A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses.
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your appraisal report, correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your appraisal report, correct? A. Page 10.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal?  A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses.  Q. And you state that hypothetical in your appraisal report, correct?  A. Page 10. Q. So kind of walk us through this. So in
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do you want to ask questions for five minutes?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects? A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your appraisal report, correct? A. Page 10. Q. So kind of walk us through this. So in your first report, you did a survey, and that survey
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do you want to ask questions for five minutes?  MS. BAUERNSCHMIDT: No. I think it's	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal?  A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses.  Q. And you state that hypothetical in your appraisal report, correct?  A. Page 10. Q. So kind of walk us through this. So in your first report, you did a survey, and that survey that was in your first appraisal report in the income
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do you want to ask questions for five minutes?  MS. BAUERNSCHMIDT: No. I think it's easier to start unless I repeat myself.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your appraisal report, correct? A. Page 10. Q. So kind of walk us through this. So in your first report, you did a survey, and that survey that was in your first appraisal report in the income approach is the very same data that you utilized in
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do you want to ask questions for five minutes?  MS. BAUERNSCHMIDT: No. I think it's easier to start unless I repeat myself.  EXAMINER HIGGINS: That's okay. So we	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your appraisal report, correct? A. Page 10. Q. So kind of walk us through this. So in your first report, you did a survey, and that survey that was in your first appraisal report in the income approach is the very same data that you utilized in your second report?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do you want to ask questions for five minutes?  MS. BAUERNSCHMIDT: No. I think it's easier to start unless I repeat myself.  EXAMINER HIGGINS: That's okay. So we are going to adjourn for lunch and come back at	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal?  A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses.  Q. And you state that hypothetical in your appraisal report, correct?  A. Page 10. Q. So kind of walk us through this. So in your first report, you did a survey, and that survey that was in your first appraisal report in the income approach is the very same data that you utilized in your second report?  A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do you want to ask questions for five minutes?  MS. BAUERNSCHMIDT: No. I think it's easier to start unless I repeat myself.  EXAMINER HIGGINS: That's okay. So we are going to adjourn for lunch and come back at 12:40.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your appraisal report, correct? A. Page 10. Q. So kind of walk us through this. So in your first report, you did a survey, and that survey that was in your first appraisal report in the income approach is the very same data that you utilized in your second report? A. Yes. Q. Now, in your income approach, did you do
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. And then finally in looking at the market rent for the subject property, what essentially are you valuing when we're using market rent?  A. Effectively valuing the unencumbered feesimple interest in the subject property with market rent and market expenses. So since that was your I think your last question, the one thing I didn't do was conclude to a value as of the tax lien date, January 1st, 2015, of 2,750,000.  Q. Oh, I'm sorry.  A. Which was allocated between the real estate of \$2,705,000, and the furniture, fixtures, and equipment of \$45,000.  Q. Great. Thank you. I don't think I have any further questions. Appreciate it.  EXAMINER HIGGINS: Ms. Bauernschmidt, do you want to ask questions for five minutes?  MS. BAUERNSCHMIDT: No. I think it's easier to start unless I repeat myself.  EXAMINER HIGGINS: That's okay. So we are going to adjourn for lunch and come back at	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And in your first appraisal report, you used the restricted LIHTC rents in an income approach; is that correct?  A. That sounds about right, yes. Q. And in this second appraisal, you're utilizing market rents from conventional apartment projects?  A. Yes. Q. Okay. And were you given any specific instructions in how to do your second appraisal? A. Yes. The instructions were based on a hypothetical condition to use market rent and market expenses. Q. And you state that hypothetical in your appraisal report, correct? A. Page 10. Q. So kind of walk us through this. So in your first report, you did a survey, and that survey that was in your first appraisal report in the income approach is the very same data that you utilized in your second report? A. Yes.

Page 93 Page 95 1 than what you did in your first appraisal? 1 A. Yes. A. Yes, I did additional work in the second 2 2 O. And is it fair to say that in having 3 appraisal. 3 conducted your survey and opining to a market rent 4 O. Okay. So when I look at the rental 4 based on conventional apartments, that you believe 5 5 rates -- excuse me -- the rental information, that that the LIHTC rents are below market rents? appears to be the same rental information that you 6 6 A. I believe that's what I stated in my 7 7 utilized in your first report. first appraisal. O. And are you stating that again today? 8 A. That is correct. 8 9 A. Yes. 9 Q. When I look at your vacancy and credit 10 loss, you did change your vacancy and credit loss 10 Q. Did you review the restrictive covenant 11 from 2 percent to 6 percent? 11 as part of your analysis? A. To reflect market vacancy. 12 A. I reviewed it, but made no opinion of it 12 Q. I'm not asking -- I'm just asking you 13 since I'm not an attorney. 13 changed it from 2 percent to 6 percent; is that Q. Okay. But in -- but you did note that 14 14 there's both income and rent restrictions in the 15 correct? 15 16 restrictive covenant? 16 A. Yes. 17 Q. It appears, though, that you utilized 17 A. I believe so, yes. Q. I'm going to show you what has been 18 the same miscellaneous income in your first report 18 19 and your second report of \$7,500; is that correct? 19 marked as Appellant's Exhibit -- Appellant's A. Yes. 20 Exhibit E. 20 Q. And basically your expenses are the A. Okay. 21 21 same, the only reason the numbers change is that 6 Q. And it's already been identified earlier 22 22 percent for management fee changes because your in this hearing today as the restrictive covenant for 23 23 income changed? 24 Frank Cook. Does that appear to be the same 24 25 A. Yes. 25 restrictive covenant that you reviewed as part of Page 94 Page 96 1 Q. Other than that, you utilized the same your analysis both in the first and second appraisal expenses from the first case to the second -- I'm 2 2 report? 3 sorry, first appraisal to the second appraisal? 3 A. Well, I didn't review it as part of my 4 A. Yes. 4 analysis in the second appraisal report; so I've not 5 Q. Okay. And your reserves, you use the 5 reviewed this document for a while so I can't really 6 same reserves in the first appraisal that you've 6 comment on this. 7 utilized in the second appraisal, which is \$15,000? 7 Q. But you did review it for your first appraisal report? 8 8 A. Yes. 9 Q. And it also appears that your 9 A. Yes, I would have. capitalization rate that you utilized in your first 10 O. Okay. And if you could turn to 10 appraisal at 7.25 percent plus the additur is the Paragraph 7 of the restrictive covenant. Do you know 11 11 same as you utilized in your first report. I'm 12 12 what is set forth at Paragraph 7? 13 saying -- maybe I should rephrase that, because I 13 A. Can you give me some context here? What is 14 don't even think that question really was right. 14 set forth? Give me some context as to what you're 15 You utilized the same cap rate of 7.25 15 asking me to do. Q. Why don't you kind of just read then 16 percent in both your Appraisal 1 and your second 16 appraisal? what is set forth at Paragraph 7 of the restrictive 17 17 18 A. Yes. covenant. 18 19 Q. Okay. And the tax additur didn't 19 MS. GORRY: Just the first part or the 20 change? 20 whole thing? 21 A. It did not change. 21 MS. BAUERNSCHMIDT: It's a short 22 Q. So the real change, as I look in your paragraph, the whole thing. 22 MS. GORRY: I mean, I would object. Can 23 income approach, is the fact that the -- the gross 23 potential rental income change from Appraisal 1 to 24 he read it and then you ask the question on it, 2.4 25 because Temeka has a copy, too, so she can also read Appraisal 2? 25

	Page 97		Page 99
1	it.	1	that's I think everybody knows that.
2	THE WITNESS: I've read the first	2	BY MS. BAUERNSCHMIDT:
3	paragraph of No. 7.	3	Q. Are you done reading Paragraph 15?
4	BY MS. BAUERNSCHMIDT:	4	A. I am.
5	Q. Having reviewed Paragraph 7, does it	5	Q. And per this agreement, it states that
6	reference the fact that the gross rent can't be	6	the agreement runs with the land.
7	increased beyond the permitted code?	7	A. Yes.
8	A. That's irrelevant to my assignment.	8	Q. And when it runs with the land, what
9	Q. I didn't ask if it was. I'm just	9	does that mean from your understanding from being an
10	we're just talking about the restrictive covenant,	10	appraiser and reviewing deeds and other kinds of
11	don't worry about your appraisal right now. It has	11	documents?
12	nothing I'm just asking about the restrictive	12	A. That effectively it's something that
13	covenant.	13	it's a deed restriction based on whatever the entire
14	A. Well, aren't I up here to testify of my	14	agreement in its whole discusses. So this particular
15	appraisal and nothing else? I'm just asking the	15	sentence says it runs with the land, and assuming
16	question.	16	taking the whole document into context, that the
17	EXAMINER HIGGINS: Woah. Woah. Woah.	17	whoever would own this property, this agreement would
18	Woah.	18	be binding to that, I believe.
19	THE WITNESS: I'm just asking the	19	Q. So if this property sold as of January
20	question.	20	1st, 2015, it would the restrictive covenant would
21	EXAMINER HIGGINS: Please stop. All	21	continue. Would that be a fair assessment
22	right. So, Ms. Bauernschmidt	22	considering Paragraph 15 of the restrictive covenant?
23	MS. BAUERNSCHMIDT: If he refuses to	23	A. Well, I didn't read the agreement as a
24	answer the question, that's fine. I'll move on to	24	whole. I'm not trying to be difficult, but I'm not
25	another section.	25	going to answer a question that I don't have the
	Page 98		Page 100
1	Page 98 EXAMINER HIGGINS: No. No. No.	1	-
1 2	EXAMINER HIGGINS: No. No. No.	1 2	whole context to. But assuming that the agreement is
	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the	1	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes,
2	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that	2	whole context to. But assuming that the agreement is
2	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry	2 3	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe
2 3 4	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and	2 3 4	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.
2 3 4 5	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court	2 3 4 5	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal
2 3 4 5 6	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?	2 3 4 5 6	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in
2 3 4 5 6 7	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court	2 3 4 5 6 7	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?
2 3 4 5 6 7 8	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)	2 3 4 5 6 7 8	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that
2 3 4 5 6 7 8 9	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.) THE WITNESS: I don't know.	2 3 4 5 6 7 8	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.
2 3 4 5 6 7 8 9	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT:	2 3 4 5 6 7 8 9	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value
2 3 4 5 6 7 8 9 10	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from	2 3 4 5 6 7 8 9 10	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?
2 3 4 5 6 7 8 9 10 11	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from your reading of this restrictive covenant?	2 3 4 5 6 7 8 9 10 11	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.
2 3 4 5 6 7 8 9 10 11 12 13	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from your reading of this restrictive covenant? A. It says "permitted under the Code." I	2 3 4 5 6 7 8 9 10 11 12 13	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach,
2 3 4 5 6 7 8 9 10 11 12 13	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from your reading of this restrictive covenant? A. It says "permitted under the Code." I don't know what code is. What code? What are we	2 3 4 5 6 7 8 9 10 11 12 13 14	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject
2 3 4 5 6 7 8 9 10 11 12 13 14	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from your reading of this restrictive covenant? A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from your reading of this restrictive covenant? A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about? Q. That's fine. If you don't understand,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from your reading of this restrictive covenant? A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about? Q. That's fine. If you don't understand, that's fine.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost approach is approach is appropriate in any instance once a property's been built unless it's special use or if there's other extenuating circumstances, like not
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT:  Q. Okay. You can't ascertain that from your reading of this restrictive covenant?  A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about?  Q. That's fine. If you don't understand, that's fine.  At page excuse me, Paragraph 15, if you could read that to yourself and then I'm going to ask you a question.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost approach is approach is appropriate in any instance once a property's been built unless it's special use or if there's other extenuating circumstances, like not enough data in the market.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	EXAMINER HIGGINS: No. No. No. Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know. BY MS. BAUERNSCHMIDT: Q. Okay. You can't ascertain that from your reading of this restrictive covenant? A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about? Q. That's fine. If you don't understand, that's fine.  At page excuse me, Paragraph 15, if you could read that to yourself and then I'm going to ask you a question.  (Witness complies with request.)	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost approach is approach is appropriate in any instance once a property's been built unless it's special use or if there's other extenuating circumstances, like not enough data in the market.  Q. You provided a definition of fee simple
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	EXAMINER HIGGINS: No. No. No.  Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry  Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know.  BY MS. BAUERNSCHMIDT:  Q. Okay. You can't ascertain that from your reading of this restrictive covenant?  A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about?  Q. That's fine. If you don't understand, that's fine.  At page excuse me, Paragraph 15, if you could read that to yourself and then I'm going to ask you a question.  (Witness complies with request.)  MS. GORRY: And I have no problem	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost approach is approach is appropriate in any instance once a property's been built unless it's special use or if there's other extenuating circumstances, like not enough data in the market.  Q. You provided a definition of fee simple in your appraisal report; is that correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	EXAMINER HIGGINS: No. No. No.  Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry  Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know.  BY MS. BAUERNSCHMIDT:  Q. Okay. You can't ascertain that from your reading of this restrictive covenant?  A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about?  Q. That's fine. If you don't understand, that's fine.  At page excuse me, Paragraph 15, if you could read that to yourself and then I'm going to ask you a question.  (Witness complies with request.)  MS. GORRY: And I have no problem conceding that the subject property while operating	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost approach is approach is appropriate in any instance once a property's been built unless it's special use or if there's other extenuating circumstances, like not enough data in the market.  Q. You provided a definition of fee simple in your appraisal report; is that correct?  A. I did.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	EXAMINER HIGGINS: No. No. No.  Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry  Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know.  BY MS. BAUERNSCHMIDT:  Q. Okay. You can't ascertain that from your reading of this restrictive covenant?  A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about?  Q. That's fine. If you don't understand, that's fine.  At page excuse me, Paragraph 15, if you could read that to yourself and then I'm going to ask you a question.  (Witness complies with request.)  MS. GORRY: And I have no problem conceding that the subject property while operating under the LIHTC can't charge conventional market	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost approach is approach is appropriate in any instance once a property's been built unless it's special use or if there's other extenuating circumstances, like not enough data in the market.  Q. You provided a definition of fee simple in your appraisal report; is that correct?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	EXAMINER HIGGINS: No. No. No.  Mr. Sprout, please answer the question. And to the extent that there is an objection or something that needs to be clarified on redirect, let Ms. Gorry  Ms. Gorry do that. So let's try not to go back and forth today. So could you could the court reporter read the question back, please?  (Record read back as requested.)  THE WITNESS: I don't know.  BY MS. BAUERNSCHMIDT:  Q. Okay. You can't ascertain that from your reading of this restrictive covenant?  A. It says "permitted under the Code." I don't know what code is. What code? What are we talking about?  Q. That's fine. If you don't understand, that's fine.  At page excuse me, Paragraph 15, if you could read that to yourself and then I'm going to ask you a question.  (Witness complies with request.)  MS. GORRY: And I have no problem conceding that the subject property while operating	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	whole context to. But assuming that the agreement is intact and in place, then I would assume that, yes, it would run with the next person.  Q. And do you have any reason to believe from your investigation and writing two appraisal reports that the restrictive covenant was not in place as of January 1st, 2015?  A. There's no reason for me to believe that it wasn't in place as of January 1st, 2015.  Q. Did you utilize a cost approach to value the subject property?  A. I did not.  Q. And you don't believe a cost approach, it would be appropriate to value the subject property?  A. In my opinion, I don't believe a cost approach is approach is appropriate in any instance once a property's been built unless it's special use or if there's other extenuating circumstances, like not enough data in the market.  Q. You provided a definition of fee simple in your appraisal report; is that correct?  A. I did.

	Page 101		Page 103
1	Q. And fee simple does reference that	1	A. Correct.
2	there's limited its value it says "Absolute	2	Q. Okay. And when you established rent,
3	ownership unencumbered by any other interest or	3	that included a factor for utility costs; so \$700
4	estate," but it is subject to any governmental powers	4	includes utility?
5	of taxation or police power or eminent domain. Is	5	A. For Frank Cook, the \$700 would include
6	that found in the fee-simple estate, though it's	6	utility costs. For the rentals, for instance,
7	unencumbered they do recognize police power?	7	Kensington Village, the \$860 would be plus 860
8	A. Yes. That's one of the powers.	8	plus utility costs; so
9	Q. Previously you testified that your	9	Q. But your \$700 includes the owner paying
10	survey for Frank Cook, the rental information was a	10	utilities?
11	2016 survey and not a 2015 survey.	11	A. Yes, that is inclusive of utility costs,
12	A. Okay.	12	yes.
13	Q. It appears, though, that there are no	13	Q. And your expenses, whether it's a LIHTC
14	2015 rents in your income approach. Would that still	14	project in your first analysis or a conventional
15	be a fair statement today, because I don't see any	15	project, it's your testimony other because you
	additional rental information?	16	used a 6 percent management fee, the expenses would
16 17	A. That would be a fair statement.	17	be the same whether it's a LIHTC or conventional
18	Q. And then I believe that on direct	18	project?
19	exam I I'm a little perplexed, and let's kind	19	A. For this property, yes. I believe the
20	of back up. So the rental information on Page 33,	20	historical information that was provided to me was
21	those do not your 1, 2, 3, and 4, those do not	21	consistent with market.
22	include a utility expense being paid for by the	22	Q. Okay. And historical, when you say
23	property owner?	23	that, you're referring to the actual LIHTC expenses?
24	A. That is correct. To the best of my	24	A. I'm referring to the actual LIHTC
25	knowledge, the tenant is responsible for the utility	25	expenses that I extracted from the owner's data.
	Page 102		Page 104
1	Page 102	1	Page 104  O Correct Okay Then your expense
1	costs for the four comparables.	1 2	Q. Correct. Okay. Then your expense
2	costs for the four comparables.  Q. And in your analysis of determining the	2	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of
2	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant	2 3	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?
2 3 4	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?	2 3 4	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but
2 3 4 5	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the	2 3 4 5	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is
2 3 4 5 6	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical	2 3 4 5 6	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.
2 3 4 5 6 7	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just	2 3 4 5 6 7	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014
2 3 4 5 6 7 8	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my	2 3 4 5 6 7 8	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?
2 3 4 5 6 7 8 9	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.	2 3 4 5 6 7 8	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.
2 3 4 5 6 7 8 9	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when	2 3 4 5 6 7 8 9	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that
2 3 4 5 6 7 8 9 10	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted	2 3 4 5 6 7 8 9 10	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your
2 3 4 5 6 7 8 9 10 11	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs,"	2 3 4 5 6 7 8 9 10 11	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?
2 3 4 5 6 7 8 9 10 11 12 13	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?	2 3 4 5 6 7 8 9 10 11 12 13	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.
2 3 4 5 6 7 8 9 10 11 12 13 14	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me	2 3 4 5 6 7 8 9 10 11 12 13	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading  Q. Let's start back. I'm not trying to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow through, you wouldn't change any of the responses to
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading  Q. Let's start back. I'm not trying to confuse you, I just want to make sure	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow through, you wouldn't change any of the responses to my questions regarding expenses?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading  Q. Let's start back. I'm not trying to confuse you, I just want to make sure  EXAMINER HIGGINS: Let's talk one at a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow through, you wouldn't change any of the responses to my questions regarding expenses?  A. I don't recall my testimony; so for me
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading  Q. Let's start back. I'm not trying to confuse you, I just want to make sure  EXAMINER HIGGINS: Let's talk one at a time.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow through, you wouldn't change any of the responses to my questions regarding expenses?  A. I don't recall my testimony; so for me to answer that like yes to all would not necessarily
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading  Q. Let's start back. I'm not trying to confuse you, I just want to make sure  EXAMINER HIGGINS: Let's talk one at a time.  BY MS. BAUERNSCHMIDT:	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow through, you wouldn't change any of the responses to my questions regarding expenses?  A. I don't recall my testimony; so for me to answer that like yes to all would not necessarily be representative of what I would say now.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading  Q. Let's start back. I'm not trying to confuse you, I just want to make sure  EXAMINER HIGGINS: Let's talk one at a time.  BY MS. BAUERNSCHMIDT:  Q. So the you utilized the 2016 survey	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow through, you wouldn't change any of the responses to my questions regarding expenses?  A. I don't recall my testimony; so for me to answer that like yes to all would not necessarily be representative of what I would say now.  Q. Okay. So are all of your Projects 1
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	costs for the four comparables.  Q. And in your analysis of determining the monthly rent at \$700, does that include the tenant paying the utility expense?  A. That does include the tenant paying the utility costs, not the landlord is a typographical error from the last time it did the report. I just did not make the change there necessarily in my report.  Q. So when there's a typographical when you state on Page 34, "Therefore, we have adjusted the estimated market rent to include utility costs," that's an error?  A. No, that is not an error. You got me going back and forth here; so I apologize.  Q. Okay.  A. Let me I'm reading both I've been reading  Q. Let's start back. I'm not trying to confuse you, I just want to make sure  EXAMINER HIGGINS: Let's talk one at a time.  BY MS. BAUERNSCHMIDT:	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Correct. Okay. Then your expense comparables that are set forth on Page 36, none of those are 2015 expenses?  A. No, none of those are 2015 expenses, but 2014 would be appropriate since the tax lien date is 1-1-15.  Q. Okay. And you have one that's a 2014 purely a 2014 expense, and that's Project 1?  A. That is correct, purely '14, yes.  Q. Now, are any of the and I assume that these are the same expenses that you utilized in your first appraisal?  A. So as not to assume.  Q. No, no. Go ahead.  A. I believe that those are the those are the same, yes.  Q. And so all your answers from the previous analysis as to the expenses would follow through, you wouldn't change any of the responses to my questions regarding expenses?  A. I don't recall my testimony; so for me to answer that like yes to all would not necessarily be representative of what I would say now.

	Page 105		Page 107
1	A. Yes.	1	Q. Is that fair to say, that I don't see
2	Q. So when you were doing your LIHTC	2	them in here; so I assume they were excluded.
3	analysis for Appraisal 1, you didn't have any LIHTC	3	EXAMINER HIGGINS: Ms. Bauernschmidt,
4	expenses?	4	would you mind repeating the question? I just want
5	A. I did not have any LIHTC apartment	5	to make sure I'm I'm on Page 31 of the old
6	projects as far as confirming the expenses for the	6	appraisal report.
7	LIHTC project, which is the subject.	7	MS. BAUERNSCHMIDT: Correct.
8	Q. And were any of these six projects on	8	EXAMINER HIGGINS: And Page 37 of the
9	Page 36 from the Zanesville area?	9	new appraisal report.
10	A. No.	10	MS. BAUERNSCHMIDT: Of the second
11	Q. And I know that we went through this	11	report, correct.
12	before, can you give us a general locale, like, you	12	EXAMINER HIGGINS: Okay. Thank you.
13	know, Columbus metropolitan market, Dayton market	13	BY MS. BAUERNSCHMIDT:
14	just so we have I believe your testimony before is	14	Q. And it's the first box with the Tall
15	some of these were from the Dayton market.	15	Oaks all the sales from '11, '12, and '13, I don't
16	A. One was from the Dayton market, No. 3, I	16	see that box contained in your second appraisal
17	believe.	17	report.
18	Q. So 3 is from Dayton.	18	A. I decided to exclude those because they
19	A. Yes. And I believe the other five	19	were all built in the '50s, '60s, and '70s. The
20	projects are from the east or northeast side of	20	subject was built in 2007, I believe.
21	Columbus.	21	Q. Okay. And then as to the second set of
22	Q. So they're all Columbus, Columbus area?	22	sales on Page 31 of your first appraisal report, it
23	A. 6 is Reynoldsburg, 4 and 5 is	23	appears that you just changed out a couple of the
24	Westerville, 1 I believe 1 and 2 I believe are in	24	sales.
25	the Reynoldsburg east Columbus market area; so that's	25	A. Yeah, it appears that way. There's no
	,		, 11
	Page 106		Page 108
1	the side of town that's closest to Zanesville.	1	rhyme or reason as to why I took some out and did not
1 2	the side of town that's closest to Zanesville. Q. And when it came to determining an	1 2	
	Q. And when it came to determining an		rhyme or reason as to why I took some out and did not
2	Q. And when it came to determining an overall capitalization rate, I know that you had a	2	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I
2	Q. And when it came to determining an	2	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and
2 3 4	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most	2 3 4	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.
2 3 4 5	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?	2 3 4 5	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of
2 3 4 5 6	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most	2 3 4 5 6	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again
2 3 4 5 6 7	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the	2 3 4 5 6 7	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.
2 3 4 5 6 7 8	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the	2 3 4 5 6 7 8	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?
2 3 4 5 6 7 8 9	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used	2 3 4 5 6 7 8	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated
2 3 4 5 6 7 8 9	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different	2 3 4 5 6 7 8 9	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap
2 3 4 5 6 7 8 9 10	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual	2 3 4 5 6 7 8 9 10	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.
2 3 4 5 6 7 8 9 10 11	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.	2 3 4 5 6 7 8 9 10 11	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before;
2 3 4 5 6 7 8 9 10 11 12 13	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use	2 3 4 5 6 7 8 9 10 11 12	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is	2 3 4 5 6 7 8 9 10 11 12 13	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide	2 3 4 5 6 7 8 9 10 11 12 13 14	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income	2 3 4 5 6 7 8 9 10 11 12 13 14 15	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.  Q. Your sales comparison approach, it
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income approach, and I looked at your first appraisal that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.  Q. Your sales comparison approach, it appears that you stated in direct that you did not
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income approach, and I looked at your first appraisal that you did on Frank Cook, on Page 31, and you want to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.  Q. Your sales comparison approach, it appears that you stated in direct that you did not rely on it.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income approach, and I looked at your first appraisal that you did on Frank Cook, on Page 31, and you want to get to Page 31 of your first appraisal, the first set	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.  Q. Your sales comparison approach, it appears that you stated in direct that you did not rely on it.  A. That is correct.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income approach, and I looked at your first appraisal that you did on Frank Cook, on Page 31, and you want to get to Page 31 of your first appraisal, the first set of Columbus sales that were from '11, '12, and '13,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.  Q. Your sales comparison approach, it appears that you stated in direct that you did not rely on it.  A. That is correct.  Q. It appears that some of your sales
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income approach, and I looked at your first appraisal that you did on Frank Cook, on Page 31, and you want to get to Page 31 of your first appraisal, the first set of Columbus sales that were from '11, '12, and '13, it appears those that you had on that page were	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.  Q. Your sales comparison approach, it appears that you stated in direct that you did not rely on it.  A. That is correct.  Q. It appears that some of your sales well, let's go back and I'll give you a new question.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And when it came to determining an overall capitalization rate, I know that you had a band of investment, you had some sales, and you had Realtyrates.com. Which of these did you rely most heavily on in determining a capitalization rate?  A. Well, typically I'm going to rely on the market-driven rates that I'm extracting from the sales that were throughout Ohio. I believe I used different some are the same, some are different from Report 1 to Report 2, but extracting from actual sales provides the highest degree of use Q. Okay.  A as far as a capitalization rate is concerned. The band of investment is just a guide and should not be relied upon for cap rate purposes.  Q. So when it came to redoing the income approach, and I looked at your first appraisal that you did on Frank Cook, on Page 31, and you want to get to Page 31 of your first appraisal, the first set of Columbus sales that were from '11, '12, and '13, it appears those that you had on that page were excluded from Page 37 of your second appraisal	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	rhyme or reason as to why I took some out and did not keep others. I have no rhyme or reason for that. I just provided a new chart that was '12, '13, '14, and '15 sales.  Q. And I believe let me ask again are all of the cap rates on Page 37 are of conventional apartments?  A. Yes.  Q. Back in your previous case you stated that a lot of these were taken from Co-Star, your cap rates.  A. I don't recall my testimony from before; so I can tell you that I verified with the party to the transaction and/or did an appraisal of that property, but, yeah, Co-Star was part of that as well.  Q. Your sales comparison approach, it appears that you stated in direct that you did not rely on it.  A. That is correct.  Q. It appears that some of your sales well, let's go back and I'll give you a new question.  So you have one sale in Zanesville from

	Page 109		Page 111
1	A. That is correct.	1	Q. No. I know how to calculate a cap rate.
2	Q. Were there any other sales of	2	A. Okay.
3	conventional apartments in '15 that you didn't	3	Q. I'm just saying you didn't include,
4	utilize, I say in Zanesville that you didn't utilize?	4	though, the income and expenses in your writeup of
5	A. If I noted them or noticed that they	5	the sales.
6	were there, I didn't feel they were pertinent to this	6	A. Why would that be necessary, I've got a
7	appraisal. I had done an appraisal I think	7	gross rent multiplier and a capitalization rate.
8	previously in testimony, I had appraised a property	8	Q. We can't go back and check your analysis
9	in Zanesville for mortgage purposes and surveyed the	9	as to your net operating income to see if, in fact,
10	market for sales and/or rent comparables. During	10	you calculated the cap rate correctly.
11	that period of time, determined there wasn't a whole	11	A. Well, are you saying that I'm not
12	lot of multi-family activity in Zanesville as far as	12	competent to calculate a capitalization rate,
13	sales or actual apartment projects in within the	13	Counselor?
14	city limits.	14	MS. GORRY: I don't think that's even a
15	Q. And when was that report done, what time	15	question. Let's just stop and move on to the next
16	period?	16	question.
17	A. That time period would have been	17	THE WITNESS: The answer to your
18	sometime in early '17, I believe.	18	question is it's not necessary for that information
19	Q. Okay. So early 2017, which is a time	19	to be provided. If I've got a gross rent multiplier
20	period you were doing an appraisal that would have	20	and a capitalization rate, that can be easily
21	had a '17 date?	21	calculated.
22	A. Yes.	22	BY MS. BAUERNSCHMIDT:
23	Q. Okay. And this is a '15 appraisal date?	23	Q. Did you physically go inside each of
24	A. It is.	24	your four sale comps?
25	Q. Okay. So basically you utilized the	25	A. Three of the four.
	Page 110		Page 112
1		1	
1 2	sales from that 2017 appraisal report for purposes of	1 2	Q. And is that because you appraised three
2	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?	2	
	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.		Q. And is that because you appraised three of the four properties?  A. Yes.
2 3 4	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at	2 3	Q. And is that because you appraised three of the four properties?
2	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?	2 3 4	Q. And is that because you appraised three of the four properties?  A. Yes.  Q. Okay. When you say "three of the four,"
2 3 4 5	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I	2 3 4 5	Q. And is that because you appraised three of the four properties? A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales.
2 3 4 5 6	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.	2 3 4 5 6	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady
2 3 4 5 6 7 8	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase	2 3 4 5 6 7	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those?  A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington
2 3 4 5 6 7	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?	2 3 4 5 6 7 8	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady
2 3 4 5 6 7 8	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase	2 3 4 5 6 7 8	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those?  A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus?
2 3 4 5 6 7 8 9	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.	2 3 4 5 6 7 8 9	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes.
2 3 4 5 6 7 8 9 10	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.	2 3 4 5 6 7 8 9 10	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as
2 3 4 5 6 7 8 9 10 11	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income	2 3 4 5 6 7 8 9 10 11	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale
2 3 4 5 6 7 8 9 10 11 12 13	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.	2 3 4 5 6 7 8 9 10 11 12 13	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental
2 3 4 5 6 7 8 9 10 11 12 13	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp?
2 3 4 5 6 7 8 9 10 11 12 13 14	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?  A. I was.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?  A. I was.  Q. And I don't see anywhere that you have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?  A. I was.  Q. And I don't see anywhere that you have actually supplied those income and expenses in the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize that's a Zanesville property. Did you utilize that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?  A. I was.  Q. And I don't see anywhere that you have actually supplied those income and expenses in the writeup of your sales.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize that's a Zanesville property. Did you utilize that as one of your rental comps?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?  A. I was.  Q. And I don't see anywhere that you have actually supplied those income and expenses in the writeup of your sales.  A. Well, there's a cap rate, isn't there?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize that's a Zanesville property. Did you utilize that as one of your rental comps? A. No.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?  A. I was.  Q. And I don't see anywhere that you have actually supplied those income and expenses in the writeup of your sales.  A. Well, there's a cap rate, isn't there?  Q. Well, we can't understand, though, for	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize that's a Zanesville property. Did you utilize that as one of your rental comps? A. No. MS. BAUERNSCHMIDT: I have no further
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No.  Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side.  Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3.  Q. You saw the actual purchase agreements?  A. I did.  Q. Good. And were you given actual income and expenses?  A. I was.  Q. And I don't see anywhere that you have actually supplied those income and expenses in the writeup of your sales.  A. Well, there's a cap rate, isn't there?  Q. Well, we can't understand, though, for your gross rent multiplier cap rate what went into	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize that's a Zanesville property. Did you utilize that as one of your rental comps? A. No. MS. BAUERNSCHMIDT: I have no further cross-examination.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No. Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014? A. I'm sure I was aware of that because I would have looked at sales two years on each side. Q. Did you review the actual purchase agreements of Sales 1 through 4? A. 1, 2, and 3. Q. You saw the actual purchase agreements? A. I did. Q. Good. And were you given actual income and expenses? A. I was. Q. And I don't see anywhere that you have actually supplied those income and expenses in the writeup of your sales. A. Well, there's a cap rate, isn't there? Q. Well, we can't understand, though, for your gross rent multiplier cap rate what went into that. You just have them stated what the cap rate	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize that's a Zanesville property. Did you utilize that as one of your rental comps? A. No. MS. BAUERNSCHMIDT: I have no further cross-examination. EXAMINER HIGGINS: Any redirect,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	sales from that 2017 appraisal report for purposes of Page 31 in your Appraisal No. 2?  A. No. Q. Okay. Were you aware of any sales at all that occurred in Zanesville in 2014?  A. I'm sure I was aware of that because I would have looked at sales two years on each side. Q. Did you review the actual purchase agreements of Sales 1 through 4?  A. 1, 2, and 3. Q. You saw the actual purchase agreements? A. I did. Q. Good. And were you given actual income and expenses? A. I was. Q. And I don't see anywhere that you have actually supplied those income and expenses in the writeup of your sales. A. Well, there's a cap rate, isn't there? Q. Well, we can't understand, though, for your gross rent multiplier cap rate what went into that. You just have them stated what the cap rate and gross rent multiplier might be.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And is that because you appraised three of the four properties?  A. Yes. Q. Okay. When you say "three of the four," which ones are those? A. The first three sales. Q. So it was the Bellefontaine sale, Shady Lane, Muirwood Village, Zanesville, and Kensington Commons, Columbus? A. Yes. Q. So is Kensington Commons, your Sale No. 3 on Page 31, is that the same rental comp as Kensington Village, which is your number one rental comp? A. No. Q. Muirwood Village, did you utilize that's a Zanesville property. Did you utilize that as one of your rental comps? A. No. MS. BAUERNSCHMIDT: I have no further cross-examination. EXAMINER HIGGINS: Any redirect, Ms. Gorry?

Page 113 Page 115 1 EXAMINER HIGGINS: All right. So you 1 conclusion for ad valorem tax purposes. This, in my 2 2 are about to examine Mr. Sprout about the property opinion, provides the best indication of what the 3 that is the subject of 2016-1047, correct? 3 value would be for this under that hypothetical 4 MS. GORRY: Yes. Correct. 4 condition. So I didn't take any of the LIHTC into 5 consideration when doing this report. 5 MS. BAUERNSCHMIDT: Can we give me two The five rent comps on Page 35 I 6 6 seconds so I can --7 EXAMINER HIGGINS: Let's hop off the 7 utilized are single-family dwellings that I was able 8 8 to locate in the market area. I did it on a record real quick. 9 9 (Discussion held off the record.) rent-per-bedroom basis, not a rent-per-square-foot 10 EXAMINER HIGGINS: We are back on the 10 basis. 11 11 Q. Is that common in the marketplace with record. Ms. Gorry. MS. GORRY: Yes. Thank you. 12 single-family homes? 12 A. Yes, a lot of times it is. You're going 13 13 to get a better indication as to what they're renting 14 DIRECT EXAMINATION 14 per bedroom; so that's how I went ahead and went 15 15 BY MS. GORRY: about my work. Each one of them, I believe, had 16 Q. Tom, were you hired by the County 16 garages, each one of them had hookups, utilities 17 Appellees to appraise the property that is the 17 18 community called the Bedford Place -- I'm sorry, 18 would be paid by the tenant in each of these 19 Bedford Place? 19 instances. 20 20 Also of note is that the tenant would A. Yes. Q. And is the appraisal report dated also be responsible for their lawn care, as well as 21 21 their snow removal. Those are expenses that a 22 January 4th of 2018, is that a true and accurate copy 22 project would typically encumber or include those, 23 of the appraisal report? 23 but in this case since that's built into the rent and 24 A. Yes. 24 25 Q. Great. Thanks. Let's -- let's go on to 25 the tenant is doing those things, that reduces the Page 116 Page 114 1 the three approaches to value. Which of the 1 amount of expenses that would go against the project. approaches have you utilized here? 2 2 On Page 36 in my analysis, I determined A. I've utilized the income and sales 3 3 that the rent per bedroom for each of the three and 4 approaches to value. Because of the nature of the 4 four-bedroom units would be at the lower end of the 5 assignment, I was not -- I don't want to say allowed, 5 range for the three bedrooms at \$250 per bedroom, or but permitted to use single-family dwelling sales; so 6 \$750 per month, and for the four-bedroom dwelling I 6 7 I utilized other apartment type of properties. 7 was at \$212.50 per bedroom, which was in between or Therefore, the sales approach is utilized, but really 8 8 effectively closer to No. 5. not given any importance at all or weight in this 9 9 I should note that No. 2, which is 601 appraisal. It's all based on the income approach to 10 10 Troon Crossing, I believe that was a LIHTC or value. 11 11 subsidized type of rent. There were not a whole lot 12 Q. Okay. And that's to confirm, even 12 of four-bedroom rents in the marketplace. So instead 13 though these are single-family homes, you've 13 of just providing one, I wanted to provide a second appraised them as an economic unit? one, which I believe was a subsidized, and since then 14 14 A. I did. of course I'm above that number since that rent is 15 15 Q. Okay. Great. Let's go into the income 16 subsidized. So I concluded to a rent for the 16 approach. Go ahead and walk us through first the 17 four-bedroom units at \$212.50 per bedroom, or \$850 17 per month. selection of the rent comps here, because these 18 18 19 are -- these are different. 19 On Page 36 I have included a stabilized 20 A. Yes. The rent comps that I utilized in 20 profit and loss statement, the 22 three-bedroom units this appraisal, because it's based on a hypothetical 21 and the 13 four-bedroom units, that indicated a total 21

22

23

24

25

effective gross income of 330,600, that's about

\$100,000 greater than what the subsidy would be

I included the expenses for the subject property

providing. I used a market vacancy at 6 percent, and

condition, that it is not -- that I'm valuing this

include the tax credits as part of the value

property utilizing what I would determine market

rents and market expenses since we're not able to

22

23

24

25

1

2

3

4

5

6 7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

2.0

21

22

23

24

25

Page 119

I believe that the numbers are comparable to the expenses that I utilized in the previous appraisal, the only difference would have been the income based on market which is based on the Supreme Court decision.

I should also note that the highest and best use of this as vacant would be for a subsidized project, because it would not be able to -- in my opinion, the cost greatly exceeds what this project would be worth; so it wouldn't be financially feasible without the subsidy. As improved, however, the current improvements represent the highest and best use, which is why we're here.

The expenses --

being similar to historical costs.

1

2

3

4

5

6

7

8

9 10

11

12

13

14

15

16

17

18

19

20

21

22

23

24 25

1

2

3

4

5

6

7

8

9

10

11

12

13

14 15

16

17

18

19

20

21

22

23

24

25

O. Go ahead. That's what I was going to ask about.

A. The expenses of 3,111 per unit are near the lower end of the range. That would be typical since these are virtually new properties. Also, there's little landscape, little mowing, little snow removal to be done because that's all handled by the property owner.

From a capitalization rate standpoint, I concluded to a capitalization rate of 7-1/2 percent

of the market. I mean, because this is such a unique project being all single-family dwellings that are a part of the economic unit, it's going to be a little bit different, but from a functional standpoint being at the lower end of the range because the renter is paying for snow removal, their driveway, they're paying -- they're doing their own mowing, those types of things aren't -- and it is, I believe, on a public right-of-way; so those things, those expenses are not part of the project that they're actually going to be saving.

Q. Okay. So it wouldn't surprise you that the expenses were at the lower end of the market?

A. Absolutely, correct.

Q. Okay. And then, I'm sorry, I think you indicated that you -- there was a change in the cap rate between the first and the second appraisal. Can you tell me what that was again?

A. Well, the 50 basis points adjustment upward, with the subsidy that was in place, I -- I believe that because of the demand for this type of a product would have -- would constitute a lower capitalization rate, because you do have a waiting list that's in place for this type of product. Even though this type of product is still in great demand,

Page 118

Page 120

for the income stream that is in place for the subject property. That is about I think 50 basis points higher than where I was the previous time. In my opinion, we're looking at a product that is in great demand. There is no inventory that's in place, and I believe there's a waiting list for this project. However, those things wouldn't be necessarily taken into consideration because I'm valuing this on a market-rent basis. I used an additur to adjust my capitalization rate to 9.23 percent, and applied that to my net operating income of \$203,638 to provide a value indication of \$2,205,000.

In conclusion, as of January 1st, 2015, which is the tax lien date, my value conclusion utilizing the income approach pretty much exclusively of \$2,205,000, allocated between real estate of \$2,170,000 and furniture, fixtures, and equipment of \$35,000, or effectively \$1,000 per unit since the project is virtually newer.

Q. Very good. And one follow-up question: You have included expense comparables on Page 38. While you relied -- or while you looked to the actual expenses, were those in line with the market?

A. They would be in line with the lower end

I believe that if these units were vacant they would easily be able to get \$750 or \$850 per month from a single mother with a child or a family for that matter. That's still a relatively inexpensive way to be in a detached dwelling of an age of these units. So the income stream would be a little more durable, this type of product under the subsidy, but 50 basis points, I mean, we're cutting hairs kind of, sort of.

Q. Okay. Essentially slightly less risk when -- if you're including -- if you are valuing it as subsidized?

A. Yes.

Q. Okay.

A. In my opinion.

O. Okay.

A. In this case. The last case was different because you got a different type of property.

Q. Right. I'm with you. Okay. Then when one is valuing -- I guess this is slightly different, because we're looking at these as an economic unit, but when utilizing market rents to value property, what essentially are you valuing?

A. I'm valuing the unencumbered fee-simple interest at market rent and market expenses.

	Page 121		Page 123
1	Q. Okay. And then that is qualified as an	1	you utilized in Frank Cook, which is the previous
2	economic unit in this case?	2	case you just testified to.
3	A. Yes.	3	A. Yes.
4	Q. Okay. Perfect. Thank you. That's all	4	Q. And is it also fair to say that the cap
5	the questions I have.	5	rates on Page 39 of your second appraisal report,
6	EXAMINER HIGGINS: Thank you very much,	6	those are the very same cap rates that you set forth
7	Ms. Gorry.	7	in Frank Cook's property as well?
8	Ms. Bauernschmidt.	8	A. Yes.
9	MS. BAUERNSCHMIDT: Thank you very much.	9	Q. I was writing something down, and I
10		10	when you first started your direct exam on this
11	CROSS-EXAMINATION	11	property, and it was something, and I don't know what
12	BY MS. BAUERNSCHMIDT:	12	it was reference to, it says you stated you weren't
13	Q. Let's start with your income approach on	13	permitted to use single-family rental units. And
14	Page 35 of your second appraisal report. These	14	I
15	appear to be the same rentals that you utilized in	15	A. No.
16	your first appraisal report. I'm turning to Page 28	16	Q. That's not what you testified to?
17	of your first appraisal report.	17	A. No.
18	A. Yes. They appear to be the same.	18	Q. Okay. I misunderstood then your
19	Q. Okay. And kind of explain this to me.	19	testimony. Then you went on to say you appraised it
20	Now, I know that you testified last time that Troon	20	as an economic unit.
21	Crossing was a LIHTC or had some kind of subsidy on	21	A. I can either repeat what I said or we
22	it. Now, is that part of a larger complex of	22	can go back to the record, but if you would like I
23	single-family rental homes, No. 2?	23	would like to help you out with what I said.
24	A. As I indicated in my discussion, I	24	Q. No. I just want to know what it was in
25	believe No. 2 was a LIHTC project or a subsidy	25	reference to, was it reference to a highest and best
20	beneve to: 2 was a Entire project of a subsidy	25	reference to, was it reference to a nightest and best
	Page 122		Page 124
1	subsidized project.	-1	
	sacsiaizea projecti	1	use or what was it referencing?
2	Q. But is it part of a a project of	2	A. It was referencing sales that I utilized
	2 0		
2	Q. But is it part of a a project of	2	A. It was referencing sales that I utilized
2	Q. But is it part of a a project of other rental homes by Troon Crossing?	2 3	A. It was referencing sales that I utilized in my report. Q. Ah. A. I didn't use sales of single-family
2 3 4	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent	2 3 4	A. It was referencing sales that I utilized in my report. Q. Ah.
2 3 4 5	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just	2 3 4 5	A. It was referencing sales that I utilized in my report. Q. Ah. A. I didn't use sales of single-family
2 3 4 5 6	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a	2 3 4 5 6	A. It was referencing sales that I utilized in my report. Q. Ah. A. I didn't use sales of single-family dwellings that were sold to owner users.
2 3 4 5 6 7	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just	2 3 4 5 6 7	A. It was referencing sales that I utilized in my report. Q. Ah. A. I didn't use sales of single-family dwellings that were sold to owner users. Q. Okay. And you stated you were not
2 3 4 5 6 7 8	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that	2 3 4 5 6 7 8	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you
2 3 4 5 6 7 8 9	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group	2 3 4 5 6 7 8 9	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family
2 3 4 5 6 7 8 9	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?	2 3 4 5 6 7 8 9	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?
2 3 4 5 6 7 8 9 10	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.	2 3 4 5 6 7 8 9 10	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."
2 3 4 5 6 7 8 9 10 11	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?	2 3 4 5 6 7 8 9 10 11	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used
2 3 4 5 6 7 8 9 10 11 12	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.	2 3 4 5 6 7 8 9 10 11 12 13	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but
2 3 4 5 6 7 8 9 10 11 12 13	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.  Q. Okay. And, once again, these were	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do so.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.  Q. Okay. And, once again, these were you testified before that these were all 2016	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do so.  A. My instruction was not I asked if I
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.  Q. Okay. And, once again, these were you testified before that these were all 2016 rentals.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do so.  A. My instruction was not I asked if I could use those, because the value conclusions would
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.  Q. Okay. And, once again, these were you testified before that these were all 2016 rentals.  A. If that's what I testified the first	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do so.  A. My instruction was not I asked if I could use those, because the value conclusions would have been probably twice or three times higher than
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.  Q. Okay. And, once again, these were you testified before that these were all 2016 rentals.  A. If that's what I testified the first time around, that wouldn't surprise me that that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. It was referencing sales that I utilized in my report.  Q. Ah. A. I didn't use sales of single-family dwellings that were sold to owner users. Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do so.  A. My instruction was not I asked if I could use those, because the value conclusions would have been probably twice or three times higher than what is in my report right now. But since the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.  Q. Okay. And, once again, these were you testified before that these were all 2016 rentals.  A. If that's what I testified the first time around, that wouldn't surprise me that that would be 2016.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. It was referencing sales that I utilized in my report.  Q. Ah. A. I didn't use sales of single-family dwellings that were sold to owner users. Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes? A. I don't think I used the word "legally." We can go back and check, but I don't think I used the word legally, but Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do so.  A. My instruction was not I asked if I could use those, because the value conclusions would have been probably twice or three times higher than what is in my report right now. But since the properties are not able to be sold to owner users at
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. But is it part of a a project of other rental homes by Troon Crossing?  A. I believe it is. I'm not 100 percent certain, but I believe it is.  Q. Now, 1, 3, 4, and 5, are they part of a rental home community or are these just single-family different single-family rentals that may be owned by individuals that may not be a group of them together?  A. They're in subdivisions.  Q. These are in subdivisions?  A. I believe they're in subdivisions.  Q. Okay.  A. Or they're in other areas of other single-family dwellings.  Q. Okay. And, once again, these were you testified before that these were all 2016 rentals.  A. If that's what I testified the first time around, that wouldn't surprise me that that would be 2016.  Q. And then turning to your expenses on	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. It was referencing sales that I utilized in my report.  Q. Ah.  A. I didn't use sales of single-family dwellings that were sold to owner users.  Q. Okay. And you stated you were not legally permitted to do so. Did somebody give you some guidelines to say you couldn't use single-family rental homes?  A. I don't think I used the word "legally."  We can go back and check, but I don't think I used the word legally, but  Q. Well, if you weren't if you state you weren't permitted to use; so somehow you had to come to the conclusion that you were not permitted to do so.  A. My instruction was not I asked if I could use those, because the value conclusions would have been probably twice or three times higher than what is in my report right now. But since the properties are not able to be sold to owner users at this point in time, it would not have been

1 Q. And those instructions were given to you 2 by your counsel? 3 A. Yes. 1 really. 2 So based on your assumpt 3 750 and 850, would the same rental	tion of rents for
2 by your counsel? 2 So based on your assumpt	tion of rents for
	tion of female
	al pool that is
4 Q. Okay. And in this case you changed your 4 eligible to rent at the subject prope	
5 hypothetical con hypothetical in the second 5 be able to afford the rents at 750 a	
6 appraisal to include the fact that you were using 6 A. I don't know.	and obo.
7 market rents, market expenses, market-driven cap rate 7 Q. And I asked you in the pre	evious case on
8 even though the property was encumbered, quote, as a 8 Frank Cook, we talked about fee s	
9 LIHTC project? 9 definition of fee simple. If I asked	
10 A. Once again, we had a Supreme Court 10 questions, your response isn't goin	
decision that changed the scope of my assignment.  11 the previous discussion on Frank C	
12 Q. And that's a pretty important case. Was 12 A. No.	
it a case given to you to read or did your counsel  Q. It doesn't appear that ther	re's any
give you direction as to the Supreme Court case?  14 additional information in your incompanies.	
A. Just like if I was working for a 15 rental information, expense, vacan	
property owner on a high tech case before with a WODA 16 It looks like basically the same inf	
and now with this particular one, counsel told me 17 had in your Appraisal No. 1.	
that a recent Supreme Court decision, we want to 18 A. The same data, the histor	rical numbers
appraise we want you to appraise this property 19 for the profit and loss statement w	
20 utilizing market rent and market expenses. So in 20 the cap rate chart.	
this instance I have no problem taking instruction 21 Q. We already discussed that	at change just
regarding how I would go about appraising a property 22 because you excluded the older s	
23 under this hypothetical condition, as I have done 23 A. So the rate went my ca	
24 LIHTC properties for property owners in the past with 24 rate was 50 basis points higher th	nan
25 a different ruling that was in place at that point in 25 Q. I'm just talking about unc	derlying data.
Page 126	Page 128
1 time. 1 I'm not looking to	
2 Q. And were you given a name of a case or 2 A. Underlying data, I'm sorry.	
3 some other kind of guideline, given a copy of the 3 Q. Yeah.	
4 case to read? 4 A. I believe the underlying date	-
5 A. No. Why would I? I'm not an attorney. 5 for the changes I had previously disc	
6 Q. Okay. So you don't know if that 6 previous case, I believe those would	
7 reference to market was in reference to a case 7 Q. So when we analyze once	
8 involving a project-based Section 8 property? 8 didn't really rely on the sales compar	rison approach
9 A. I can't tell you what case, I'm not an 9 in this as well.	
10 attorney. 10 A. This one even more so.	
Q. Okay. Now, you set forth on Page 35 on Q. Okay. Just because of your	discussion
that rental grid some rents for the subject, 750 and 12 you just had?	
13 850. Those are the rentals that you determined for 13 A. Yes.	
those properties, those aren't the actual rental Q. Okay. So let's go to your in	
15 rates? 15 approach. So when you projected m	
A. No. They're not the actual rental  16 the five rentals on Page 35 of your states.	
17 rates. 17 report, the rental income increased	
Q. And in your previous appraisal, your probably about 105,000 or so dollars	s from Appraisal 1
19 first appraisal on Page 28, you did list, in fact, 19 to Appraisal 2.	1 .
what the the restricted rents in place were for 20 A. Say that again. I'm not clear	r on what
the three-bedroom and four-bedroom units?  21 you're asking.	
A. Which was based on my hypothetical 22 Q. Let's make it easy for you.	-1-i
23 condition on Page 12 of that previous report. 23 A. I'm not clear what you're as	
Q. I know. You don't have to keep adding that in. I'm just asking you simple questions, 25 that in. I'm just asking you simple questions, 25 report, your first appraisal report and	
25 that in. I'm just asking you simple questions, 25 report, your first appraisal report and	a 1 age 50 01

	7 100		5 101
	Page 129		Page 131
1	your second appraisal report.	1	A. Yes.
2	Your gross potential rent when you	2	Q. So do you have any expenses for
3	utilize the restricted rents was \$235,272, and your	3	single-family rentals in your appraisal report?
4	gross potential rent on Page 36 of your second	4	A. No, I do not.
5	appraisal report increased of \$330,600. It's about a	5	Q. And you already discussed that you
6	\$105,000 increase.	6	increased your cap rate from 7 percent to 7.5 percent
7	A. That's misleading, though, but	7	before the additur, that is correct?
8	Q. I'm just saying based by the change of	8	A. Yes.
9	rents, the gross potential increase the gross	9	Q. And then you used the same deduction for
10	potential rental increased?	10	personal property of \$35,000 in both appraisal
11	A. Yes, it increased.	11	reports?
12	Q. Okay. Over \$100,000?	12	A. Yes.
13	A. No.	13	Q. So the real material change is in the
14	Q. Gross potential rent didn't increase	14	change in the rental stream of this property?
15	from 230,567 to 330,600?	15	A. And the 50 basis points of the cap rate.
16	A. That's \$95,000. You said over 100	16	Q. Okay. Are any of so none of the
17	Q. Oh, okay. Almost 100,000.	17	sales that you included in your either appraisal
18	A. That's a 5 percent swing, that's	18	report, none of them were elevator buildings and none
19	material.	19	of them were single-family units? I think we've kind
20	Q. 235- to okay, 95,000. So \$5,000 is	20	of established that, but I just want to make sure
21	Q. 255- to 0kay, 95,000. S0 \$5,000 is material?	21	that I'm clear on that.
22		22	
	A. Five percent is material.		A. That's why I didn't rely on the
23	Q. Okay. And then you change your vacancy	23	approach, one of the reasons.
24	and credit loss from 2 percent to 6 percent; is that	24	Q. As in the first case on Frank Cook,
25	correct?	25	did for purposes of the first appraisal, did you
		1	
	Page 130		Page 132
1	Page 130	1	Page 132
1	A. Yes.	1	review the restrictive covenant?
2	A. Yes. Q. And then in your pro forma on your first	2	review the restrictive covenant?  A. No, I did not review the restricted
2	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you	2 3	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.
2 3 4	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal	2 3 4	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first
2 3 4 5	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36.	2 3 4 5	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?
2 3 4 5 6	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line	2 3 4 5 6	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.
2 3 4 5 6 7	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included	2 3 4 5 6 7	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of
2 3 4 5 6 7 8	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss."	2 3 4 5 6 7 8	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?
2 3 4 5 6 7 8 9	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of	2 3 4 5 6 7 8 9	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the
2 3 4 5 6 7 8 9	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in	2 3 4 5 6 7 8 9	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in
2 3 4 5 6 7 8 9 10	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent?	2 3 4 5 6 7 8 9 10	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty
2 3 4 5 6 7 8 9 10 11	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did.	2 3 4 5 6 7 8 9 10 11	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.
2 3 4 5 6 7 8 9 10	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the	2 3 4 5 6 7 8 9 10 11 12 13	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in
2 3 4 5 6 7 8 9 10 11	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over	2 3 4 5 6 7 8 9 10 11	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a
2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the	2 3 4 5 6 7 8 9 10 11 12 13	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was
2 3 4 5 6 7 8 9 10 11 12 13 14	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over	2 3 4 5 6 7 8 9 10 11 12 13 14	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the	2 3 4 5 6 7 8 9 10 11 12 13 14 15	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes.  Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36.  A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss."  Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent?  A. I did.  Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject property as of January 1st, 2015?  A. To the best of my knowledge, yes, there was.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject property as of January 1st, 2015?  A. To the best of my knowledge, yes, there
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same? A. Yes. Q. So when you appraised it as a LIHTC	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject property as of January 1st, 2015?  A. To the best of my knowledge, yes, there was.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same? A. Yes. Q. So when you appraised it as a LIHTC project in your first appraisal and appraising it as	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject property as of January 1st, 2015?  A. To the best of my knowledge, yes, there was.  Q. And does the restrictive covenant
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same? A. Yes. Q. So when you appraised it as a LIHTC project in your first appraisal and appraising it as a market rate, basically the expenses would have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject property as of January 1st, 2015?  A. To the best of my knowledge, yes, there was.  Q. And does the restrictive covenant control the property both as to income levels and
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same? A. Yes. Q. So when you appraised it as a LIHTC project in your first appraisal and appraising it as a market rate, basically the expenses would have remained the same in your analysis?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject property as of January 1st, 2015?  A. To the best of my knowledge, yes, there was.  Q. And does the restrictive covenant control the property both as to income levels and rent restrictions?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. And then in your pro forma on your first appraisal, you had bad debt expense of 17.50, but you didn't include any bad debt in your second appraisal report on Page 36. A. I did include it. If you read the line item there under Bad Debt Expense, it says "Included in vacancy and credit loss." Q. Okay. So you changed instead of giving it a separate line item, you included it in the 6 percent? A. I did. Q. Okay. And your expenses stayed the same, the only change is the fact that 6 percent over a higher net effective gross income just changed the management fee, all the other expenses appear to be the same? A. Yes. Q. So when you appraised it as a LIHTC project in your first appraisal and appraising it as a market rate, basically the expenses would have remained the same in your analysis? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	review the restrictive covenant?  A. No, I did not review the restricted covenant for this updated appraisal.  Q. Did you review it for your first appraisal report?  A. I'm sure I did review it.  Q. And did you include it in the back of your first appraisal report?  A. I don't know. I don't think I have the addendum of my first report, but if there's one in the record I'm sure that we can find that out pretty quick.  Q. We'll do a shortcut, it was included in your first appraisal report. So is there a restrictive or to the best of your knowledge, was there a restrictive covenant in place on the subject property as of January 1st, 2015?  A. To the best of my knowledge, yes, there was.  Q. And does the restrictive covenant control the property both as to income levels and rent restrictions?  A. I'm sure those are part of it, yes.

			Troccedings
	Page 133		Page 135
1	rents, there's going to be a significant change in	1	started with Exhibit C and Exhibit 3, this is a
2	the value of the property, all other things being	2	reconvened hearing. I believe the first hearing was
3	equal?	3	held in February 2017, and at that time the parties
4	A. Yes, there is going to be a material	4	submitted Exhibits A and B and Exhibits 1 and 2; so
5	change.	5	there's that. But just I'm accepting all of the
6	Q. And do you have any knowledge whether or	6	exhibits into evidence having overruled
7	not the owners of the subject property could have	7	Ms. Bauernschmidt's objection to Appellees' Exhibits
8	charged market rents at the subject property as of	8	3 and 4.
9	January 1st, 2015?	9	I believe the parties had requested a
10	A. I don't have any knowledge of that, but	10	briefing schedule in lieu of closing arguments.
11	if the restricted covenant was in place I'm assuming	11	MS. GORRY: Yes, please.
12	the restricted covenant would encumber the property.	12	EXAMINER HIGGINS: Okay. Are there any
13	Q. And as of January 1st, 2015, is it your	13	vacations that I need to be cognizant of?
14	opinion that the LIHTC rents were below-market rents?	14	MS. GORRY: Not for me unfortunately.
15	A. The LIHTC rents were below-market rents	15	MS. BAUERNSCHMIDT: Not that would
16	as of the tax lien date.	16	impact this at this point in time.
17	MS. BAUERNSCHMIDT: I have no further	17	EXAMINER HIGGINS: Okay.
18	cross-examination.	18	MS. BAUERNSCHMIDT: I'm going to be gone
19	EXAMINER HIGGINS: Thank you very much,	19	three weeks in September.
20	Ms. Bauernschmidt.	20	EXAMINER HIGGINS: Okay. Great. So
21	MS. GORRY: No thank you.	21	first brief due on or before July 26th, and the
22	EXAMINER HIGGINS: All right. Thank you	22	second brief due on or before August 26th. Let me
23	very much, Ms. Gorry.	23	confirm that that is a good date. Nope, that is not,
24	Ms. Gorry, do you have any objections to	24	that's a Sunday. August 27th.
25	the two property owners' exhibits?	25	MS. GORRY: Sounds good. Thank you.
20	the two property owners exhibits:		MB. GORKI. Bounds good. Thank you.
	Page 134		Page 136
1	MS. GORRY: No, none.	1	MS. BAUERNSCHMIDT: Thank you.
2	EXAMINER HIGGINS: Okay. C, D, E, and	2	EXAMINER HIGGINS: Is there anything
3	F?	3	else that we need to take care of before we get off
4	MS. GORRY: No, none.	4	the record?
5	EXAMINER HIGGINS: Okay. And,	5	MS. GORRY: Not on my end.
6	Ms. Bauernschmidt, do you have any objections to the	6	EXAMINER HIGGINS: No. All right.
7	County Appellees' 3 and 4?	7	MS. BAUERNSCHMIDT: Oh, there is one
8	MS. BAUERNSCHMIDT: My objection is for	8	thing.
9	the record only because we're all aware that this	9	EXAMINER HIGGINS: Okay.
10	most likely will be appealed, and for purposes of the	10	MS. BAUERNSCHMIDT: I believe in the
11	record we want to object because of the methodology.	11	first case and I believe it's the understanding of
12	We believe under the case law that the appraiser has	12	opposing counsel that the entire record is included
13	used the incorrect methodology in valuing both	13	in the appeal. So the first BTA hearing and today's
14		14	BTA hearing, all of the testimony is combined and to
15	properties.	15	· ·
16	EXAMINER HIGGINS: I'm going to overrule	16	be utilized for rendering a decision for both cases.
17	your objection, and the Board will make that	17	Is that kind of your understanding? Because I know we did that in the first case so that we wouldn't
18	determination and will give Mr. Sprout's appraisal	I	
19	reports their due weight.	18	repeat our a lot of the common
13	Before we went on the record, if I	19	MS. GORRY: Yeah. MS. BAUERNSCHMIDT: direct and
			IVIN DALIEKINAL HIVILLIL' direct and
20	recall correctly, the parties had indicated just	20	
20 21	recall correctly, the parties had indicated just to clarify, for the record, I have accepted all of	21	cross-examination questions.
20 21 22	recall correctly, the parties had indicated just to clarify, for the record, I have accepted all of the exhibits into evidence.	21 22	cross-examination questions.  MS. GORRY: Yes. I have no problem with
20 21 22 23	recall correctly, the parties had indicated just to clarify, for the record, I have accepted all of the exhibits into evidence.  (EXHIBITS ADMITTED INTO EVIDENCE.)	21 22 23	cross-examination questions.  MS. GORRY: Yes. I have no problem with the prior hearing being incorporated into the record
20 21 22 23 24	recall correctly, the parties had indicated just to clarify, for the record, I have accepted all of the exhibits into evidence.  (EXHIBITS ADMITTED INTO EVIDENCE.)  EXAMINER HIGGINS: To clarify for myself	21 22 23 24	cross-examination questions.  MS. GORRY: Yes. I have no problem with the prior hearing being incorporated into the record for this case. I mean, certainly we're not relying
20 21 22 23	recall correctly, the parties had indicated just to clarify, for the record, I have accepted all of the exhibits into evidence.  (EXHIBITS ADMITTED INTO EVIDENCE.)	21 22 23	cross-examination questions.  MS. GORRY: Yes. I have no problem with the prior hearing being incorporated into the record

_			Troccedings
	Page 137		Page 139
1	MS. BAUERNSCHMIDT: No. No. No. No.	1	CERTIFICATE
2	No, I know.	2	I do hereby certify that the foregoing
3	MS. GORRY: But the record, yeah, I have	3	is a true and correct transcript of the proceedings
4	no problem.	4	taken by me in this matter on Tuesday, June 26, 2018,
5	EXAMINER HIGGINS: Okay.	5	and carefully compared with my original stenographic
6	MS. BAUERNSCHMIDT: I just think for	6	notes.
		7	
7	purposes of any appeal, that they're going to have	8	
8	all these appraisal reports, and it's only going to	9	
9	make sense if we have this combined		Carolyn D. Ross,
10	MS. GORRY: I totally agree, yeah.	10	Registered Professional
11	EXAMINER HIGGINS: Okay.	1 1	Reporter and Notary
12	MS. GORRY: And the preliminary stuff	11	Public in and for the
13	about both of the I mean, the physical stuff, all	1.0	State of Ohio.
14	that's in the first one, yeah.	12	
15	EXAMINER HIGGINS: I don't believe I	13 14	My commission expires April 3, 2019.
16	mean, there was no motion from the parties about	15	(CDR-87084)
17	striking the prior hearing, and so just from my	16	(CDR-0700 <del>1</del> )
18	perspective that would be a proper consideration.	17	
19	MS. BAUERNSCHMIDT: Good.	18	
20	EXAMINER HIGGINS: So does that address	19	
21	your concerns, Ms. Bauernschmidt?	20	
22	MS. BAUERNSCHMIDT: It does. Thank you	21	
23	so much.	22	
		23	
24	EXAMINER HIGGINS: All right. Thank you	24	
25	so much. So we have our briefing schedule, we have	25	
	Page 138		
1	our exhibits into evidence. And anything else?		
2	MS. GORRY: No thank you.		
3	EXAMINER HIGGINS: All right. There		
4	being nothing further, this concludes the hearing.		
	MS. GORRY: Thanks.		
5			
6	(Thereupon, the hearing was		
7	concluded at 1:48 p.m.)		
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
l			

### **R.C. 323.73(G) - COMPLAINT**

## IN THE BOARD OF REVISION CUYAHOGA COUNTY, OHIO

TREASURER OF
CUYAHOGA COUNTY, OHIO
c/o Justice Center – 9 <sup>th</sup> Floor
1200 Ontario Street
Cleveland, Ohio 44113

Plaintiff

VS.

Defendant(s)

Permanent Parcel No(s)

Year Certified: 2014

CASE NO. BOR

COMPLAINT FOR COLLECTION
OF DELINQUENT TAXES,
ASSESSMENTS, PENALTIES AND
INTEREST, FORECLOSURE
AND EQUITABLE RELIEF

- 1. Now comes Plaintiff, Cuyahoga County Treasurer, and for his cause of action states:
- 2. That a Delinquent Land Tax Certificate (Exhibit "A"), was certified by the Office of the Fiscal Officer, filed with Cuyahoga County Treasurer, and delivered to the County Prosecutor of Cuyahoga County, Ohio;
- 3. That Seven Thousand Three Hundred Twelve and 03/100 Dollars (\$7,312.03) is and remains a charge on the Cuyahoga County Tax Duplicate for unpaid taxes, assessments, penalties, interest and charges ("Impositions") originating from said Delinquent Certificate which charge, is due and unpaid, and a good and valid first lien against said property described in the Preliminary Judicial Report (Exhibit "B"), which is hereby incorporated and made a part of this Complaint.
- 4. That said taxes, assessments, penalties and interest as certified by the Office of the Fiscal Officer have not been paid for one year after certification as delinquent.
- 5. That this action in foreclosure proceedings is convened under provisions of Section 323.25 and/or Section 5721.18(a) and/or 323.65- 323.79 of the Ohio Revised Code.

6. Plaintiff further states that the following named defendants, to wit:

have a claim to have some interest in or lien upon said premises which interest or lien, if any, is inferior and subsequent to the Plaintiff's lien and prays that said defendants be required to set up their lien or claims or forever be barred from asserting same against the within-described premises.

7. Plaintiff further states that there is and will also be due and payable and thereby a good and valid first lien, for all taxes, assessments, penalties and interest accruing subsequent to the delivery to the Prosecuting Attorney of the Delinquent Land Tax Certificate by the Office of the Fiscal Officer and prior to the date of the entry of the Confirmation of Sale or Conveyance, or the expiration of the alternative right of redemption if ordered by the Board of Revision, as prescribed in Sections 323.65(K) and 323.78 of the Revised Code; that there is also due the sum of Four Hundred Twenty-Five and 00/100 Dollars (\$425.00), to be taxed as costs for a Preliminary Judicial Report and, that there is and will also be due the costs, including but not limited to the cost of the Final Judicial Report, incurred in this proceeding as are deemed proper by the Board.

WHEREFORE, Plaintiff demands judgment in the amount appearing due for impositions as appears in the Delinquent Certificate and for impositions accruing subsequent to the delivery of the Delinquent Certificate and prior to the Confirmation of Sale or Conveyance, or the expiration of the alternative right of redemption if ordered by the Board of Revision, as prescribed in Sections 323.65(K) and 323.78 of the Revised Code;

that all such impositions be declared to be a good and valid first lien against the premises and that such lien be hereby foreclosed:

that the Board of Revision make such order for payment of costs incurred herein together with Four Hundred Twenty-Five and 00/100 Dollars (\$425.00) for the Preliminary Judicial Report:

that unless the amount found due the Plaintiff together with all costs of this proceeding be tendered to the Plaintiff prior to the Confirmation of sale or conveyance, or the expiration of the alternative right of redemption if ordered by the Board of Revision, as prescribed in Sections 323.65(K) and 323.78 of the Revised Code; then the equity of redemption of said parties shall be foreclosed;

that any person owning or claiming any right, title or interest in or lien upon any parcel set forth in this Complaint be required to respond, setting up their interest, if any, on said property or forever be barred from asserting same;

that the Board of Revision order said property to be sold according to law, or directly conveyed to an eligible township, municipality, county, school district, land reutilization corporation or community development group pursuant to ORC 323.65 through 323.79;

that an Order of Sale or Order of Conveyance be issued to the Sheriff directing him to either:

- 1) advertise and sell the property at public sale in the manner provided by law; or
- 2) to convey directly the property to an eligible township, municipality, county, school district or land reutilization corporation or community development group pursuant to ORC 323.65 through 323.79;

that thereafter a report of such sale or conveyance be made by the Sheriff to the Board of

Revision for further proceedings, if any, under law; and for such other relief as in law or equity this Plaintiff may be entitled.

Respectfully submitted, TIMOTHY J. McGINTY(0024626) Prosecuting Attorney of Cuyahoga County, Ohio

BY: Matthew Grabenstein (0085967)

Assistant Prosecuting Attorney – Tax Foreclosure

M. H. Frabenotein

Courthouse Square

310 W. Lakeside Ave., Ste. 300

Cleveland, Ohio 44113

(216) 443-7797

mgrabenstein@prosecutor.cuyahogacounty.us

#### R.C. 323.73(G) - ADJUDICATION OF FORECLOSURE

## IN THE BOARD OF REVISION CUYAHOGA COUNTY, OHIO

Treasurer of (	Cuyahoga County, Ohio,	CASE NO.
	Plaintiff,	
		P. P. No.
-VS-		

Defendant(s).

### ADJUDICATION OF FORECLOSURE (Direct Transfer)

This matter was heard on **28 March 2018** by the Cuyahoga County Board of Revision ("BOR") upon the Complaint of Plaintiff, Cuyahoga County Treasurer, for certified unpaid delinquent taxes, assessments, penalties, interest and/or costs ("Impositions") against abandoned and/or vacant land which is the subject of this case, and the evidence. The BOR finds that all necessary parties to this action having an interest in Permanent Parcel No. which is further described in Exhibit A attached hereto and incorporated herein, have been duly served with summons according to law and are properly before the BOR. The BOR further finds that the parcel which is the subject of this proceeding constitutes abandoned land and/or vacant land as defined in R.C. 323.65.

The BOR further finds that there is due on the aforesaid parcel:

- 1. All impositions which are due and unpaid, as of the date the County Fiscal Officer certifies a delinquent lands tax list or delinquent vacant lands tax list, pursuant to 5721.011;
- 2. All impositions payable subsequent to the date the County Fiscal Officer certifies a delinquent lands tax list or delinquent vacant lands tax list, and prior to the entry of the Confirmation of Sale; and,
- 3. All costs incurred in this proceeding, including the cost of the Preliminary and Final Judicial Reports and, all the fees and costs of the Sheriff and Clerk all of which the BOR finds are necessary costs in this proceeding.

The BOR finds that for all such impositions the Plaintiff has a good and valid first lien on said parcel and that the same are hereby foreclosed due to non-payment thereof. The BOR further finds that the proceedings have complied with R.C 323.65-323.79.

The BOR finds that the Impositions as defined in R.C. 323.65 (E) exceed the reputably presumed fair market value of the parcel as currently shown by the latest valuation by the Fiscal Officer and that such presumption of fair market value has not been rebutted by a good faith appraisal as prescribed in R.C. 323.71; therefore the BOR finds that the subject parcel qualifies to be transferred without appraisal or public auction to a certificate holder under R.C. 323.69 or directly to a community development organization, municipal corporation, county land

reutilization corporation, county or township as provided in R.C. 323.76(G) and 323.74 as authorized by any Order of Transfer of this BOR pursuant to this Adjudication of Foreclosure.

The BOR further finds that a county, township, municipality school district, land reutilization corporation or community development group has provided the BOR with a statement or other indicia of interest, (or authority in the case of a community development group) in acquiring the parcel such that the parcel may be so directly transferred to such county, township, municipality, school district, land reutilization corporation or community development organization as may be prescribed in any order of transfer of this BOR.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the within action shall proceed according to R.C. 323.65-323.79.

It is further ORDERED, ADJUDGED AND DECREED pursuant to R.C. 323.65-79, that unless prior to the journalization of both this adjudication of foreclosure of the land and the BOR's order to the Sheriff to transfer by deed the land directly to a certificate holder or to any municipality, township county, school district, land reutilization corporation or community development organization (as prescribed in R.C. 323.65-323.79), any person entitled to redeem said parcel does within said time in fact so redeem said parcel with the County Treasurer according to law for the payment of the taxes assessments, penalties, interest and other charges, if any, found herein to be due and unpaid on said parcel, together with all costs incurred in this proceeding; there shall be no further equity of redemption; that said lien and said equity of redemption in and to said parcel shall be foreclosed; and the equity of redemption forever extinguished and the title to said parcel shall be incontestable in the transferee, free and clear of all liens and encumbrances, except such easements and covenants of record running with the land as were prior to the time the taxes or assessments, for the non-payment of which said parcel is sold at foreclosure, became due and payable.

It is further ORDERED that such taxes and special assessments, or installments of special assessments, and any other assessments, which are not yet legally due and payable according to law up to the time of the Confirmation of conveyance, shall, unless otherwise provided by law, not be abated or removed from the tax duplicates and records in the Offices of the Fiscal Officer and Treasurer of Cuyahoga County, Ohio, but shall be and remain a first and best lien on said parcel, and that the transferee of the parcel shall take said parcel subject to all such taxes and assessments unless otherwise provided in R.C. 323.65-323.79 or as prescribed for electing subdivisions in R.C. 5722.01 et seq. for the abatement of taxes of certain nonproductive lands as defined therein.

The transferee, county, municipality, school district, land reutilization corporation, township or community development organization shall pay all costs as may be payable by law or otherwise negotiated between the Treasurer and said transferee as prescribed in R.C. 323.75.

It is further ORDERED that unless said parcel is previously redeemed as prescribed hereinabove, upon the journalization of this Order and the Order to Transfer confirming the transfer, the title to said parcel shall be incontestable in the transferee, free and clear of all liens and encumbrances, except such easements and covenants of record running with the land as were created prior to the time the taxes or assessments, for the nonpayment of which said parcel is sold at foreclosure, became due and payable, and except for Federal Tax Liens.

It is further ORDERED that, except as otherwise hereinabove provided, any defendant parties owning or claiming any right, title or interest in (including dower rights), or lien upon said parcel shall be and they are hereby forever barred from asserting any right, title or interest in said parcel.

IT IS SO ORDERED.

BOARD OF REVISION

Date: 3、ひどりと

BOARD OF REVISION

Date: 3/28/18

BOARD OF REVISION

Date: 3/20/18

### R.C. 323.73(G) - ORDER OF DIRECT TRANSFER

# IN THE BOARD OF REVISION CUYAHOGA COUNTY, OHIO

Treasurer of Cuyahoga County, Ohio,	CASE NO.
Plaintiff, -vs-	P. P. No.
Defendant(s).	et al., Order to Sheriff: ORDER OF DIRECT TRANSFER TO CITY OF CLEVELAND PURSUANT TO R.C. 323.73(G)
of foreclosure was entered in favor of plaintiff, sai Exhibit A (the "Decree"); that said findings and Dec	larch 2018, made certain findings wherein a judgment d judgment being attached and made a part hereof as ree included that the parcel(s) of land described therein that for said delinquency, Plaintiff has a good and first
R.C. 323.65 through 323.79 whereby the Sheriff is execute and to transfer directly, unless previously re by Sheriff's Deed. This order is based upon the pre R.C. 323.65 exceed the fair market value of said authorizing the Sheriff forthwith, to transfer directly	hereby ordered, without appraisal or public auction to deemed according to law, the parcel to said Transfered vious Board finding that the impositions as defined in deparcel(s) as prescribed in R.C. 323.73(G) thereby without appraisal or public auction by Sheriff's deed by R.C. 323.73(G), the filing of this Order with the Clerk of redemption.
Sheriff is hereby commanded to proceed to carry sa	ad forthwith deliver to the Sheriff this Order; and the aid Order and Decree into execution, and to dispose of ansferee after first confirming payment or settlement 3.74 and 323.75.
Writ of Possession against all party defenda	ants ordered issued to the transferee of the parcel(s).
IT IS SO ORDERED:	
Date: 3. 24:18	Myre Fanon Date: 3/28/18
Date: 3. 24.18	Date: 3 28/18

### R.C. 323.78 - ALTERNATIVE REDEMPTION PERIOD COMPLAINT







DEMMON PLEAS COURT BERNIE OUILTER CLERK OF COURTS

### IN THE BOARD OF REVISION, LUCAS COUNTY, OHIO

Lindsay M. Webb, Treasurer County, Ohio,	of Lucas
Plaintiff	
vs.	
and	
and	
101040, OMO 15012	
and	
	11
and	

Case No	,	
Year Certified:		
Permanent Parc	el No	

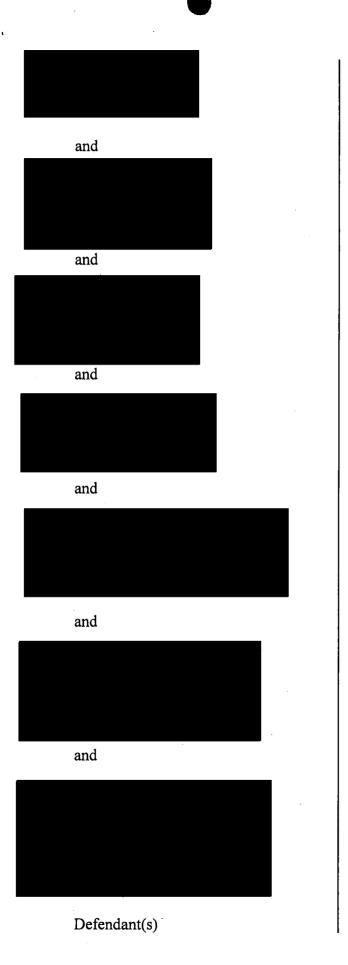
#### COMPLAINT

Julia R. Bates Prosecuting Attorney By: Jennifer Bainbridge One Government Center Suite 500 Toledo, Ohio 43604

Phone: (419) 213-2635 Fax: (419) 213-4070 Registration #0011858

Email: jbainbridge@co.lucas.oh.us

and and and and and and and and



1. Plaintiff says that he is the duly elected and qualified Treasurer of Lucas County, Ohio. On the day of September, the Lucas County Auditor duly filed with the Lucas County Prosecuting Attorney an original master list of delinquent tracts, the relevant tract of which is more particularly described as follows:

The taxes, assessments, penalties, interest and charges upon said property have not been paid for more than one year after said lands were duly certified delinquent.

2. Plaintiff further states that there is now due and owing the below sum which amount represents the taxes, assessments, penalties and interest against said property:

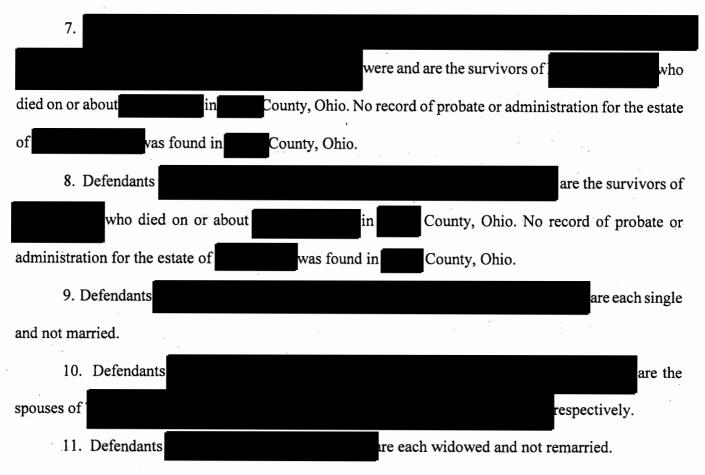
That said taxes continue to accrue on the real estate. That said delinquent tax certificate is unredeemed and the amount of money appearing to be due and unpaid thereon is due and unpaid and is a lien against the property herein described. That there is also due the sum of Three Hundred Twenty-Five and 00/100 Dollars (\$325.00), to be taxed as costs for a Preliminary Judicial Report and, that there is and will also be due the costs, including but not limited to the cost of the Final Judicial Report, incurred in this proceeding as are deemed proper by the Board.

- 3. Plaintiff states that this action in foreclosure proceedings is convened under provisions of Sections 323.25 and/or 5721.18 and/or 323.65 to 323.79 of the Ohio Revised Code; that the parcel(s) constitutes abandoned lands pursuant to R.C. 323.65 to 323.79 or are non-productive land as defined in R.C. 5722.01(F).
- 4. Defendant City of Toledo, Department of Development may claim to have an interest in the subject real property under the provisions of Chapter 5722 of the Ohio Revised Code. Defendant City of Toledo, Department of Development is being joined as a party defendant as notice by the Prosecuting APPENDIX 340

Attorney of Lucas County, Ohio to said defendant that this foreclosure has been commenced as to the parcel described hereinabove as required by Section (B) of Section 5722.03 of the Ohio Revised Code. Failure of defendant to notify the Prosecuting Attorney by timely answer certified to the Prosecuting Attorney, of any election after receipt of notice shall be an election not to acquire the parcel described hereinabove.

5. If the owner of the property that is the subject of this foreclosure complaint is not the occupier of the property, notice that a foreclosure complaint is being filed was sent by regular U.S. Mail to the occupier(s)/tenant(s) of the property pursuant to Local Rule 8.02(A)(2).

have or claim to have some interest as set forth in the title work attached hereto. That said interest or lien, if any, is inferior and subsequent to the Plaintiff's lien and prays that said defendants be required to set up their lien or claims or forever be barred from asserting same against the within-described premises.



WHEREFORE, Plaintiff prays that the defendants be notified of the pendency and braver of the

complaint; that the Board of Revision upon hearing determine the amount of Impositions as appears in the delinquent certificate and for the impositions accruing subsequent to the delivery of the delinquent certificate and prior to the conveyance or confirmation of sale, or the expiration of the alternative right of redemption if ordered by the Board of Revision as prescribed in Sections 323.65(J) and 323.78 of the Revised Code; that all such Impositions be declared to be a good and valid first lien against the premises and that such lien be foreclosed; that the Board of Revision make such order for payment of costs incurred herein together with Three Hundred Twenty-Five and 00/100 dollars (\$325.00) for the Preliminary Judicial Report; that unless the amount found due the Plaintiff together with all costs of this proceeding be tendered to the Plaintiff prior to the conveyance or confirmation of sale, or the expiration of the alternative right of redemption if ordered by the Board of Revision, as prescribed in Sections 323.65(J) and 323.78 of the Revised Code, then the equity of redemption of said parties shall be foreclosed; that the defendants be required to set up what, if any, interest they may have in said property, or be forever barred from asserting the same; that the Board of Revision order said property to be directly conveyed to an eligible township, municipality, county, school district, land reutilization corporation or community development group pursuant to Revised Code Sections 323.65 through 323.79, or sold according to law; that an Order of Conveyance or Order of Sale be issued to the Sheriff of Lucas County directing him to either (1) convey directly the property to an eligible township, municipality, county, school district or land reutilization corporation or community development group pursuant to Revised Code Section 323.65 through 323.79; or (2) advertise and sell the property at public sale in accord with the statutes of the State of Ohio, and for such other and further relief to which he may be entitled.

> Respectfully submitted, Treasurer of Lucas County, Ohio

Julia R. Bates, Prosecuting Attorney Lucas County, Ohio

Bv:

nifer Balhbridge

sistant Prosecuting Attorney

APPENDIX - 342

### ABANDONED DELINQUENT PARCEL(S)

### Treasurer Certification Regarding Abandonment, RC 323.65(G)

Certification:	This is to cert	ify that certa	in steps	were take	n to d	etermine	the	occupancy	status
of the delinquent	property refer	renced above	. Prope	rty locatio	n				

City of Toledo, or Township (Name):

#### Contacts/Name

Owner states no occupants: X - heirs

Neighbors state no occupants:

Mail returned and marked vacant

Land bank photos and/or requestor verification of structure as abandoned: X

For the reasons stated in R.C. 323.65(A) and (G), the undersigned states on further information and belief that the parcels listed below may constitute Abandoned Lands.

#### Indicia of Abandonment and parcels applicable:

Nuisance Conditions Exist per City of Toledo Inspection: X

Vacant ground (no structure):

Overgrown weeds:

Dumping or noticeable accumulation of trash/debris:

Absence of utility services or hook ups:

Building/environmental code violations:

Boarded up structure:

Open and/or vandalized structure:

Nuisance condemnation by political subdivision:

Other:

Property found to be unoccupied or vacant delinquent land.

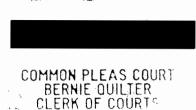
Dated:

Signed:

Deputy Treasurer Lucas County, Ohio

## FILED LUCAS COUNTY

## R.C. 323.78 - ALTERNATIVE REDEMPTION PERIOD ADJUDICATION OF FORECLOSURE



#### IN THE BOARD OF REVISION, LUCAS COUNTY, OHIO

Lindsay M. Webb, Treasurer of Lucas County, Ohio,

Plaintiff

vs.



Defendants

CASE NO.
PARCEL NO.
YEAR CERTIFIED:

ADJUDICATION OF FORECLOSURE (Direct Transfer)

**BOARD OF REVISION** 

This matter came on to be heard on June 27, 2019 by the Lucas County Board of Revision ("Board") upon the Complaint of Plaintiff for unpaid delinquent taxes, assessments, penalties, interest and costs ("Impositions"), the answers of defendants State of Ohio, Department of Taxation and City of Toledo against abandoned and/or vacant land which is the subject of this case and the evidence described as:

Lot Number Lucas County, Ohio, in accordance with Volume of Plats, page

Upon due consideration, the Board finds that service of process was made upon all necessary parties according to law, that said parties are properly before this Board, and that service of process is hereby approved.

The Board finds that defendants

**E-JOURNALIZED** 

JUN 27 2019

APPENDIX - 344

are in default of answer or other pleadings and have by reason thereof					
confessed the allegations of Plaintiff complaint to be true. Therefore the defendants					
are forever barred from asserting any					
interest in and to the real estate described in Plaintiff's complaint.					
The Board finds that the parcel(s) which is the subject of this proceeding constitutes abandoned land and/or vacant land as defined in R.C. 323.65; that Plaintiff is the duly elected and qualified Treasurer of Lucas County, Ohio; that by virtue of Chapters 323 and 5721 of the Revised Code of Ohio, is authorized to bring this action; and that the title to the real estate described in Plaintiff's Complaint is in now deceased.					
The Board further finds that defendant City of Toledo the City of Toledo has filed no Answer and is therefore barred from asserting any interest in the subject real estate in Plaintiff's Complaint; the Department of Public Utilities has a valid and subsisting lien as shown in its Answer; the Department of Development either disclaimed an interest in the subject property or did not specifically claim an interest and is barred from asserting any interest in the subject real estate in Plaintiff's Complaint, or did not file an Answer and is therefore barred from asserting any interest in the subject real estate in Plaintiff's Complaint; the Department of Taxation or Division of Accounts or other department has a valid and subsisting lien as show in its Answer.					
The Board also finds that defendant State of Ohio, Department of Taxation has a valid and subsisting lien as shown in its answer.					
The Roard further finds that					
of who died on or about administration for the estate of was found in					
The Board also finds that defendants are the survivors of who died on or about of probate or administration for the estate of was found in					
The Board also finds that defendants are each single and not married.					
The Board also finds that defendants a are the spouses of respectively.					
The Board also finds that defendants are each widowed and not remarried.					

The Board further finds: that pursuant to 323.71 (B), and it is rebuttably presumed, that the Auditor's value is the fair market value of the parcel(s); that based upon the latest duplicate, the Auditor's combined valuation(s) for the subject parcel(s) is:

- 1. All Impositions which are due and unpaid, as of the date the County Auditor compiled a delinquent lands tax list or delinquent vacant lands tax list, pursuant to 5721.011;
- 2. All Impositions payable subsequent to the date the County Auditor compiled a delinquent lands tax list or delinquent vacant lands tax list, and prior to the entry of the Confirmation of Sale or transfer of the property; and,
- 3. All costs incurred in this proceeding, including the cost of the Preliminary and Final Judicial Reports (\$375.00), and all the fees and costs of the Sheriff and Clerk all of which the Board finds are necessary costs in this proceeding.

The Board further finds that for all such Impositions the Plaintiff has a valid first and best lien on said parcel(s) and that the same are hereby Foreclosed due to non-payment; and that the proceedings are in compliance with R.C. 323.65-323.79.

The Board finds that the Impositions as defined in R.C. 323.65(E) exceed the presumed fair market value of the parcel(s) as currently shown by the latest valuation by the Auditor and that such presumption of fair market value has not been rebutted by a good faith appraisal as prescribed in R.C. 323.71; therefore the Board finds that the subject parcel(s) qualifies to be transferred without appraisal or public auction to an eligible township, municipality, county, school district, land reutilization corporation, or community development organization, as provided in R.C. 323.73(G) and 323.74 as authorized by any Order of Transfer of this Board pursuant to this Adjudication of Foreclosure.

- or -

The Board finds that defendants have waived their statutory alternative right of redemption. Accordingly, the parcel shall be transferred without appraisal or public auction to an eligible township, municipality, county, school district, land reutilization corporation, or community development organization as authorized by any Order of Transfer of this Board pursuant to this Adjudication of

The Board finds that the Plaintiff has petitioned the Board to apply the alternative right of redemption to this case as prescribed in R.C. Sections 323.65(J) and 323.78; the Board finds that the subject parcel(s) therefore qualifies to be transferred without appraisal or public auction to an eligible township, municipality, county, school district, land reutilization corporation, or community development organization as provided in R.C. 323.73 (G), 323.74, and/or 323.65(J) and 323.78 as directed by any Order of Transfer of this Board pursuant to this Adjudication of Foreclosure; and upon hearing and due consideration, the Board hereby grants the Plaintiff's petition to invoke the alternative right of redemption under R.C.323.65(J) and 323.78, and the same shall apply in this case.

The Board finds that an eligible township, municipality, county, school district, land reutilization corporation, or community development organization has/ has/ has not provided the Plaintiff with a statement or other indicia of interest, (or authority in the case of a community development organization) in acquiring the parcel(s) such that the parcel(s) may be so directly transferred to such eligible township, municipality, county, school district, land reutilization corporation, or community development organization as may be prescribed in any Order of Transfer of this Board.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that this action shall proceed as foreclosed according to R.C. 323.65-323.79.

### IT IS FURTHER ORDERED, ADJUDGED AND DECREED pursuant to R.C. 323.76, that unless:

(a) prior to the journalization of this Adjudication of Foreclosure of the land, any person entitled to redeem said parcel(s), does so redeem the parcel(s) within said time by payment of the taxes, assessments, penalties, interest and other charges to the County Treasurer according to law, together with all costs incurred in this proceeding;

or,

(b) prior to the expiration of the twenty-eight (28) day alternative right of redemption as prescribed in Sections 323.65(J) and 323.78 of the Revised Code, any person entitled to redeem said parcel(s) does in fact redeem the parcel(s) within said time by payment of the taxes, assessments, penalties, interest and other charges to the County Treasurer according to law found herein to be due and unpaid together with all costs incurred in this proceeding;

there shall be no further equity of redemption; that the lien and equity of redemption in and to the parcel(s) are hereby foreclosed; in the case of the expiration of the twenty-eight (28) day alternative right of redemption, no further action of confirmation of this Board shall be required and the transfer to any Transferee indicated in the Board's Order to Sheriff, Order of Transfer shall be deemed automatically confirmed and the equity of redemption forever extinguished and the title to said parcel(s) shall be incontestable in the Transferee pursuant to R.C. Sections 5722.01 et seq. free and clear of all liens and encumbrances, including municipal nuisance liens and assessments, except such easements and covenants

of record running with the land as were prior to the time the taxes or assessments, for the non-payment of which such parcel(s) is deemed sold at foreclosure became due and payable; title shall not be invalid because of any irregularity, informality, or omission of any proceedings under Chapters 323 and 5721 of the Ohio Revised Code, or any processes of taxation except such irregularity, informality, or omission as abrogates the provision for notice to holders of title, lien, or mortgage to such foreclosed lands, prescribed in Chapters 323 and 5721 of the Ohio Revised Code.

IT IS FURTHER ORDERED that such taxes and special assessments, or installments of special assessments, and any other assessments, which are not yet legally due and payable according to law up to the time of the Confirmation or conveyance or expiration of the alternative right of redemption under R.C. Sections 323.65(J) and 323.78, shall, unless otherwise provided by law, not be abated or removed from the tax duplicates and records in the Offices of the Auditor and Lindsay M. Webb, Treasurer of Lucas County, Ohio, but shall be and remain a first and best lien on said parcel(s), and that the Transferee of the parcel(s) shall take said parcel(s) subject to all such taxes and assessments, unless otherwise provided in R.C. 323.65-323.79 or as prescribed for electing subdivisions in R.C. 5722.01 et seq., for the abatement of taxes of certain nonproductive lands as defined therein.

The alternative right of redemption under R.C. 323.65(J) and 323.78 does not apply in this case.

The Transferee, township, municipality, county, school district, land reutilization corporation, or community development organization shall pay all costs as may be payable by law or otherwise negotiated between the Treasurer and said Transferee as prescribed in R.C. 323.75 or 5722.03(E).

IT IS FURTHER ORDERED that unless said parcel(s) is previously redeemed as prescribed by the Revised Code and as herein, upon the journalization of this Order, the title to the parcel(s) shall be incontestable in the transferee free and clear of all liens and encumbrances, including municipal nuisance liens and assessments, except such easements and covenants of record running with the land as were created prior to the time of the taxes and assessments, for the nonpayment of which said parcel(s) is deemed sold at foreclosure, became due and payable. Alternatively, if the Plaintiff has petitioned the Board to invoke the alternative right of redemption pursuant to R.C. 323.65(J) and 323.78 then, unless the parcel(s) is redeemed prior to the expiration of such period, transfer of title in the manner and to the party indicated in the Order to Transfer shall be deemed confirmed consistent therewith, and the title to the parcel(s) shall be incontestable in the transferee free and clear of all liens and encumbrances, including municipal nuisance liens and assessments, except such easements and covenants of record running with the land as were created prior to the time of the taxes and assessments, for the nonpayment of which said parcel(s) is deemed sold at foreclosure, became due and payable; title shall not be invalid because of any irregularity, informality, or omission of any proceedings under Chapters 323 and 5721 of the Ohio Revised Code, or any processes of taxation except such irregularity, informality, or omission as abrogates the provision for notice to holders of title, lien, or mortgage to such foreclosed lands, prescribed in Chapters 323 and 5721 of the Ohio Revised Code; any such taxes remaining unpaid are hereby abated and discharged and the County Lindsay M. Webb, Treasurer of Lucas County, Ohio, and the County Auditor of Lucas County, Ohio, are hereby ordered and directed to abate said amount on their records and they or their successors in office are hereby forever permanently enjoined from collecting or attempting to collect same. [If applicable: The right of the United States of America to redeem pursuant to 28 U.S.C. Section 2410(c) is hereby preserved.]

IT IS FURTHER ORDERED that, except as otherwise provided herein, any defendant parties owning or claiming any right, title or interest in (including dower rights), or lien upon said parcel(s) shall be and they are hereby forever barred from asserting any right, title or interest in said parcel(s).

There is no just reason for delay.

IT IS SO ORDERED.

County **Treasurer** 

**County Auditor** 

County Commissioner

ssistant Prosecuting Attorney

APPROVED:

APPENDIX - 349

04/02/2018		rioperty location.	
ORDER # INSPECTION #			
During the inspection of violations of the Toledo N		e City of Toledo. Code Enforcement inspector found	the following
Siding		Repair/Replace	
Occupancy		Vacant	
Exposed Wood Preservation	-Scrape and paint exposed wood	House	
Inspector's comments:			

ONE GOVERNMENT CENTER . SUITE 1800 . TOLEDO, OHIO 43604 U.S.A. . PHONE 419:245-1400 . FAX 419-245-1413

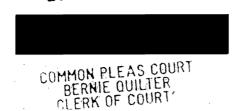
ENGAGE TOLEDO 419-936-2020 . E-MAIL: TOLEDO NEIGHBORHOODS @:TOLEDO OH:GOV . WEB SITE: WWW.TOLEDO OH:GOV

### ABANDONED DELINQUENT PARCEL(S)

### Treasurer Certification Regarding Abandonment, RC 323.65(G)

Certification: This is to certify that certain steps were taken to determine the occupancy status of the delinquent property referenced above. Property location:
City of Toledo, or Township (Name):
Contacts/Name
Owner states no occupants: X — Neighbors state no occupants: Mail returned and marked vacant Land bank photos and/or requestor verification of structure as abandoned: X
For the reasons stated in R.C. 323.65(A) and (G), the undersigned states on further information and belief that the parcels listed below may constitute Abandoned Lands.
Indicia of Abandonment and parcels applicable:
Nuisance Conditions Exist per City of Toledo Inspection: X Vacant ground (no structure): Overgrown weeds: Dumping or noticeable accumulation of trash/debris: Absence of utility services or hook ups: Building/environmental code violations: Boarded up structure: Open and/or vandalized structure: Nuisance condemnation by political subdivision: Other:
Property found to be unoccupied or vacant delinquent land.
Dated:  Signed: Lucas County, Ohio

# FILED LUCAS COUNTY



### R.C. 323.78 - ALTERNATIVE REDEMPTION PERIOD ORDER OF DIRECT TRANSFER

#### IN THE BOARD OF REVISION, LUCAS COUNTY, OHIO

Lindsay M. Webb, Treasurer of Lucas County, Ohio,

Plaintiff,

VS.



Defendants

CASE NO.	
PARCEL NO.	
YEAR CERTIFIED:	

## ORDER TO SHERIFF ORDER OF:

	DIRECT TRANSFER
	R.C. 323.73(G) or Waiver of
	Alternative Right of
× ·	Redemption
<b>/</b>	DIRECT TRANSFER -
	ALTERNATIVE RIGHT OF
	REDEMPTION
	R.C. 323.65(J);323.78
	SALE WITH MUNICIPAL
	INTEREST
	SALE

#### WITH WRIT OF POSSESSION

**BOARD OF REVISION** 

Whereas the Board of Revision on made certain findings wherein an adjudication of foreclosure was entered and journalized in favor of plaintiff; that said findings and Adjudication included that the parcel(s) of land described therein were delinquent in taxes, assessments and penalties; that for said delinquency, Plaintiff has a good and first lien against said parcel(s) ordered foreclosed; and;

\_\_\_\_\_\_\_\_\_(No Sale)

## E-JOURNALIZED

JUL - 1 2019

DIRECT TRANSFER
1.) Let that the Transferee, township, municipality, county, school district, land reutilization corporation, or community development organization has petitioned to acquire said parcel pursuant to R.C. 323.65 through 323.79 whereby the Sheriff is hereby ordered, without appraisal or public auction to execute and to transfer directly, unless previously redeemed according to law, the parcel to said Transferee by Sheriff's Deed. This Order is given pursuant to the previous Board finding that:  a.) the Impositions as defined in R.C. 323.65 exceed the fair market value of said parcel(s) as prescribed in R.C. 323.73(G) thereby authorizing the Sheriff forthwith, to transfer directly without appraisal or public auction by Sheriff's deed the parcel to said Transferee; and further, pursuant to R.C. 323.73(G), the filing of the Adjudication with the Clerk terminated any statutory or common law right of redemption; or the defendants having waived their right of redemption, thereby authorizes the Sheriff forthwith, to transfer directly without appraisal or public auction by Sheriff's deed the parcel to said Transferee; and further pursuant to R.C. 323.78 and 323.74;
or,
DIRECT TRANSFER - ALTERNATE RIGHT OF REDEMPTION
b.) the Board has Ordered that the alternative redemption period applies to this parcel pursuant to R.C. 323.65(J) and 323.78 thereby authorizing the Sheriff, and he is hereby so Ordered, to transfer directly without appraisal or public auction by Sheriff's deed the parcel to Transferee, township, municipality, county, school district, land reutilization corporation, or community development organization upon the expiration of twenty-eight (28) days from the journalization of the Adjudication; and further, pursuant to R.C. 323.65(J) and 323.78, upon the expiration of twenty-eight (28) days from the journalization of the Adjudication, any statutory or common law right of redemption shall be forever terminated and extinguished as against all parties.
The Clerk is hereby Ordered to file and forthwith deliver to the Sheriff this Order; and the Sheriff is hereby Ordered to execute said Order and Decree, after presentment of such deed by Plaintiff, upon the expiration of twenty-eight (28) days from the journalization of the Adjudication, and to dispose of said parcel(s) by direct delivery of the deed to the Transferee after first confirming payment or settlement of all applicable costs in accordance with R.C. 323.74 and 323.75.
WRIT OF POSSESSION against all parties defendant ORDERED issued to the Transferee of the parcel(s).
(Sale with Municipal Interest)
2.) therefore, the Sheriff is ordered, without appraisal to advertise and sell said parcel(s) at public sale as provided by law for the sale of real property on execution according to R.C. 323.65 to 323.79, 5721.19 and 5722.03, where applicable, for not less than the total amount of the findings of the Board of Revision, which shall constitute the "Minimum Bid," and make due return to the Board for further proceedings under law. If no bid is made, the Sheriff is Ordered pursuant to R.C. 323.74 and R.C. 5722, without appraisal or further public auction to execute and deliver forthwith the Sheriff's deed to the parcel directly to the Transferee; or the parcel shall be forfeited to the State of Ohio.

The Clerk is hereby Ordered to file and forthwith deliver to the Sheriff this Order; and the Sheriff is hereby Ordered to execute said Order and Decree and to dispose of said parcel as Approxided by law for

either the sale, or conveyance without sale (pursuant to R.C. 323.74) of real property on execution according to R.C. 323.65 to 323.79 or R.C. 5721.19 and 5722.03, as the case may be; and that you apply the proceeds of any such sale for said parcel(s) according to the Decree of the Board of Revision after first confirming payment or settlement of all applicable costs in accordance with R.C. 323.74 and 323.75.

Upon the filing of an Order of Confirmation of Sale, Transfer or Forfeiture after exposure of the parcel to public sale, the filing of such Order with the Clerk upon journalization shall forever terminate and extinguish any statutory or common law right of redemption.

WRIT OF POSSESSION against all parties defendant ORDERED issued to the Transferee of the parcel(s).

3.) \_\_\_\_\_ therefore, the Sheriff is Ordered, without appraisal to advertise and sell said parcel(s) at public sale as provided by law for the sale of real property on execution according to R.C. 323.65 to 323.79, 5721.19 and 5722.03, where applicable, for not less than the total amount of the findings of the Board of Revision, which shall constitute the "Minimum Bid," and make due return to the Board for further proceedings under law. If no bid is made, the Sheriff is Ordered pursuant to R.C. 323.74 and

R.C.5722, without appraisal or further public auction to execute and deliver forthwith the Sheriff's deed

to the parcel directly to the Lucas County Land Reutilization Corporation, or other Transferee; or the parcel shall be forfeited to the State of Ohio.

The Clerk is hereby Ordered to file and forthwith deliver to the Sheriff this Order; and the Sheriff is hereby Ordered to execute said Order and Decree; and that the Sheriff dispose of said parcel as provided by law for the sale of real property on execution according to R.C. 323.65 to 323.79 or R.C. 5721.19 and 5722.03, as the case may be; and apply the proceeds of any such sale for said parcel(s) according to the terms of the Confirmation of Sale, Transfer or Forfeiture of the Board of Revision after first confirming payment or settlement of all applicable costs in accordance with R.C. 323.74 and 323.75.

Upon the filing of an Order of Confirmation of Sale, Transfer or Forfeiture after exposure of the parcel to public sale, the filing of same with the Clerk upon journalization shall, except as may otherwise be provided in R.C. 5723.01 et seq., forever terminate and extinguish any statutory or common law right of redemption.

Thew Tha

WRIT OF POSSESSION against all parties defendant ORDERED issued to the Transferee of the parcel(s).

IT IS SO ORDERED:

(Sale)

County Treasurer June 27, 2019

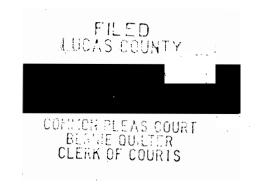
County Auditor June 27, 2019

County Commissioner

June 27, 2019

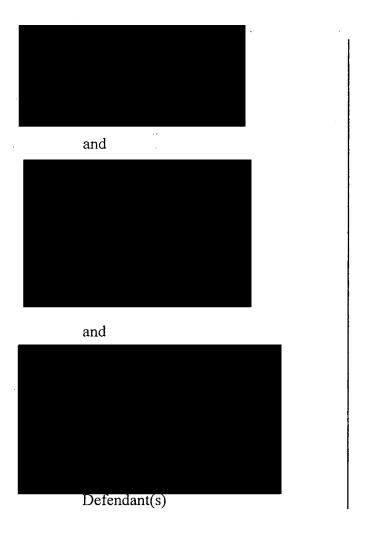
APPENDIX - 354

# ATTEMPTED SALE AND FORFEITURE TO STATE - COMPLAINT



### IN THE BOARD OF REVISION, LUCAS COUNTY, OHIO

Treasurer of Lucas County, Ohio,	Case No. Year Certified:
Plaintiff	Permanent Parcel No.:
vs.	
	COMPLAINT
	Julia R. Bates Prosecuting Attorney By: Suzanne Cotner Mandros
and	One Government Center Suite 500 Toledo, Ohio 43604
	Phone: (419) 213-2145 Fax: (419) 213-4070 Registration #0002157 Email: Smandro@co.lucas.oh.us
and	
and ·	
and	



1. Plaintiff says that she is the duly appointed and qualified Treasurer of Lucas County, Ohio. On the 14<sup>th</sup> day of September, 2017, the Lucas County Auditor duly filed with the Lucas County Prosecuting Attorney an original master list of delinquent tracts, the relevant tract of which is more particularly described as follows:

Lot number	in Block
Subdivision in the City of T	Toledo, Lucas County, Ohio, in accordance with
Volume of Plats,	

The taxes, assessments, penalties, interest and charges upon said property have not been paid for more than one year after said lands were duly certified delinquent.

2. Plaintiff further states that there is now due and owing the below sum which amount represents the taxes, assessments, penalties and interest against said property:

T.D. Parcel Delinquency \$3,619.48

That said taxes continue to accrue on the real estate. That said delinquent tax certificate is unredeemed and the amount of money appearing to be due and unpaid thereon is due and unpaid and is a lien against the property herein described. That there is also due the sum of Three Hundred Twenty-Five and 00/100 Dollars (\$325.00), to be taxed as costs for a Preliminary Judicial Report and, that there is and will also be due the costs, including but not limited to the cost of the Final Judicial Report, incurred in this proceeding as are deemed proper by the Board.

- 3. Plaintiff states that this action in foreclosure proceedings is convened under provisions of Sections 323.25 and/or 5721.18 and/or 323.65 to 323.79 of the Ohio Revised Code; that the parcel(s) constitutes abandoned lands pursuant to R.C. 323.65 to 323.79 or are non-productive land as defined in R.C. 5722.01(F).
- 4. Defendant City of Toledo, Department of Development may claim to have an interest in the subject real property under the provisions of Chapter 5722 of the Ohio Revised Code. Defendant City of Toledo, Department of Development is being joined as a party defendant as notice by the Prosecuting Attorney of Lucas County, Ohio to said defendant that this foreclosure has been commenced as to the parcel described hereinabove as required by Section (B) of Section 5722.03 of the Ohio Revised Code. Failure of defendant to notify the Prosecuting Attorney by timely answer certified to the Prosecuting Attorney, of any election after receipt of notice shall be an election not to acquire the parcel described hereinabove.
- 5. If the owner of the property that is the subject of this foreclosure complaint is not the occupier of the property, notice that a foreclosure complaint is being filed was sent by regular U.S. Mail to the

occupier(s)/tenant(s) of the property pursuant to Local Rule 8.02(A)(2).				
6. Defendants				
7. Defendant State of Ohio, Department of Taxation, Estate Tax Division, may have or claim to				
have a lien for Ohio Estate Tax by virtue				
8. Defendants				

9. Defendants		

WHEREFORE, Plaintiff prays that the defendants be notified of the pendency and prayer of the complaint; that the Board of Revision upon hearing determine the amount of Impositions as appears in the delinquent certificate and for the impositions accruing subsequent to the delivery of the delinquent certificate and prior to the conveyance or confirmation of sale, or the expiration of the alternative right of redemption if ordered by the Board of Revision as prescribed in Sections 323.65(J) and 323.78 of the Revised Code; that all such Impositions be declared to be a good and valid first lien against the premises and that such lien be foreclosed; that the Board of Revision make such order for payment of costs incurred herein together with Three Hundred Twenty-Five and 00/100 dollars (\$325.00) for the Preliminary Judicial Report; that unless the amount found due the Plaintiff together with all costs of this proceeding be tendered

to the Plaintiff prior to the conveyance or confirmation of sale, or the expiration of the alternative right of redemption if ordered by the Board of Revision, as prescribed in Sections 323.65(J) and 323.78 of the Revised Code, then the equity of redemption of said parties shall be foreclosed; that the defendants be required to set up what, if any, interest they may have in said property, or be forever barred from asserting the same; that the Board of Revision order said property to be directly conveyed to an eligible township, municipality, county, school district, land reutilization corporation or community development group pursuant to Revised Code Sections 323.65 through 323.79, or sold according to law; that an Order of Conveyance or Order of Sale be issued to the Sheriff of Lucas County directing him to either (1) convey directly the property to an eligible township, municipality, county, school district or land reutilization corporation or community development group pursuant to Revised Code Section 323.65 through 323.79; or (2) advertise and sell the property at public sale in accord with the statutes of the State of Ohio, and for such other and further relief to which he may be entitled.

Respectfully submitted, Treasurer of Lucas County, Ohio,

Julia R. Bates, Prosecuting Attorney Lucas County, Ohio

By:

Suzanne Coiner Mandros

Assistant Prosecuting Attorney

### ATTEMPTED SALE AND FORFEITURE TO STATE - ADJUDICATION OF FORECLOSURE

FILED. LUCAS COUNTY

2019 FEB -4 AM 10: 52

COMMON PLEAS COURT BERNIE CUILLER CLERK OF COURTS

IN THE BOARD OF REVISION, LUCAS COUNTY, OHIO

Lindsay M. Webb, Treasurer of Lucas County, Ohio,  Plaintiff  vs.	CASE NO. PARCEL NO. YEAR CERTIFIED:  ADJUDICATION OF FORECLOSURE (Sheriff Sale)
Defendants.	BOARD OF REVISION
This matter came on to be heard on Jane ("Board") upon the Complaint of Plaintiff for unp costs ("Impositions"), the answers of defendan abandoned and/or vacant land which is the subject to number in Block Toledo, Lucas County, Ohio, in accordance	uary 31, 2019 by the Lucas County Board of Revision aid delinquent taxes, assessments, penalties, interest and and City of Toledo against ct of this case and the evidence described as:  a Subdivision in the City of
Upon due consideration, the Board finds the according to law, that said parties are properly lapproved.	nat service of process was made upon all necessary parties before this Board, and that service of process is hereby
The Board finds that defendants	

The Board hereby finds that the parcel(s) which is the subject of this proceeding constitutes abandoned land and/or vacant land as defined in R.C. 323.65; that Plaintiff is the duly elected and qualified
Treasurer of Lucas County, Ohio; that by virtue of chapters 323 and 5721 of the Revised Code of Ohio, is
authorized to bring this action; that the title to the real estate described in Plaintiff's Complaint is in
The Board further finds that defendant City of Toledo the City of Toledo has filed no

The Board further finds that defendant City of Toledo \_\_\_\_\_\_ the City of Toledo has filed no Answer and is therefore barred from asserting any interest in the subject real estate in Plaintiff's Complaint; \_\_\_\_\_\_ the Department of Public Utilities has a valid and subsisting lien as shown in its Answer; \_\_\_\_\_ the Department of Development either disclaimed an interest in the subject property or did not specifically claim an interest and is barred from asserting any interest in the subject real estate in Plaintiff's Complaint, or \_\_\_\_\_ did not file an Answer and is therefore barred from asserting any interest in the subject real estate in Plaintiff's Complaint; \_\_\_\_\_ the Department of Taxation or Division of Accounts or other department has a valid and subsisting lien as show in its Answer.



The Board further finds that State of Ohio, Department of Taxation did not file an answer, but may claim an interest in the subject property. This interest shall be extinguished only as to the property that is the subject property of this foreclosure case either upon the filing of a confirmation entry subsequent to a sheriff's sale or upon the transfer of the property to the Lucas County Land Reutilization Corporation.

The Board further finds that defendant described disclaims any interest in the subject real estate and, therefore, is forever barred from asserting any interest in and to the real property described in Plaintiff's complaint.

The Board further finds that there is due the Plaintiff the following sums for delinquent taxes, special assessments, penalties, interest and charges (Impositions) as set forth in the Complaint in the amount of \$3,619.48; that said special assessments and taxes have been validly levied, and duly placed upon the tax list by the Auditor of Lucas County, Ohio; that said taxes and special assessments were duly certified delinquent in 2015 and are first and best lien against said real estate; that all matters necessary to the collection of said Impositions have been done and said Impositions are unpaid, past due and delinquent in the amounts set forth in Plaintiff's Complaint and as hereafter described:

- 1. All Impositions which are due and unpaid, as of the date the County Auditor compiled a delinquent lands tax list or delinquent vacant lands tax list, pursuant to 5721.011;
- 2. All Impositions payable subsequent to the date the County Auditor compiled a delinquent lands tax list or delinquent vacant lands tax list, and prior to the entry of the Confirmation of Sale; and,
- 3. All costs incurred in this proceeding, including the cost of the Preliminary and Final Judicial Reports and, all the fees and costs of the Sheriff and Clerk all of which the Board finds are necessary costs in this proceeding.

All such amounts will be ascertained at the time of the sale, and the total shall constitute both the total amount of the Board Findings and the "Minimum Bid" for the parcel(s) as provided by law.

The Board finds that for all such Impositions the Plaintiff has a valid first and best lien on said parcel(s) and that the same are hereby Foreclosed due to nonpayment; and that the proceedings are in compliance with R.C. Sections 323.65 through 323.79.

The Board finds that an eligible township, municipality, county, school district, land reutilization corporation, or community development organization \_\_\_\_\_has/\_X\_ has not provided the Plaintiff with a statement or other indicia of interest, (or authority in the case of a community development organization) in acquiring the parcel(s) in the event no bidder comes forth at the Sheriff's sale of the parcel; and further if no such statement or indicia has been provided to the Plaintiff, then the parcel shall be sold at Sheriff's sale according to law; but if no bidder is forthcoming at the first sale, and such statement of indicia has been provided to the Plaintiff, then the parcel(s) shall be directly transferred to such eligible township, municipality, county, school district, land reutilization corporation, or community development organization as may be prescribed in any order of sale of this Board.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the within action shall proceed according to R.C. Sections 323.65 through 323.79.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED pursuant to R.C. 323.76, that unless

(A) prior to the journalization of the Confirmation of Sale or Transfer with the Clerk of Court there is tendered to the County Treasurer an amount sufficient to pay the full amount of all taxes, assessments, penalties, interest and other charges, if any, found to be due and unpaid on said parcel(s) together with all costs incurred in this proceeding;

or,

(B) prior to the time the parcel(s) is offered for sale, any person entitled to redeem the parcel(s) does in fact redeem the parcel(s) by payment to the County Treasurer an amount sufficient to pay the full amount of all taxes, assessments, penalties, interest and other charges, if any, found to be due and unpaid on the parcel(s) together with all costs incurred in this proceeding;

there shall be no further equity of redemption; that said lien and the equity of redemption in and to the parcel(s) shall be foreclosed; that an Order of Sale or Transfer shall be issued to the Sheriff directing him, without appraisal, to advertise according to R.C 323.73 (A) and separately sell said parcel(s) at public sale in the manner provided in such Order of Sale by law for the sale of real property on execution and according to R.C. Sections 5721.19, and/or 5722.03 and any applicable Rules of the Board, for not less than Minimum Bid as prescribed in R.C. 323.73 (B) and that the Sheriff make due return to this Board for further proceedings under law; or alternatively in the event of no bidder after exposing the parcel to public sale, then the parcel shall \_\_\_\_\_ be deemed sold to an eligible township, municipality, county, school district, land reutilization corporation, or community development organization as ordered in the Order of Sale or Transfer pursuant to R.C. Sections 5722.01 et seq., or \_\_\_\_\_ the parcel shall be forfeited to the State of Ohio.

IT IS FURTHER ORDERED that such taxes and special assessments, or installments of special assessments, and any other assessments, including municipal liens and assessments, which are not yet legally due and payable according to law up to the time of the Confirmation of Sale or Transfer shall, unless otherwise provided by law, not be abated or removed from the tax duplicates and records in the Offices of

the Auditor and Treasurer of Lucas County, Ohio but shall be and remain a first and best lien on said parcel, and that the purchaser shall take said parcel(s) subject to such taxes and assessments, except that the impositions shall be abated if the parcel is deemed sold to an electing subdivision pursuant to R.C. 5722.03.

IT IS FURTHER ORDERED that the Board shall reject the sale of abandoned lands/vacant lands to any person who is delinquent in the payment of property taxes on any parcel in the County, or to a member of the class of parties connected to that person as defined in R.C. Section 323.73(E).

IT IS FURTHER ORDERED that upon the confirmation of sale or transfer, the proceeds, if any, shall be applied by the Sheriff as follows:

- 1. The costs incurred in this proceeding;
- 2. The taxes, assessments, penalties, interest and other charges, if any due and unpaid on said parcel to the date of the confirmation of sale;
- 3. The part of the proceeds that is equal to twenty per cent (20%) of all certified delinquent taxes and assessments on said parcel(s) shall be deposited in the delinquent real estate tax and collection fund created pursuant to R.C. 321.261; and
- 4. The balance if any, to the Clerk of Courts, pending further order of the Board.

IT IS FURTHER ORDERED that unless said parcel(s) is previously redeemed, upon the journalization of the Board Order confirming the sale or transfer, the title to said parcel(s) shall be incontestable in the purchaser, free and clear of all liens and encumbrances, including municipal liens and assessments, except such easements and covenants of record running with the land as were created prior to the time the taxes or assessments, for the nonpayment of which said parcel(s) is sold at foreclosure, became due and payable; title shall not be invalid because of any irregularity, informality, or omission of any proceedings under Chapters 323 and 5721 of the Ohio Revised Code, or any processes of taxation except such irregularity, informality, or omission as abrogates the provision for notice to holders of title, lien, or mortgage to such foreclosed lands, prescribed in Chapters 323 and 5721 of the Ohio Revised Code; any such taxes remaining unpaid are hereby abated and discharged and the County Treasurer of Lucas County, Ohio, and the County Auditor of Lucas County, Ohio, are hereby ordered and directed to abate said amount on their records and they or their successors in office are hereby forever permanently enjoined from collecting or attempting to collect same.

[If applicable: The right of the United States of America to redeem pursuant to 28 U.S.C. Section 2410 (c) is hereby preserved.]

IT IS FURTHER ORDERED that except as otherwise provided herein, any defendant parties owning or claiming any right, title, or interest in (including dower rights) or lien upon said parcel shall be and there are hereby forever barred from asserting any right, title, or interest in said parcel(s).

There is no just reason for delay.

IT IS SO ORDERED.

Date: January 31, 2019

BOARD OF REVISION

Date: January 31, 2019

APPROVED:

Suzanne Cotner Mandros
Assistant Prosecuting Attorney

### ATTEMPTED SALE AND FORFEITURE TO STATE - ORDER OF SALE

FILED LUCAS COUNTY

2019 FEB 13 AM11: 45

CUMMON PLEAS COURT BERNIE OUILTER CLERK OF COURTS

#### THE STATE OF OHIO LUCAS COUNTY

G-4801-TF-02018-1184

Jennifer Bainbridge, Attorney for Plaintiff

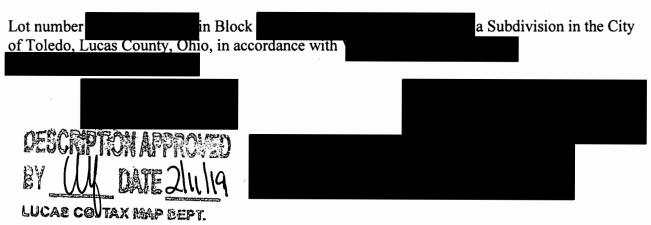
#### ORDER OF SALE

WHEREAS, at a term of the Board of Revision, Lucas County, Ohio, held at Toledo, in and for said County, on the 30th day of March, A.D., 2018 in the cause of Plaintiff, and The Unknown Spouse, Heirs, Devisees, Legatees, Executors, Administrators & Assigns of et al., Defendants, it was ordered, adjudged and decreed as follows, to wit:

that unless the defendants pay or cause to be paid to the Plaintiff prior to the filing of an entry of confirmation of sale pursuant to such proceedings, the same sums of money due him on the real estate described in Plaintiff's complaint and to the Clerk of Courts the costs of this action, the taxes, special assessments, penalties and interest be foreclosed and the equities of redemption of the defendant be cut off; that there shall be taxed as costs of this action the cost of the title work in this action; that said premises may be sold and the proceeds thereof be applied in satisfaction of plaintiff's claim as herein before set forth, any amount received in excess of the sale price above plaintiff's claim to be held subject to the further order of the Court in these proceedings; that an order of sale issue to the Sheriff of Lucas County, Ohio directing him to sell the real estate described in the complaint without appraisement for not less than the total amount of delinquencies herein found due in the sum set forth in the complaint and the costs of this action, in the manner provided by Chapters 323 and 5721 of the Ohio Revised Code which sale will convey upon confirmation by this Board title to such land or lots which shall be incontestable in the purchaser and free and clear of all liens and encumbrances, except such easements and covenants of record running with the land, as were created prior to the time of taxes, or assessments, for the nonpayment of which the land is sold at foreclosure, became due and payable and which title shall not be invalid because of any irregularity, informality, or omission of any proceedings under Chapters 323 and 5721 of the Ohio Revised Code, or any processes of taxation except such irregularity, informality, or omission as abrogates the provision for notice to holders of title, lien, or mortgage to such foreclosed lands, prescribed in Chapters 323 and 5721

of the Ohio Revised Code; that if no bidder is forthcoming in the first sale, then the parcel shall be either be transferred directly to an eligible township, municipality, county, school district, land reutilization corporation or community development organization or shall be forfeited to the State of Ohio as specified in the Adjudication. That notice of the time and place of sale be published in The Toledo Blade.

\*\*\*\*\*\*



WE THEREFORE COMMAND YOU, that you proceed to carry said order and Judgment into execution, agreeably to the tenor thereof, and that you **not appraise** and advertise in The Toledo Blade and expose to sale the above described real property under the statute regulating sales on execution, and that you apply the proceeds of said sale in the manner specified in said order and decree; and that you make report of your proceedings herein to our Court of Common Pleas, within sixty days from the date hereof, and bring this order with you.

Witness, BERNIE QUILTER, Clerk of our said Court of Common Pleas, and the seal of said court, at the City of Toledo on February 14, 2019.



BERNIE QUILTER, Clerk

Deputy Clerk



## LUCAS COUNTY SHERIFF JOHN THARP Property Description Approval Form



Court Case No.			
Property Address:			
Plaintiff: Lindsay M. Webb, Lucas County Treasurer			
Defendant:			
Submitted By: Suzanne Cotner Mandros			
Attorney & I.D. #: Suzanne Cotner Mandros  Attorney's Phone #:			
Contact Person: Suzanne Cotner Mandros			
Contact Phone:			

The attached legal description has been reviewed by the County Auditor's Office, Tax Map Dept. The property address, parcel number(s) and deed reference number(s) <u>must be listed under the legal description (no exceptions)</u>. You may use a copy of the prior deed which will contain all of this information.

This document along with the "stamped approved" original legal description must be attached to the Order of Sale when filed with the Lucas County Clerk of Court. So you will be submitting the Order of Sale, this Property Description Approval Form and the "red stamped approved" legal description.

Hand lettered documents may be rejected if the document is not legible or will not reproduce to department standards. Machine printed or drafted documents are preferred.

#### \*\*\*Internal Use Only\*\*\*

	or the following reason(s):	
	escription does not match information as submitted	
Parcel n	umber does not match legal description information as submitted	
	ame does not match information as submitted	
Property	address does not match information as submitted	
Other: _	· · · · · · · · · · · · · · · · · · ·	_
		_

Court Case No.:

#### Legal Description

Subdivision in the City Lot number in Block of Toledo, Lucas County, Ohio, in accordance with

Property Address: Parcel No:

Prior Deed Reference: Volume of Deeds, page

### ATTEMPTED SALE AND FORFEITURE TO STATE - SHERIFF'S RETURN



#### Lucas County Sheriff's Office Delinquent Tax Sheriff's Return



CASE # JUDGE BOARD OF REVISION DELINQUENT TAX NO BID

Defendant: Property Address:	
	Parcel#:

Buyer Info: NO BID

03/21/2019 - SALE SHEET PRINTED 03/08/2019 - BLADE PRINTING FEES......\$95.76 03/04/2019 - NOTICE TO PRINTER FEE......\$3.00 02/14/2019 - ORDER OF SALE 11-13044.....\$50.00

Total Cost: \$148.76 Total Payment: \$0.00 2019 APR 11 AM 11: 46

I received this order of sale on 02/14/2019 and on 03/13/2019, I caused to be advertised in the TOLEDO BLADE (a newspaper printed and published and of general circulation in LUCAS COUNTY) said land and tenements to be sold at public sale AT THE DOOR OF THE COURTHOUSE, on Thursday the 11th day of April A.D. 2019 and Thursday The 25th Day Of April A.D. 2019 at 10:00 O'clock A.M. of said day. And having advertised the said lands and tenements for more than thirty days previous to the day of sale, to wit: three consecutive weeks, on the same day of the week in each week, and in pursuance of said notice I did on the said Thursday the 11th day of April A.D. 2019 and Thursday The 25th Day Of April A.D. 2019, at the time and place above mentioned, proceed to offer said lands and tenements at public sale AT THE DOOR OF THE COURT HOUSE and then and there came NO BID, who bid for the within described real estate

**0000**the same the sum of N/A; and said NO bid being the highest and best bidder therefore, I then and there publicly sold and struck off said lands and tenements to NO BID for said sum of \$ Dollars.

JOHN THARP SHERIFF

L.N. DEPUTY SHERIFF





2019 MAY -6 AM 18: 48

# ORIGINAL

DMMON PLEAS COUR)
BERNIE QUILTER
CLERK OF COURT
IN THE BOARD OF REVISION, LUCAS COUNTY, OHIO

Lindsay M. Webb, Treasurer of Lucas County,
Ohio

Plaintiff
vs.

Defendants

Case No.

NOTICE OF FORFEITURE TO STATE OF OHIO

Julia R. Bates
Prosecuting Attorney
By: Suzanne Cotner Mandros
Assistant Prosecuting Attorney
One Government Center
Suite 500
Toledo, Ohio 43604
Telephone: (419) 213-2145
Fore (419) 213-4070

Fax: (419) 213-4070 Registration #0002157

Email: smandro@co.lucas.oh.us

Now comes the Lucas County Prosecuting Attorney, counsel for plaintiff, who hereby certifies that the real property, which was the subject of this action, to wit:

Lot number in Block Subdivision in the City of Toledo, Lucas County, Ohio, in accordance with Volume

has been offered for sale at public auction by the Sheriff of Lucas County on which time the minimum acceptable bid was \$9,021.42, and that such property was not sold for want of bidders.

It is further ordered that a copy of this Notice be certified to the Lucas County Auditor by the

Clerk of Court.

WHEREFORE, said Prosecuting Attorney gives Notice to the Board of the forfeiture of said real property to the State of Ohio pursuant to Ohio Revised Code Chapters 323.65 to 323.79 and 5721 and 5723.

Suzanne Cother Mandros Assistant Prosecuting Attorney