

MEMORANDUM

To: Mayor and City Council

From: Michael Smith, Public Works Director

Date: November 10, 2014

Subject: **Second Read: Discussion of Underground Easements Agreements for Atlanta Office Investment, LLC**

ITEM DESCRIPTION

Atlanta Office Investment, LLC on behalf of the State Farm office building development has requested a permanent easement within city right of way for a ramp and underpass beneath Perimeter Center Parkway into the site parking deck. The enabling ordinance, right of way dedication exhibit, easement agreement, appraisal and technical memorandum on the public benefit follow this memorandum.

BACKGROUND

Atlanta Office Investment ("the developer") desires to provide a ramp to their parking deck for southbound traffic on Perimeter Center Parkway. The ramp would exit from the west side of the roadway just south of Hammond Drive and turn underneath Perimeter Center Parkway before entering the parking deck below grade. The existing sidewalk on Perimeter Center Parkway would be relocated to the western side of the ramp. The developer plans to dedicate the necessary right of way in order to keep the sidewalk within the public right of way. The permanent easement area is shown in Exhibit C of the Underground Connector Easement Agreement.

An appraisal provided by the developer estimates the fair market value of the underground easement to be \$10,331. Offsetting this cost to the city is the traffic benefit that is gained by reducing the left turns from Perimeter Center into the State Farm site by 50% or more. This reduction in left turns results in less travel delay, reduced fuel consumption, reduced emissions and fewer vehicle conflicts. The developer's engineer has provided a Technical Memorandum which estimates annual productivity and fuel savings of over \$25,000 annually.

RECOMMENDATION

Staff recommends adoption of the attached ordinance which grants a permanent easement for installing and maintaining an underground connector beneath Perimeter Center Parkway.

**STATE OF GEORGIA
CITY OF DUNWOODY**

ORDINANCE 2014-12-XX

AN ORDINANCE AUTHORIZING THE GRANTING OF AN EASEMENT TO ATLANTA OFFICE INVESTMENT PHASE I, LLC FOR THE PURPOSE OF INSTALLING AND MAINTAINING AN UNDERGROUND CONNECTOR LOCATED ALONG CERTAIN RIGHTS-OF-WAY ON PERIMETER CENTER PARKWAY

WHEREAS, Atlanta Office Investment Phase I, LLC ("Grantee") owns that piece of property located along Hammond Drive, Perimeter Center Parkway and Goldkist Road, described specifically in the Underground Connector Easement Agreement attached hereto and incorporated herein by reference; and

WHEREAS, as part of its development of its Property, Grantee is in need of an underground easement under the Perimeter Center Parkway right of way for the purposes of constructing an underground connector from the right of way to the parking facilities of Grantee's Phase I project; and

WHEREAS, Grantee agrees to maintain said easement as described in the Underground Connector Agreement; and

WHEREAS, the City believes that the underground connector will allow persons going into the Phase I facilities to have an easy path off the right of way and thus preventing additional traffic and cluttering of the right of way and enhancing the safety of the travelers thereon.

NOW, THEREFORE BE IT RESOLVED, by the Mayor and Council for the City of Dunwoody, that the Mayor, City Manager, and City Attorney are hereby authorized to execute all necessary documents, including the Underground Connector Easement Agreement attached hereto and incorporated herein, to affect the granting of the Underground Connector Easement as described herein.

SO RESOLVED AND EFFECTIVE, this ____ day of _____, 2014.

Approved:

Michael G. Davis, Mayor

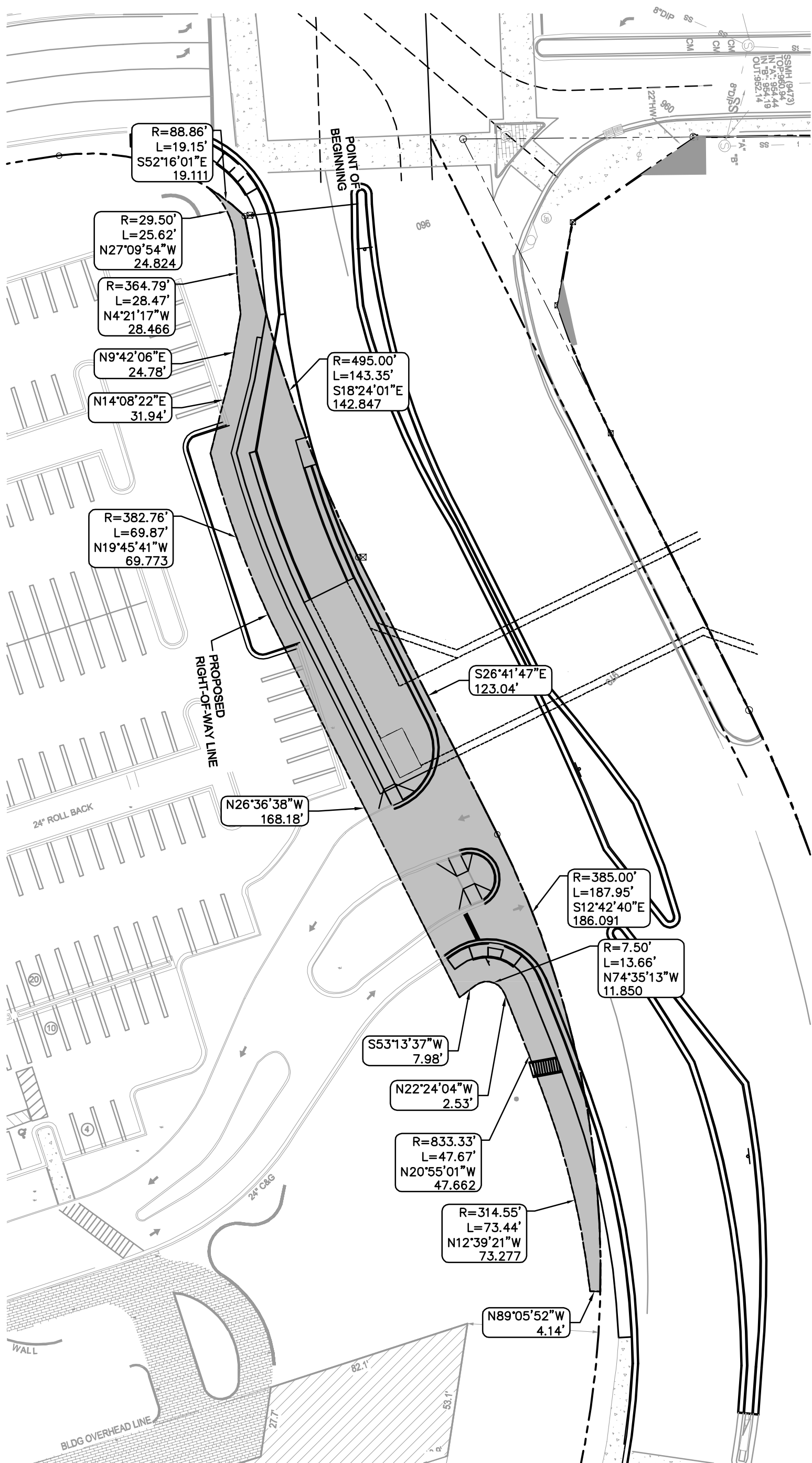
Attest:

Approved as to Form and Content

Sharon Lowery, City Clerk

City Attorney

(Seal)



UPON RECORDING RETURN TO:

Troutman Sanders LLP
 600 Peachtree Street, N.E.
 Suite 5200
 Atlanta, Georgia 30308-2216
 Attention: Maureen Theresa Callahan, Esq.

UNDERGROUND CONNECTOR AND SLIP LANE EASEMENT AGREEMENT
 (City of Dunwoody / Phase I)

THIS UNDERGROUND CONNECTOR AND SLIP LANE EASEMENT AGREEMENT (this "Agreement") is made and entered into this ____ day of December, 2014, by and between CITY OF DUNWOODY, GEORGIA, a municipality of the State of Georgia ("Grantor"), and ATLANTA OFFICE INVESTMENT PHASE I, L.L.C., a Delaware limited liability company ("Grantee"). (Grantor and Grantee are sometimes collectively referred to as the "Parties".)

RECITALS:

A. Grantor is the owner of the right-of-way known as Perimeter Center Parkway, Dunwoody, DeKalb County, Georgia. A portion of the right-of-way is described on Exhibit A and depicted on Exhibit B attached hereto and incorporated herein (the "Easement Property").

B. Grantee is the owner of that certain parcel of real property adjoining a portion of the easterly boundary of Perimeter Center Parkway and which is more particularly described on Exhibit C attached hereto and incorporated herein (the "Grantee Property").

C. Grantee desires to construct an underground connector (the "Underground Connector") within the Easement Property to provide access from Perimeter Center Parkway to the subterranean parking deck that will be constructed on the Grantee Property. Traffic will enter the Underground Connector via a new lane (the "Slip Lane") that Grantee desires to construct within the Easement Property along the westerly boundary of Perimeter Center Parkway. As used in this Agreement, the terms "Underground Connector" and "Slip Lane" will encompass any associated improvements and facilities, including, without limitation, curbing, gutters and retaining walls.

D. Grantor is willing to grant Grantee the easement and rights more particularly described herein.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties do hereby covenant and agree as follows:

1. Underground Connector and Slip Lane Easement. Grantor hereby grants to Grantee, for the benefit of and as an appurtenance to the Grantee Property and for the use by Grantee, its successors and assigns and Grantee's agents, contractors, utilities providers, customers, employees, tenants and invitees (including without limitation invitees from other private parcels of land) (collectively, the "Grantee Parties"), a perpetual, exclusive easement over, under, through and across the Easement Property for the purpose of constructing, using, operating, maintaining, repairing and replacing the Underground Connector and the Slip Lane. The easement includes the right to extend utilities to the Underground Connector and the Slip Lane from Perimeter Center Parkway as needed to illuminate and ventilate the Underground Connector, to provide fire protection for the Underground Connector and to illuminate the Slip Lane. Grantee agrees to relocate said utilities if they conflict with any future road work by Grantor.

2. Construction and Maintenance Standards; Operation Standards.

(a) Grantee will construct the Underground Connector and the Slip Lane in accordance with plans and specifications that will be submitted to, and approved by, Grantor in connection with the permit application for the Underground Connector and the Slip Lane. The Underground Connector and the Slip Lane will be maintained in accordance with first class maintenance standards. Grantee will perform the construction and all repair and replacement work in a good and workmanlike manner and in accordance with: (i) all permits and approvals, including plan approvals, obtained in connection with the work, (ii) all applicable laws, codes, ordinances, rules and regulations, and (iii) sound engineering principles. If any construction, maintenance, repair or replacement work will impact traffic on any public rights-of-way, then Grantee will comply with a traffic management plan developed by Grantee and approved by Grantor. After commencing construction of the Underground Connector and the Slip Lane, Grantee will diligently and expeditiously pursue such work to completion. During construction, Grantee will develop and comply with a traffic management plan which will be subject to Grantor's prior, written approval.

Grantee agrees that if the maintenance standard set forth above is not complied with after written notice to Grantee (the "First Maintenance Notice") and a period of thirty (30) days to perform the required maintenance (with such longer period of time permitted if the scope of the maintenance requires it; as long as Grantee commences the work and diligently prosecutes it to completion), then, in such event, Grantor may elect on written notice to Grantee (the "Second Maintenance Notice") to perform (or cause to be performed) the required maintenance. In addition, if the failure to maintain poses a safety threat as reasonably determined by Grantor, Grantor will state that fact with the reasons for the same in the First Maintenance Notice. If that unsafe condition exists, in addition to Grantor's self-help rights, Grantor may elect to suspend Grantee's use of that portion of the Underground Connector or the Slip Lane that so poses a safety threat until it is repaired and no longer poses a safety threat.

If Grantor elects to exercise its self-help rights, the actual costs reasonably incurred by Grantor will be reimbursed to Grantor within ten (10) days of a written demand accompanied by reasonable evidence of the costs incurred. If Grantee fails to so reimburse Grantor, Grantor may file a lien on the Grantee Property in the manner provided in DeKalb County, Georgia for the filing of

mechanics' and materialmen's liens. All costs incurred by Grantor will accrue interest at the rate of eight percent (8%) from the date incurred until the date paid.

(b) Grantee agrees to operate the Underground Connector and the Slip Lane in a manner that does not impede traffic flow on Perimeter Center Parkway. Grantee further agrees to alter the operation of the Underground Connector and the Slip Lane, as necessary, if traffic entering the deck consistently backs up onto Perimeter Center Parkway. If Grantee fails to do so expeditiously, Grantor reserves the right to close off the ramp entry from Perimeter Center Parkway until such time that the traffic flow through the Underground Connector and Slip Lane is addressed.

3. Indemnification. Grantee hereby agrees to indemnify Grantor and hold Grantor harmless from any and all actual damages which Grantor may suffer and from any and all direct and actual liability, costs, and expenses arising out of the exercise of the easements and rights granted in this Agreement (including cost of defense, settlement, and reasonable attorneys' fees) which Grantor may hereafter incur, become responsible for, or pay out as a result of the death or bodily injuries to any person, destruction or damage to any property, or any violations of governmental laws, regulations or orders caused solely by the negligent act, negligent omissions or willful misconduct of Grantee, its employees or contractors in the performance of this Agreement.

4. Insurance. Grantee shall obtain and furnish applicable insurance certificates to Grantor for the following amounts of insurance and the insurance shall be maintained in full force and effect during life of the Agreement:

- (a) Commercial General Liability Insurance providing coverage for injuries to persons as well as damage to property in an amount not less than One Million and 00/100 dollars (\$1,000,000.00).

5. Run with the Land; Governing Law; Contiguous Property. The rights, easements and obligations established in this Agreement will run with the land and are for the benefit of Grantor, Grantee, Grantee's successors in title and all Grantee Parties and shall be binding upon Grantee, its successors in title and, to the extent allowable by law, upon Grantor. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia. Any property deeded to Grantee in the future that is contiguous to the Grantee Property as described on Exhibit C automatically will be deemed to be part of the Grantee Property.

6. Recordation. This Agreement shall be recorded in the real property records of DeKalb County, Georgia, and will inure to the benefit of all subsequent purchasers, transferees and assigns of the Grantee Property.

7. Notices. All notices, consents, requests, demands or other communications given to or upon the respective Party shall be in writing and shall be effective for all purposes upon receipt when given by (i) personal delivery; (ii) delivery by messenger, express or air courier or similar courier; or (iii) delivery by United States first class certified or registered mail, postage prepaid and addressed as follows:

GRANTOR: City of Dunwoody
c/o City Manager
41 Perimeter Center East
Suite 250
Dunwoody, Georgia 30346

WITH A COPY TO: Leonid Felgin, Esq.
Riley McLendon, LLC
315 Washington Avenue
Marietta, Georgia 30060

GRANTEE: Atlanta Office Investment Phase I, L.L.C.
c/o KDC AH Investments One LP
1040 Crown Pointe Parkway
Suite 1070
Atlanta, Georgia 30338
Attention: Alexander A. Chambers

WITH A COPY TO: Atlanta Office Ph I, L.L.C. and Atlanta Office Investment, L.L.C.
c/o State Farm Mutual Automobile Insurance Company
1 State Farm Plaza E-7
Bloomington, Illinois 61710
Attention: John Higgins, Senior Investment Officer

AND: Atlanta Office Ph I, L.L.C. and Atlanta Office Investment, L.L.C.
c/o State Farm Mutual Automobile Insurance Company
1 State Farm Plaza A-3
Bloomington, Illinois 61710
Attention: Christiane M. Stoffer, Associate General Counsel

AND: KDC Real Estate Development & Investments
8115 Preston Road
Suite 700
Dallas, Texas 75225
Attention: Scott Ozymy

AND: Maureen Theresa Callahan, Esq.
Troutman Sanders LLP
600 Peachtree Street, N.E.
Suite 5200
Atlanta, Georgia 30308-2216

[Signatures begin on next page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed under seal as of the date first set forth above.

GRANTOR:

Signed, sealed and delivered
in the presence of:

CITY OF DUNWOODY, GEORGIA

Witness

By: _____

Name: _____

Title: _____

Notary Public

[CORPORATE SEAL]

My Commission Expires:

(NOTARY SEAL)

[Signatures continue on the following page]

GRANTEE:

Signed, sealed and delivered
in the presence of:

**ATLANTA OFFICE INVESTMENT PHASE I,
L.L.C.**, a Delaware limited liability company

Witness

By: KDC AH Investments One LP,
its manager

Notary Public

By: KDC AH Investments One GP LLC,
its general partner

My Commission Expires:

By: _____(SEAL)

Name: _____

(NOTARY SEAL)

Title: _____

EXHIBIT A**DESCRIPTION OF EASEMENT PROPERTY**

All that tract or parcel of land lying and being in Land Lot 348 of the 18th District, City of Dunwoody, DeKalb County, Georgia and being more particularly described as follows:

COMMENCING at the Intersection of the southerly right-of-way of Hammond Drive (having an apparent variable right-of-way) and the easterly right-of-way of Perimeter Center Parkway (having an apparent variable right-of-way) if the right-of-ways were extended to Intersect; thence, leaving the aforesaid point South 26° 38' 04" East, 130.59 feet to a point on the aforesaid right-of-way of Perimeter Center Parkway; thence continuing with the aforesaid right-of-way of Perimeter Center Parkway South 26° 38' 04" East, 42.40 feet to the POINT OF BEGINNING along the aforesaid right-of-way of Perimeter Center Parkway.

Thence, from said POINT OF BEGINNING as thus established and leaving the aforesaid right-of-way of Perimeter Center Parkway

1. South 63° 53' 30" West, 89.77 feet; thence,
2. North 71° 06' 30" West, 35.19 feet; thence,
3. North 26° 36' 37" West, 10.25 feet; thence,
4. 107.51 feet along the arc of a curve deflecting to the right, having a radius of 347.29 feet and a chord bearing and distance of North 15° 48' 24" West, 107.08 feet; thence,
5. South 83° 03' 41" West, 2.50 feet; thence,
6. South 09° 42' 06" West, 55.06 feet; thence,
7. South 74° 36' 55" West, 2.45 feet; thence,
8. 63.33 feet along the arc of a curve deflecting to the left, having a radius of 367.15 feet and a chord bearing and distance of South 20° 03' 45" East, 63.25 feet; thence,
9. South 26° 36' 20" East, 89.51 feet; thence,
10. North 63° 53' 30" East, 138.97 feet, returning to the aforesaid right-of-way of Perimeter Center Parkway; thence,
11. North 26° 38' 04" West, 54.00 feet to the POINT OF BEGINNING, containing 10,758 square feet or 0.2470 acres of land, more or less.

EXHIBIT B

DEPICTION OF EASEMENT PROPERTY

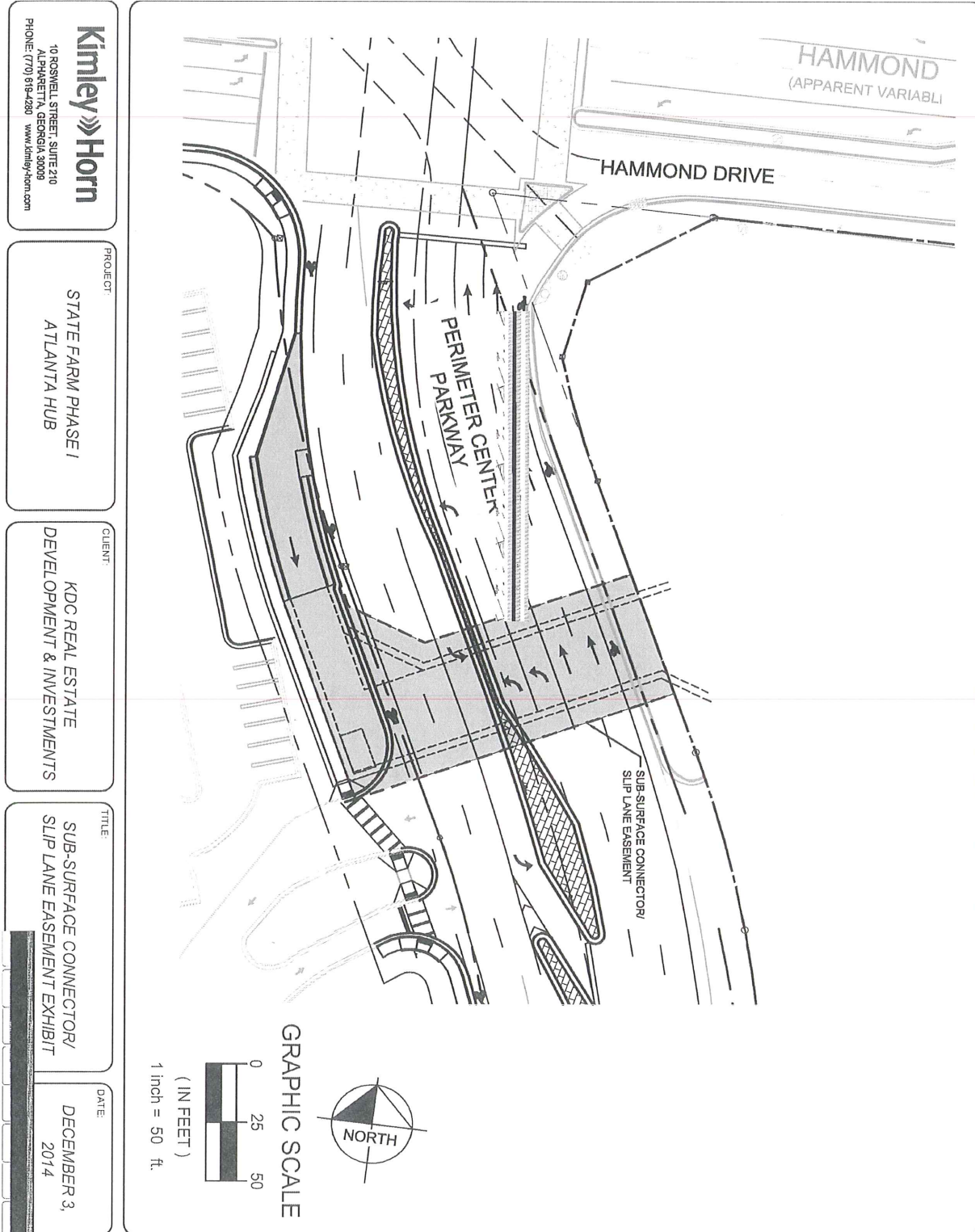


EXHIBIT C**DESCRIPTION OF GRANTEE PROPERTY**

All that tract or parcel of land lying and being in Land Lots 329 & 348 of the 18th District, City of Dunwoody, DeKalb County, Georgia and being more particularly described as follows:

COMMENCING at the intersection of the southerly right-of-way of Hammond Drive (having an apparent variable width right-of-way) and the westerly right-of-way of Perimeter Center Parkway (having an apparent variable width right-of-way) if the right-ways were extended to intersect; thence, leaving the aforesaid point North 89° 26' 56" East, 104.86 feet to the TRUE POINT OF BEGINNING.

Thence, from the aforesaid TRUE POINT OF BEGINNING as thus established and running with the aforesaid right-of-way line of Hammond Drive

1. North 89° 26' 56" East, 217.32 feet; thence, leaving the aforesaid right-of-way of Hammond Drive and running with property now or formerly owned by Metropolitan Atlanta Rapid Transit Authority recorded at DB. 8898, Page 631, among the records of DeKalb County, Georgia
2. South 07° 06' 30" East, 36.88 feet; thence,
3. North 82° 53' 30" East, 17.75 feet; thence,
4. South 07° 06' 30" East, 43.00 feet; thence,
5. North 82° 53' 30" East, 61.50 feet; thence, leaving the aforesaid property of Metropolitan Atlanta Rapid Transit Authority and running with property now or formerly owned by Perimeter Atlanta SC LLC recorded at DB. 19774, Page 736, aforesaid records
6. South 04° 40' 02" East, 211.27 feet; thence, continuing with the aforesaid property of Perimeter Atlanta SC LLC
7. South 04° 40' 02" East, 279.34 feet; thence
8. South 89° 28' 20" East, 45.45 feet to a capped rebar found stamped RLS 2301; thence,
9. South 06° 41' 15" West, 10.10 feet to a point on the north side of Goldkist Drive (having a variable width right-of-way); thence, leaving the aforesaid property of Perimeter Atlanta SC LLC and run along the north side of Goldkist Drive
10. North 89° 28' 04" West, 280.96 feet; thence,
11. 2.44 feet along the arc of a curve deflecting to the right, having a radius of 50.00 feet and a chord bearing and distance of North 88° 04' 08" West, 2.44 feet; thence, leaving the aforesaid Goldkist Drive
12. North 47° 25' 22" West, 53.20 feet; thence,
13. 230.55 feet along the arc of a curve deflecting to the left, having a radius of 495.00 feet and a chord bearing and distance of North 04° 12' 18" West, 228.47 feet; thence,
14. 78.50 feet along the arc of a curve deflecting to the left, having a radius of 495.00 feet and a chord bearing and distance of North 22° 05' 28" West, 78.42 feet; thence,
15. North 26° 38' 04" West, 123.04 feet; thence,

16. 54.47 feet along the arc of a curve deflecting to the right, having a radius of 385.00 feet and a chord bearing and distance of North 22° 34' 53" West, 54.42 feet; thence,
17. North 09° 50' 52" East, 34.13 feet; thence,
18. North 55° 26' 52" East, 59.50 feet to the point of beginning, containing 162,468 square feet or 3.7293 acres of land, more or less.

As shown on ALTA/ACSM Land Title Survey for Atlanta Office Investment Phase I, L.L.C. and Chicago Title Insurance Company, prepared by TerraMark Land Surveying, Inc., bearing the seal and certification of Paul B. Cannon, Georgia Registered Land Surveyor Number 2928, dated October 31, 2013, last revised July 18, 2014.

388C-SUMMARY APPRAISAL REPORT

Section 1 – Project IdentificationProject Number: **NA**County: **DeKalb**P.I. #: **NA****Section 2 – Parcel Identification**

DOT Parcel Number: **NA**

Street Address: **1111 Hammond Dr / 240-242 Perimeter Center Pkwy / 236 Perimeter Center Pkwy**

City/County: **Dunwoody / DeKalb**

Tax Parcel ID: **18-329-04-003 / 18-348-02-015 / 18-348-02-017**

Fee Owner(s) Name: **Atlanta Office Investment LLC** Telephone Number: **770-910-2333**

Fee Owner(s) Address: **5673 Peachtree Dunwoody Road
Atlanta, GA 30342**

Unincorporated	<input type="checkbox"/>
Incorporated	<input checked="" type="checkbox"/>

Section 3 – Owner Contact/Ownership Interests

<u>Contact</u>		
Owner Contacted:	<u>Jim George</u>	
Date/Method of Contact:	<u>November 4, 2013 / Phone, Email</u>	
Owner Agreed to On-Site Inspection:	<u>Declined</u>	
Unable to Contact Owner As Of:	<u>NA</u>	
Attempts to Contact Owner:	<u>NA</u>	
Methods of Attempted Contact:	<u>NA</u>	
Dates of Attempted Contact:	<u>NA</u>	
<u>Inspection</u>		
Date of Inspection:	<u>November 14, 2014</u>	
Owner/representative on Inspection:	<u>None</u>	
Appraiser Associate on Inspection:	<u>None</u>	
Date of Meeting with Owner:	<u>NA</u>	
Location of Owner Meeting:	<u>NA</u>	
<u>Underground Items in R/W</u>		
Underground Storage Tanks:	<u>No</u>	<u>NA</u>
Septic System/Wells:	<u>No</u>	<u>NA</u>
Underground Sprinklers:	<u>No</u>	<u>NA</u>
Other:	<u>No</u>	<u>NA</u>
<u>Comments</u>		
<u>Occupancy</u>		
Occupant of Improvements:	<u>NA</u>	
Relationship to Owner:	<u>NA</u>	
<u>Rent</u>		
Actual Rent:	<u>NA</u>	
Written Lease:	<u>NA</u>	
Actual Rent Type:	<u>NA</u>	
Rent Terms:	<u>NA</u>	
Economic Rent (if in acquisition):	<u>NA</u>	
Economic Rent Type:	<u>NA</u>	
Support for Economic Rent:	<u>NA</u>	

TITLE HISTORYTransfers of title have occurred within the past five years: Yes

	Most Recent Sale	Next Most Recent Sale
Grantor/Grantee:	General Electric Credit Equities, RB 236 PC, LLC, RB 240 PC, LLC / Atlanta Office Investment, LLC	NA
Deed Book/Page:	23982 / 184, 24045 / 504, 24045 / 515	NA
Sale Date:	August 21, 2013, September 24, 2013, September 24, 2013	NA
Consideration:	\$44,000,050, \$13,715,300, \$18,284,800	NA
Price/Unit:	\$104.04 psf bldg inclusive of land	NA
Financing:	NA	NA
Zoning at Sale:	C-1 (Local Commercial) / O-I (Office Institutional)	NA
Verification:	Public records	NA
Conditions of Sale:	Arm's length	NA
Highest & Best Use at Sale:	High density mixed use	NA
Use at Sale:	Class A/B Office / Restaurant	NA
Total Area (land/building):	16.7693 ac / 266,956 sf	NA
<p>Remarks: This transaction is an assemblage of three properties in the city limits of Dunwoody on the west and east sides of Perimeter Center Parkway, south of and adjacent to Hammond Drive. The sale of the western property occurred on August 21, 2013, and the sales of the two eastern properties both closed on September 24, 2013. The properties are across Hammond Drive from the Dunwoody Station on the MARTA rail line and adjacent to Perimeter Mall, the largest retail district in Metro Atlanta. Hammond Drive is a divided, four-lane collector road that extends from Mount Vernon Highway to the west to Ashford Dunwoody Road to the east. Hammond Drive has direct vehicular access to Interstate 285 via interchanges at Roswell Road (Hwy 9), Peachtree Dunwoody Road, and Ashford Dunwoody Road. Perimeter Center Parkway is a divided, four-lane collector road that extends from Perimeter Center W to the north and Lake Hearn Drive to the south. A bridge over Interstate 285 was recently completed making Perimeter Center Parkway a direct link between Perimeter Mall area and the "Pill Hill" area around Northside, St. Joseph's, and Scottish Rite Hospitals.</p> <p>As assembled, these sites contain a total of 16.7693 acres with direct frontage and access on both Hammond Drive and Perimeter Center Parkway. At the time of sale, there were four driveways on Perimeter Center Parkway and one driveway on Hammond Drive. The sites are fully developable, with no wetlands, flood plain or atypical drainage issues to inhibit development. There is a stream at the southwest corner of the western parcel, and 0.4109 acres are within an established flood plain. The location of the floodplain is limited to the far southwest corner, so development potential is not impacted. At the time of sale, each of the three sites was improved. The western site had a 249,286 sf Class B office known as Hammond Exchange. Both eastern sites were improved with restaurants – Chequers Seafood Grill containing 9,370 sf and Fuddrucker's containing 8,300 sf. Both restaurants have been razed since the date of sale, but the office tower remains. The grantee is unsure whether the office tower will survive redevelopment.</p>		

Remarks (Cont'd): Each of these three transactions occurred at arm's length with no distress on the part of any of the grantors. The tracts were assembled for a mixed-use redevelopment for State Farm, which is relocating its Atlanta offices from John's Creek to Perimeter Center. Since closing, State Farm and its developer KDC Real Estate Development have begun moving forward to redevelop these three sites with a 2,487,500 sf mixed-use redevelopment, including 2.2 million square feet of office, 100,000 sf retail, and 200 room hotel. The indicated Floor Area Ratio of this redevelopment is 3.4053:1. Both restaurants were granted extended occupancy after the closing date for a period of 8 months. Although the Class B office building was vacant for three years prior to State Farm taking occupancy, it was 100% occupied at time of closing. The developer could not confirm whether the mid-rise office building would survive redevelopment. There are redevelopment scenarios which retain the office building, and there are redevelopment scenarios which raze the office building. For the purposes of reasonable analysis, the appraiser has estimated that the building would remain occupied for 90 months after closing. Based upon this analysis, the contributory value of the three building improvements in this transaction is estimated to be approximately \$28.6 million dollars.

PHYSICAL HISTORY

Current Use:	Vacant commercial lots and Class A/B Office
# of Years of Use:	34 years
Previous Use:	Unknown
Anticipated Use:	Interim Hold; High density mixed-use redevelopment

OTHER PROPERTY INTERESTS

	Name	Address	Telephone
Lessee	NA		
Sublessee	NA		
Trade Fixtures	NA		
Easements	NA		
Life Estate	NA		

Section 4 – Reporting Disclosure

This report is intended for use by the client only. If a General Data Book was prepared, the report may not be properly understood without the information contained in that General Data Book, unless such information is contained in this report in lieu of the Data Book.

Purpose and intended use of the appraisal: The purpose of the appraisal is to estimate the market value of the property to be acquired, plus any consequential damages, less any special benefits to the remainder. The intended use of the appraisal is to support the expenditure of funds and ensure the owner is offered fair market value.

Intended client and intended user of the appraisal: The appraisal is being performed for the intended sole use of KDC Real Estate Development & Investments and the City of Dunwoody. KDC is a contractual client of this company and all information herein has been collected and documented for them.

Property rights being appraised and property rights proposed for acquisition: Fee simple estate as defined in the General Data Book.

State and reference a definition of the value to be estimated: Market value, as defined in the General Data Book.

Exposure Time: Assumed to be adequate, sufficient, and reasonable, which in this case has been estimated to be 12 to 18 months. Effort for exposure is assumed to be adequate, sufficient, and reasonable. Both items are assumed to precede the effective date of value. The time frame is an integral part of the appraisal analysis and is based on one or more of the following:

- ◆ Statistical information about days on the market;
- ◆ Information gathered through sales verification; and
- ◆ Interviews of market participants

Easements: Permanent and/or Temporary, as defined in the General Data Book.

Appraisal Type:

Total Acquisition

- ☐ Vacant land (all types)

Partial Acquisition

- ☒ Land (All Types) – No Impact on Remainder
 With ☐ Without ☒ Site Improvements

Scope of Assignment (Extent and process of collecting, confirming, and reporting all data): Without limit in scope as defined in the General Data Book. The Uniform Standards of Professional Appraisal Practice (USPAP) defines scope of work as "the type and extent of research and analysis in an assignment". Scope of work includes, but is not limited to the extent to which the property is identified; the extent to which tangible property is observed; the type and extent of data researched; and the type and extent of analyses applied to arrive at opinions or conclusions. The purpose of this assignment (the problem to be solved) is to form one or more opinions about value.

The appraisal development process is the extent of research and analyses that produce one or more credible opinions of value for one or more specifically identified intended users and an explicitly stated intended use. In this context, credible is defined as "worthy of belief". Depending upon the intended users, intended use, and agreements between the appraiser and the client, the appraisal development process may include several, but not necessarily all of the following tasks.

- personal inspection of the property appraised
- research for appropriate market data
- data verification
- consideration of influential market area, physical, economic, and governmental factors
- determination of the subject's highest and best use(s), if appropriate
- development of one or more applicable approaches to value
- reconciliation of value indications for existing condition, part acquired, and remainder
- preparation of this report

According to USPAP, all valuation approaches that are applicable to the interest being appraised and necessary to produce credible results must be developed. The relevance and development of each major approach is listed below.

Cost Approach	Not applicable (vacant land)
Sales Comparison	Applicable and developed (land only)
Income Approach	Not applicable (vacant land)

Applicable and necessary approaches were selected for development after consideration of available market data, intended user(s), and intended use. An approach considered not applicable was omitted because this methodology is not appropriate for the property interest being appraised, or sufficient data to properly develop the approach was not available. Any approach judged not applicable, yet included in this report, was developed solely at our client's request. Data used to develop an included approach that was deemed not applicable has a low to nil degree of comparability to the subject. Hence, no emphasis was given an approach deemed not applicable but included.

Extent of Services Provided

Extent Of Report Preparation	Summary 388C and General Data Book
Report Preparation Complies With Requirements Set Forth In USPAP Standard Rule	Yes, In compliance with USPAP Standard 2.2
Extent of Subject Property Observation	Extensive viewing of and walking on affected part of site
Extent Of Data Research	Extensive
Data Sources	Subscription data services, public county tax and deed records, the General Data Book.
Documents Considered	General Data Book
Extent Of Subject Observation By One Or More Appraisers Signing Report	Extensive viewing of and walking on affect part of site
Highest And Best Use Process	Primary market research
Data Verification	Subscription data services, warranty deeds, and agents, grantors and grantees directly.

Describe any special limitations: All General Assumptions and Limiting Conditions, which affect the analyses, opinions, and conclusions, are included in the Project General Data Book. In addition to the General Assumptions and Limiting Conditions, this appraisal is made subject to the following Special Assumption and Limiting Condition:

1. The subject of this appraisal is the existing right of way corridor beneath Perimeter Center Boulevard owned by the City of Dunwoody. As a road right of way, it is neither large enough nor does it have sufficient dimensions or shape to be developed on its own. Therefore, the only market demand for it is to be assembled with the adjacent property improved with three subject tracts on either side of Perimeter Center Boulevard. As such, without comparable data for similar undevelopable sites, the most logical appraisal method is an "across the fence valuation."

2. The forthcoming value estimates are predicated upon the assumptions that 1) the proposed air rights easement for the pedestrian bridge and the proposed subterranean easement for the underground connector will not interfere with any existing utility easements, at, above, or below, the surface of Perimeter Center Boulevard, 2) that the proposed easements will not interfere with the ongoing operation Perimeter Center Boulevard to accommodate vehicular and/or pedestrian traffic on the surface, 3) that the proposed easements will no create any safety hazards for the public, and 4) that the proposed easements will not cause the City of Dunwoody to incur additional expenditures for maintenance or inspections to ensure that the structures created within the proposed easements do not create any safety hazards for the public.

The appraiser has the knowledge and expertise to complete this assignment competently or has disclosed the lack of knowledge and any necessary steps to complete this assignment as described herein.

Section 5 – Local Government Requirements

Zoning:

Classification: C-1 Local Commercial / O-I Office Intuitional District

Government Jurisdiction: DeKalb County

Major Permitted Uses: High-density mixed use

Major Restrictions/Restricted Uses: Not geared to residential or industrial

Remarks: The subject has been grandfathered in place and does not conform to the intent of the zoning code.

	Zoning Regulations	Subject Before ¹	Subject After ²
Area (Min.):	NA	16.769 ac	Unchanged
Frontage:	NA	1,445.7' on Perimeter Center Pkwy 1,161.1' on Hammond Drive	Unchanged
Front setback:	NA	40 Feet	Unchanged
Rear setback:	NA	100+ Feet	Unchanged
Side setback:	NA	50+ Feet	Unchanged
Parking:	NA	NA	NA
Other requirements:	NA	NA	NA

¹ Based on a physical inspection, review of right-of-way plans, and cost-to-cure, if applicable.

² Based on a physical inspection, review of right-of-way plans, and cost-to-cure, if applicable.

Taxes:

Year of Valuation: 2014

County Valuation:

Land:	\$19,023,950
Improvements:	\$24,234,835
Total:	\$43,258,785

Assessment factor: 40%

Current millage rate: 44.39

Annual taxes: \$778,231.01

Tax liens: None

Comments: According to the DeKalb County Tax Assessor, 2014 taxes have not been paid in full for the 236 Perimeter Center Parkway parcel or the 242 Perimeter Center Parkway parcel. As of the date of this report, only half-year taxes have been paid for the 236 Perimeter Center Parkway parcel and the the 242 Perimeter Center Parkway parcel. 2014 taxes for the 1111 Hammond Drive parcel have been paid in full.

Section 6 – Property Description Before Acquisition

LAND

Size:	16.769	acre(s)
	730,470.71	square feet
Shape:	Irregular	
Frontage 1:	1,445.7	feet on the e/w side of Perimeter Center Pkwy
Frontage 2:	1,164.1	feet on the south side of Hammond Drive
Depth 1:	816.9	feet (west tract) from Perimeter Center Pkwy
Depth 2:	273.4	feet (east tract) from Perimeter Center Pkwy
Topography:	Gen level	
Grade:	Gntl slope	
Soil/subsoil conditions:	Appears typical	
Drainage:	Appears adequate	
FEMA Map No./Date of Map	13089 C011J / May 16, 2013	
Floodplain/wetlands:	0.4109	acres
Private utilities:	None	
Public utilities:	All	
Access/driveways 1:	4	along the e/w side of Perimeter Center Pkwy
Access/driveways 2:	1	along the south side of Hammond Drive
Exposure:	Good	
Adjoining uses:	Commercial	
On-site considerations:	None	
Off-site considerations:	None	

Remarks/Conclusions: Due to fact that the subject is the road right of way beneath Perimeter Center Boulevard owned by the City of Dunwoody, the narrow elongated shape and small size make it impossible for the subject property to stand on its own as an economic unit. The physical characteristics of the site cannot support stand-alone development. Potential buyers would be the owners of the adjacent property. It is possible that one buyer would purchase both the adjacent parcel and the subject property simultaneously, and this appraisal has been developed using and across the fence valuation. The highest and best use of the property “as vacant” in the before situation is for industrial development if assembled. The adjacent properties consist of three tax parcels that have been rezoned for high-density mixed-use redevelopment.

IMPROVEMENTS:

General Description:	Western site – 249,286 sf Class A/B office (Hammond Exchange) Eastern site – 9,370 sf Restaurant (Chequers Seafood Grill) Eastern site – 8,300 sf Restaurant (Fuddruckers)
Improvement Specifics:	
Age – actual/effective:	32-34 years / 50 years
Construction quality:	Good
Condition of Improvements:	Good
Functional utility:	Good

SITE IMPROVEMENTS:

Site Improvement	Description	Age	Condition	Quantity
Outbuildings				
Asphalt				
Concrete				
Curbing				
Fencing				
Lights (Trade Fixtures)				
Signs (Trade Fixtures)				
Swimming Pool				
Landscaping/Ground Cover				
Underground Sprinklers				
Septic System				
Well				
Other				

Remarks/Conclusions: The building and site improvements have been razed for the two restaurant buildings on the east side of Perimeter Center Parkway. The owner-occupied Class A/B office on the west side of Perimeter Center Parkway is still occupied as of the date of value.

SITE UTILITIES:

Public/Private Utility	Location	Source	Capacity
Potable Water	At subject	Municipal	NA
Sanitary Sewer	At subject	Municipal	NA
Storm Sewer	At subject	Municipal	NA
Gas	At subject	Private	NA
Telephone	At subject	Private	NA
Electric	At subject	Private	NA
Comments:	There are no known capacity issues for the subject.		

Section 7 – Description of the Part to be Acquired

Fee Simple and/or Permanent Easement and/or Temporary Easement and/or Access Rights

LAND	Fee Simple		Permanent Easement		Temporary Easement	
Size:	0.000	acre(s)	0.2007	acre(s)	0.000	acre(s)
	0	square feet	8,741.00	square feet	0.000	square feet
General shape:	NA		Two easements		NA	
Dimensions:	NA		NA		NA	
Topography:	NA		Gen level		NA	
Floodplain/wetlands:	None		None		NA	
Access/driveways 1:	0		NA		NA	
Access/driveways 2:	0		NA		NA	

Remarks/Conclusions: There is no fee acquisition for the subject property. The required right of way consists of a permanent easement for air rights to facilitate a pedestrian bridge; the easement that contains 2,480 square feet. In addition there is a subterranean permanent easement to facilitate an underground connector that contains 6,261 square feet. There are no temporary easements or access rights acquired.

IMPROVEMENTS:

NA

Section 8 – Impact of the Acquisition on the Remaining Property

LAND		
Size:	16.769	acre(s)
	730,470.71	square feet
Shape:	Irregular	
Frontage 1:	1,445.70	feet on the e/w side of Perimeter Center Pkwy
Frontage 2:	1,164.10	feet on the south side of Hammond Drive
Depth 1:	816.90	feet (west tract) from Perimeter Center Pkwy
Depth 2:	273.40	feet (east tract) from Perimeter Center Pkwy
Topography:	Gen level	
Grade:	Gntl slope	
Flood plain/wetlands:	0.4109	
Access/driveways 1:	4	along the e/w side of Perimeter Center Pkwy
Access/driveways 2:	1	along the south side of Hammond Drive
Exposure:	Good	

Remarks/Conclusions: The remainder is generally similar to the before.

IMPROVEMENTS:

NA

Section 9 – Highest and Best Use

BEFORE AS VACANT: Due to fact that the subject is the road right of way beneath Perimeter Center Boulevard owned by the City of Dunwoody, the narrow elongated shape and small size make it impossible for the subject property to stand on its own as an economic unit. The physical characteristics of the site cannot support stand-alone development. Potential buyers would be the owners of the adjacent property. It is possible that one buyer would purchase both the adjacent parcel and the subject property simultaneously, and this appraisal has been developed using and across the fence valuation. The highest and best use of the property “as vacant” in the before situation is for industrial development if assembled.

The property is zoned C-1 Local Commercial and O-I Office Institutional by DeKalb County. In 2008, a rezoning application (Z-08-14156) was filed to rezone property from the C-1 (Local Commercial) District to the O-I (Office-Institutional) District for the purpose of developing a high-rise office with ground-floor retail and a high-rise hotel and parking deck. In addition, an application was filed for a Special Land Use Permit to increase the height of a building in an O-I (Office- Institutional) District from the allowed maximum of five (5) stories and 70 feet to up to twenty-five (25) stories and 334 feet.

Since 2013, the property owner (State Farm and its developer KDC Real Estate Development) has begun moving forward to redevelop the subject with a 2,487,500 sf mixed-use redevelopment, including 2.2 million square feet of office, 100,000 square feet of retail, and 200 room hotel. The indicated Floor Area Ratio of this redevelopment is 3.4053:1. Both restaurants were granted extended occupancy after the closing date for a period of 8 months. Although the Class B office building was vacant for three years prior to State Farm taking occupancy, it was 100% occupied at time of closing. The developer could not confirm whether the mid-rise office building would survive redevelopment. There are redevelopment scenarios which retain the office building, and there are redevelopment scenarios which raze the office building. For the purposes of reasonable analysis, the appraiser has estimated that the building would remain occupied for 90 months after closing. Based upon this analysis, the contributory value of the three building improvements in this transaction is estimated to be approximately \$28.6 million dollars.

The subject property is across Hammond Drive from the Dunwoody Station on the MARTA rail line and adjacent to Perimeter Mall, the largest retail district in Metro Atlanta. Hammond Drive is a divided, four-lane collector road that extends from Mount Vernon Highway to the west to Ashford Dunwoody Road to the east. Hammond Drive has direct vehicular access to Interstate 285 via interchanges at Roswell Road (Hwy 9), Peachtree Dunwoody Road, and Ashford Dunwoody Road. Perimeter Center Parkway is a divided, four-lane collector road that extends from Perimeter Center W to the north and Lake Hearn Drive to the south. A bridge over Interstate 285 was recently completed making Perimeter Center Parkway a direct link between Perimeter Mall area and the "Pill Hill" area around Northside, St. Joseph's, and Scottish Rite Hospitals. As vacant, the highest and best use of the subject is for high-density redevelopment to accommodate office, retail, and hotel occupancies.

BEFORE AS IMPROVED: NA

AFTER AS VACANT: Unchanged

AFTER AS IMPROVED: Unchanged

Section 10 – Valuation, Before Acquisition

APPRAISAL PROCEDURE: This appraisal has been completed without limit of scope and as such, the departure provision of the USPAP has not been invoked. Although all three approaches to value have been considered, only the sales comparison approach is considered relevant to the valuation of the underlying site. This is an across the fence valuation of a site which could not support a stand-alone development. Sales with material differences have been identified with either a “(+)” for inferior requiring an upward adjustment or a “(-)” for superior requiring a downward adjustment.

LAND VALUATION:

Sale. 1: is the December 20, 2013, sale of a 1.9620-acre mixed use tract lot located at 6024-6038 Roswell Road in Sandy Springs. The Grantor was City Walk Towers, LLC, and the Grantee was Roswell Hammond Acquisition, LLC. Total consideration paid was \$5,200,000 or \$60.84 per square foot. This property is on the northwest corner of Roswell Road and Hammond Drive in the city limits of Sandy Springs. The site is bounded to the north with extensive frontage on Sandy Springs Drive. Hammond Drive is a divided, four-lane collector road that extends from Mount Vernon Highway to the west to Ashford Dunwoody Road to the east. Hammond Drive has direct vehicular access to Interstate 285 via interchanges at Roswell Road (Hwy 9), Peachtree Dunwoody Road, and Ashford Dunwoody Road. Roswell Road (Hwy 9) is a four lane arterial road that spans Metro Atlanta in a north-south direction. The property is less than 0.5 miles north of the Interstate 285 interchange with Roswell Road. The site contains 1.9260 acres with direct frontage and access on Sandy Springs Drive, Roswell Road, and Hammond Drive, with one driveway on each roadway. The site has approximately 385 feet of frontage on Roswell Road, 123 feet of frontage on Hammond Drive, and 499 feet of frontage on Sandy Springs Drive. It is fully developable, with no wetlands, flood plain or atypical drainage issues to inhibit development. The site is generally level and at grade with all utilities available. The grantee reports that there were no building improvements on the property at the time of sale. This transaction occurred at arm's length with no distress on the part of the grantor. The grantee plans to redevelop this site a six-story, 379,215 sf mixed-use redevelopment, including 200-unit luxury midrise apartment building with 8,000 square feet of street-front retail space. The indicated Floor Area Ratio of this redevelopment is 4.4371:1.

Sale. 2: is the December 7, 2012, sale of a 3.7600-acre mixed use tract lot located at 5601 Peachtree Dunwoody Road in Sandy Springs. The Grantor was CBM Three Hotels LLC, and the Grantee was Northside Hospital, Inc. Total consideration paid was \$11,400,000 or \$69.60 per square foot. This property is on the northeast corner of Peachtree Dunwoody Road and Johnson Ferry Road in the city limits of Sandy Springs. The property is in the "Pill Hill" district, an area dominated by hospitals, office towers, and medical offices and one of the highest concentrations of healthcare services in Metro Atlanta. It is two blocks south of the Medical Center Station on the MARTA rail line adjacent to St. Joseph's Hospital, across Peachtree Dunwoody Road from Northside Hospital, and less than one block north of Scottish Rite Hospital. Peachtree Dunwoody Road is a four-lane collector road that extends from Peachtree Road to the south to Spalding Drive to the north. Peachtree Dunwoody Road has direct access to Georgia Hwy 400 via Glenridge Connector one block south of the subject, and direct access to Interstate 285 approximately 0.4 miles north. Johnson Ferry Road is a four-lane collector road that extends from Peachtree Road to the south to Glenridge Drive to the north. The property is located less than 0.3 miles from the GA 400/I-285 interchange. The site contains 3.7600 acres with direct frontage and access on both Peachtree Dunwoody Road and Johnson Ferry Road. There were two driveways on Peachtree Dunwoody Road and a shared driveway on Johnson Ferry Road. The site is fully developable, with no wetlands, flood plain or atypical drainage issues to inhibit development. At the time of sale, the site was improved with a 100,824 sf, 128 room limited-service hotel branded with a Marriott Courtyard. The grantee razed the hotel approximately a year after the sale date, and currently uses the site as greenspace with walking trails and park benches. It was purchased for future expansion with an outpatient surgery center, but development has not commenced. This transaction occurred at arm's length with no distress on the part of the grantor. Since the grantee, Northside Hospital, is a non-profit organization, it is required by charter to get market value appraisals prior to purchase and to pay market value for any property it acquires. The grantee paid \$89,062 per room, which was based upon the appraised value of the hotel at time of sale. The grantee never occupied the hotel, but prior to being

razed, the hotel's conference center was used for a jobs fair. It is widely known among local market participants that Northside Hospital is an ongoing, interested buyer seeking properties to facilitate future expansion of its Atlanta campus; hence, the property was not placed on the open market so there was no asking price. It was reported that the grantee had approached the grantor several times in the past to purchase the hotel, but the seller was never interested until 2012. The specific motivation that caused the grantor to change its position and offer to sell to the grantee in 2012 could not be verified.

Sale. 3: is the July 20, 2013, sale of a 9.1090-acre mixed use tract lot located at 6024-6038 Roswell Road 993 Johnson Ferry Road in Sandy Springs. The Grantors were North Atlanta Physicians, LTD / North Atlanta Physicians II, LTD, North Atlanta Physicians III, LTD, and the Grantee was Northside 993, LLC. Total consideration paid was \$33,500,000 or \$84.43 per square foot. This property is on the west side of Meridian Mark Drive, one parcel south of Johnson Ferry Road in the city limits of Sandy Springs. The property is in the "Pill Hill" district, an area dominated by hospitals, office towers, and medical offices and one of the highest concentrations of healthcare services in Metro Atlanta. It is three blocks southwest of the Medical Center Station on the MARTA rail line adjacent to Scottish Rite Hospital. Meridian Mark Drive is a local roadway that links Glenridge Connector with Northside Hospital, giving it direct access to GA Highway 400. Johnson Ferry Road is a four-lane collector road that extends from Peachtree Road to the south to Glenridge Drive to the north. The site is bounded to the west by GA Highway 400, and it is located less than 0.3 miles from the GA 400/I-285 interchange. The site contains 9.1090 acres with direct frontage and access on Meridian Mark Drive in the city limits of Sandy Springs. There is one dedicated driveway and one shared driveway on Meridian Mark Drive. The site is fully developable, with no wetlands, flood plain or atypical drainage issues to inhibit development. At the time of sale, the site was improved with three Class C medical office buildings (Bldgs C, D, and F of Northside Professional Park) which were constructed between 1979 and 1985. The improvements contain a total of 191,812 square feet, as well as 3.3 acres of multi-level structured parking. The buildings have not been razed as of the date of inspection, but the grantee has no plans to retain the buildings in the mid- or long-term. It was reported that the grantee has no specific plans to change how the buildings are being utilized as of the date of sale, but the eventual plan is to redevelop the properties for outpatient services. These three transactions occurred at arm's length with no distress on the part of the grantors. Since the grantee, Northside Hospital, is a non-profit organization, it is required by charter to get market value appraisals prior to purchase and to pay market value for any property it acquires. It is widely known among local market participants that Northside Hospital is an ongoing, interested buyer seeking properties to facilitate future expansion of its Atlanta campus; hence, the property was not placed on the open market so there was no asking price. For the purposes of reasonable analysis, the appraiser has estimated that Buildings C and D would remain occupied and generating income for 60 months after closing, and Building F would remain occupied and generating income for 90 months after closing. Based upon occupancy after closing, the contributory value of building improvements in this transaction is estimated to be approximately \$9.9 million dollars.

LAND SALE ADJUSTMENT GRID							
Item	Subject	SALE: 1		SALE: 2		SALE: 3	
Location		6024-6038 Roswell Road		5601 Peachtree Dunwoody Rd		993 Johnson Ferry Road	
Proximity to Subject		2 miles west		1.0 mile south		1.1 miles south	
Sales Price		\$5,200,000		\$11,400,000		\$33,500,000	
Zoning	P-1	C-1 (Community Business)		O-I (Office & Institutional)		O-I (Office & Institutional)	
Size	16.7693	1.962		3.760		9.109	
Price/SF		\$60.84		\$69.60		\$84.43	
Date	11/14/2014	12/20/2013		12/7/2012		7/31/2012	
Data Source		Grantee		Grantee		Grantee	
VALUE ADJUSTMENTS							
Rights Conveyed		Fee simple		Fee simple		Leased fee	
Financing Terms		Cash to seller		Cash to seller		Cash to seller	
Conditions of Sale		Similar		Similar		Similar	
Market Conditions (Time)		Similar	0.0%	Similar	0.0%	Similar	0.0%
ADJUSTED PRICE/UNIT			\$60.84		\$69.60		\$84.43
Location	Good	Similar		Similar		Similar	
Physical Characteristics	Good	Inferior	(+)	Inferior	(+)	Inferior	(+)
Economic Characteristics	Average	Similar		Similar		Superior	(-)
Highest & Best Use as Vac.	High Density	Similar		Similar		Similar	
Non Realty Components	Average	Similar		Similar		Similar	
Net Adjustments:			(+)		(+)		(-)
Indicated Value of Subject:			\$66.93		\$76.23		\$64.27

Property Rights Conveyed:

All of the sales were fee simple sales and require no adjustment.

Financing Terms:

All sales were all cash to grantor and require no adjustment.

Conditions of Sale:

All sales were arm's length transactions and require no adjustment.

Market Conditions (Time):

All sales were under similar market conditions and require no adjustment.

Location:

No adjustment was necessary as all sales were located less than 2 miles from the subject in similar neighborhoods.

Physical Characteristics:

	Subject	SALE: 1		SALE: 2		SALE: 3	
			Adj.		Adj.		Adj.
Size:	16.7693	1.962	(+)	3.760	(+)	9.109	
Corner:	Yes	Yes		Yes		No	
Frontage:	2,610	907		852		479	
Access:	Good	Good		Good		Good	
Visibility/View:	Good	Good		Good		Good	
Grade:	Gntl slope	At grade		At grade		At grade	
Topography:	Gen level	Gen level		Gen level		Gen level	
Shape:	Irregular	"L" shaped		Irreg/Gen Rect		Irregular	
Utilities:	All	All available		All available		All available	
Other:	None	None		Demolition	(+)	Demolition	(+)
Net Adjustments:			(+)		(+)		(+)

Sales 1 and 2 were adjusted upwards for their smaller size, and Sales 2 and 3 were adjusted downward

Economic Characteristics:

Economic characteristic adjustments deal with all factors that affect the income generating ability of a property. Sale 3 was adjusted downward to account for the contributory value of building improvements that existed on the property at time of closing.

Use:

For vacant land, use relates primarily to zoning differences and when the purchaser intends to optimize the existing zoning to a degree to which the subject could not achieve. No adjustment was necessary.

Non Realty Components:

Non realty components relate to items that cause the value to be higher or lower due to circumstances not relating to the real estate, such as personalty. This does not apply to these comparables.

The comparable sales exhibited an adjusted range of 64.27 per square foot to \$76.23 per square foot. The sales received similar gross and net adjustments. It is noted that the subject property sold for \$76,000,050 on September 24, 2013, which equates to an unadjusted selling price of \$104.04 per square foot. This sale was not used for direct comparison to the subject in the development of the sales comparison approach to land, but is referenced herein for inference purposes. After deducting for the contributory value of improvements and demolition, the unit value indicated by the 2013 sale of the subject is \$62.97 per square foot. Based on the adjusted sale prices of the three sales, as well as the previous sale of the subject, we believe a fair representation of the subject's value was \$66.00 per square foot or:

Value of land, as if vacant:	\$48,211,067
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RECONCILIATION AND FINAL VALUE ESTIMATE, BEFORE ACQUISITION

Land Only:	<u>730,470.708</u>	<u>\$66.00</u>	<u>\$48,211,067</u>
	Land Area	Value Per Unit	Total (rounded)

The Sales Comparison Approach was utilized to value the subject property as vacant. The Sales Comparison Approach incorporated a comparison of recently sold land in the area to the subject property, with appropriate adjustments made for differences in physical characteristics, changes in market conditions, etc. This approach is very relevant to the valuation of land since it measures buyers' reactions to substitute properties available in the area. This is an across the fence valuation of an existing road right of way (Perimeter Center Boulevard, owned by City of Dunwoody) which could not support a stand-alone development.

Section 11 - Estimate of Value, Part to be Acquired**Fee Simple Land:**

Value of Land to be Acquired - Fee Simple:

<u>0.00</u>	<u>\$66.000000</u>	\$0.00
Land Area	Value Per SF	

Easement Valuation:

Define Easement Type: Permanent Easement (Air Rights) for Pedestrian Bridge

Value/% of Fee Basis: 2.5%

Market Value of Easement(s):

<u>2,480.00</u>	<u>\$66.000000</u>	<u>2.5%</u>	\$4,092.00
Land Area (SF)	Value Per SF	% of Fee	

Easement Valuation:

Define Easement Type: Permanent Easement (Air Rights) for Underground Connector

Value/% of Fee Basis: 2.5%

Market Value of Easement(s):

<u>6,261.000</u>	<u>\$66.000000</u>	<u>2.5%</u>	\$10,330.65
Land Area (SF)	Value Per SF	% of Fee	

In estimating the Easement to Fee Simple (EFS) Ratio for the proposed easements, it is noted that the subject of this appraisal is an existing road right of way for Perimeter Center Boulevard owned by the City of Dunwoody, and an across the fence valuation has been prepared in which the fee simple land value of the parcel in question is considered to be a function of the properties to which it is adjacent. In this case, the subject is adjacent to the proposed 16.7693 acre mixed-use redevelopment for the State Farm Campus which is underway as of the date of value.

Due to the fact that the larger parcel for this appraisal is an existing road right of way, and further considering that the use of the road right of way corridor will not be disturbed either by the air rights for the proposed pedestrian bridge or the subterranean rights for the proposed underground connector, a nominal easement to fee simple ratio has been applied.

The proposed easement are considered to be non-obnoxious easements, and the areas intended for the proposed pedestrian bridge and underground connector have as their existing use holding the earth together and vehicular roadway. Neither of these uses will be impacted adversely by the proposed easements.

The following table is taken from an article entitled "Easement Valuation" published in the May/June 2006 "Right of Way Magazine" from the International Right of Way Association:

EASEMENT VALUATION MATRIX

Percentage of Fee	Comments	Potential Types of Easements
90% - 100%	Severe impact on surface use Conveyance of future uses	Overhead electric Flowage easements Railroad ROW Irrigation canals Access roads
75% - 89%	Major impact on surface use Conveyance of future uses	Pipelines Drainage easements Flowage easements
51% - 74%	Some impact on surface use Conveyance of ingress/egress rights	Pipelines Scenic easements
50%	Balanced use by both owner and easement holder	Water or sewer lines Cable line Telecommunications
26% - 49%	Location along a property line, location across non usable land area	Water or sewer line Cable lines
11% - 25%	Subsurface or air rights that have minimal effect on use and utility Location with a setback	Air rights Water or sewer line
0% to 10%	Nominal effect on use and utility	Small subsurface easement

This table summarizes the typical EFS ratios paid for proposed easements based upon the portion of the bundle of rights being acquired. Since the proposed air rights and subterranean easements are being acquired from existing road right way owned by the City of Dunwoody, and since the City will experience no reduction in the use of the right of way corridor after these easements are acquired, the appraiser has selected a low EFS ratio, in this case 2.5%.

Site Improvements:

Improvement	Fee Simple Area	Permanent Easement	Temporary Easement	Value
Asphalt				NA
Concrete				NA
Curbing				NA
Fencing				NA
Landscaping				NA
Underground Sprinkler				NA
Septic System				NA
Water Well				NA
Totals:				\$0.00

Explanation of basis for amounts: NA; the building improvements have no contributory value.

Total Value of Part to be Acquired:

Fee Simple Land:	\$0.00
Permanent Easement(s):	\$14,422.65
Site Improvements:	<u>\$0.00</u>
Total:	\$14,422.65
Temporary Easement(s):	\$0.00

Section 12 – Cost to Cure

There are no cost to cure issues associated with this appraisal.

Section 13 - Other Compensation**Damages to Trade Fixtures**


Fee Owned:	\$0
Tenant Owned:	\$0 NA

Temporary Easement Valuation

Term of the Easement: 24 months

Market Value of Easement(s):				
	<u>0.00</u>	<u>\$1.177011</u>	<u>24.0%</u>	\$0.00
	Land Area (SF)	Value Per SF	% Rent	

Supporting Data – Attached
General Data Book

Project: NA Parcel(s): NA
 County: DeKalb P.I.#: NA
 Date Signed: November 16, 2014 Date of Value: November 14, 2014
 Appraiser: Raymond R. Koepsell Certification #: CG004033
 Signature:  Address: 7000 Peachtree Dunwoody Road, Suite 4-100
 Telephone: (770) 481-0855 Atlanta, Georgia 30328
 Facsimile: (770) 481-0854

Total Value Before Acquisition				\$48,211,067.00
Value of Land to be Acquired, Fee Simple:				
0.00	\$66.000000		\$0.00	
Land Area	Price/Unit			
Value of Permanent Easement(s):				
8,741.00	\$66.000000	2.5%	\$14,422.65	
Land Area	Price/Unit	% of Fee Value		
Value of Site Improvements to be Acquired:			\$0.00	
Market Value of the Acquisition:				\$14,422.65
Cost to Cure				\$0.00
Damages to Trade Fixtures				\$0.00
Temporary Easement				\$0.00
RECOMMENDED COMPENSATION, AS ROUNDED:				\$14,500.00

SUMMARY OF COMPENSATION FOR OWNERSHIP INTERESTS

	Name	Compensation	Items Included
Owner/Leased Fee	Atlanta Office Investment, LLC	\$14,500	Two Permanent Easements
Leasehold		\$0	
Subleasehold		\$0	
Trade Fixtures Owner		\$0	
Trade Fixtures Tenant		\$0	
Easement Owners		\$0	
Life Estate		\$0	



TECHNICAL MEMORANDUM

DATE: October 30, 2014

REVISED November 18, 2014

RE: KDC/State Farm – Perimeter Center Parkway Level of Service Improvement and General Public and Infrastructure Benefits Related to Proposed Slip-Lane & Underground Connector (Tunnel), and Proposed Pedestrian Bridge

1. Reference Documents

- a. *Traffic Impact Study*, prepared by Kimley-Horn and Associates, Inc., evaluating the Perimeter Center Parkway corridor with proposed area developments, dated March 10, 2014 and approved by City of Dunwoody Public Works.
- b. *DRI Studies* for the previously proposed Novare Development, the proposed High Street development, Northwood-Ravin apartments, and Pollock Shores apartments.
- c. *ITE Trip Generation*, 9th Edition.
- d. *Syncro 8 Report*, prepared by Kimley-Horn and Associates, Inc., analyzing effects of proposed Underground Connector and Slip-Lane on capacity at Phase I SB Left Turn (“Driveway #1B”) and Goldkist Rd SB Left Turn, dated November 17, 2014.
- e. *KDC/State Farm, Impacts of Proposed Underground Connector (Tunnel), Figures 1 & 2*, graphically depicting projected AM and PM peak left-turn movement volumes, both with the proposed Underground Connector and without the proposed Underground Connector.

2. Slip-Lane/Underground Tunnel and Pedestrian Bridge Benefit Analysis

Kimley-Horn and Associates, Inc. has performed an engineering evaluation of the proposed slip-lane/underground connector and pedestrian bridge to be located south of the Hammond Drive intersection. As currently designed, both the connector and pedestrian bridge would serve as connection corridors for both vehicular and pedestrian traffic across Perimeter Center Parkway, linking the two proposed State Farm HUB campuses. *It should be noted that the proposed Pedestrian Bridge will be open to the general public during normal business hours.*

The engineering analysis performed evaluated the reduction of vehicular and pedestrian traffic congestion along the Perimeter Center Parkway corridor, and the resulting benefits to the general public and public infrastructure.

- a. Construction of the south-bound slip lane and underground connector will reduce vehicle trips at both the south-bound left turn lane into the Phase I site, as well as the south-bound left turn lane onto Goldkist Rd.
 - i. *PH I SB Left Turn* – AM Peak vehicle trips reduced from 217 trips to 109 trips (50% reduction).*
PM Peak vehicle trips reduced from 54 trips to 27 trips (50% reduction).*
 - ii. *Goldkist Rd. SB Left Turn* – AM Peak vehicle trips reduced from 153 trips to



53 trips (65% reduction).*

PM Peak vehicle trips reduced from 52 trips to 18 trips (65% reduction).*

**It should be noted that the capacity of the control gate within the proposed underground connector is conservatively set at 450 vehicles/hour, and will not impede traffic flow of the 208 projected total diverted AM trips or 61 projected total diverted PM trips.*

Given the above-stated reduction in traffic volumes and associated congestion, the analysis further compared various “measures of effectiveness” for the aforementioned intersections. The tables below provide direct comparison under the following two scenarios: 1.) without the proposed underground connector, and, 2.) with the proposed underground connector.

Table 1 Perimeter Center Parkway at Proposed Driveway #1B (Unsignalized)						
Measure of Effectiveness	Movement/ Approach	Control	AM Peak Hour		PM Peak Hour	
			Without Tunnel	With Tunnel	Without Tunnel	With Tunnel
Level of Service	SB Left	LT Yield	A	A	B	A
Average Vehicular Delay (s)	SB Left	LT Yield	9.0	8.6	10.0	9.9
95 th Percentile Queue (ft.)	SB Left	LT Yield	19	9	6	3
Number of Stops	SB Approach	Free with LT Yield	390	187	108	53
Average Fuel Economy (mpg)	SB Approach	Free with LT Yield	9.7	13.3	15.8	19.6
CO Emissions (kg)	SB Approach	Free with LT Yield	0.37	0.23	0.16	0.12

It should be noted that vehicular delay for a major street left-turn movement, at an unsignalized intersection, is most affected by the conflicting volume (opposing through traffic). Thus, as shown in Table 1, the southbound left-turn movement at the proposed unsignalized intersection of Perimeter Center Parkway at Driveway #1B may not experience much change in vehicular delay with the installation of the proposed underground connector, *however*, the other reported measures of effectiveness for the southbound approach (**highlighted**) are projected to experience the following quantitative improvements:

- Number of stops - 52% reduction in AM
51% reduction in PM
- Average Fuel Economy - 37% increase in fuel savings (mpg) in AM
24% increase in fuel savings (mpg) in PM
- Emissions - 38% reduction in CO emissions (kg) in AM
25% reduction in CO emissions (kg) in PM

Table 2 Perimeter Center Parkway at Goldkist Road (Signalized)								
Measure of Effectiveness	AM Peak Hour				PM Peak Hour			
	Northbound		Southbound		Northbound		Southbound	
	Without Tunnel	With Tunnel	Without Tunnel	With Tunnel	Without Tunnel	With Tunnel	Without Tunnel	With Tunnel
Level of Service	B	A	B	A	B	B	A	A
Average Vehicular Delay (s)	10.7	7.6	11.3	6.4	12.5	11.1	7.5	5.5
Left-Turn 95 th Percentile Queue	N/A*	N/A*	125	53	N/A*	N/A*	50	29
Number of Stops	190	154	180	100	365	332	119	99
Average Fuel Economy (mpg)	16.9	18.4	6.8	9.6	15.8	16.5	11.3	12.8
CO Emissions (kg)	0.47	0.43	0.25	0.15	0.84	0.80	0.22	0.19

* No northbound left-turn movement exists

From the results shown in Table 2, the existing signalized intersection of Perimeter Center Parkway at Goldkist Road is projected to experience noticeable improvement for all reported measures of effectiveness, particularly during the AM Peak Hour when the proposed underground connector is projected to have the greatest impact on project ingress traffic.

Average Vehicular Delay:

It should be noted that the following is only for AM/PM peak volumes and does not include off-peak volumes, which would yield greater improvement results

Northbound Movement - 29% reduction in delay in AM
11% reduction in delay in PM
Southbound Movement - 43% reduction in delay in AM
27% reduction in delay in PM

Conclusion: Given the reduction in delay for both northbound and southbound traffic, *which is for all motorists using the intersection and not just State Farm employees*, the total productivity gain (time saved) resulting from the proposed tunnel is:

AM Peak Traffic - 4.76 hr/wk saved for both NB and SB Traffic
PM Peak Traffic - 2.99 hr/wk saved for both NB and SB Traffic
Total Daily Time Savings = 7.75 hr/wk

Assuming 50 work-weeks in a given year, the inclusion of the tunnel results in a productivity gain of 387.5 hrs/yr and \$10,245/yr in wages*.

* Assumes \$55,000/yr average salary.



Average Fuel Economy:

It should be noted that the following is only for AM/PM peak volumes and does not include off-peak volumes, which would yield greater improvement results

The analysis revealed an average 1.6 mpg improvement in fuel economy through the intersection for both northbound and southbound movements. Assuming the average fuel economy is 12.7 mpg without the tunnel improvement, and a study area of one (1) mile for both northbound and southbound approaches, the following savings are realized for all motorists utilizing the Goldkist Rd intersection for both AM and PM:

- 1.6 mpg improvement yields a 14.3 mpg improved fuel economy with tunnel
- Assuming \$3.00/gal fuel cost
- Fuel Consumption Cost With Tunnel: $14.3 \text{ m/gal} * 1 \text{ gal}/\$3.00 = 4.77 \text{ m}/\$ \text{ or } \$0.21/\text{mile}$
- Fuel Consumption Cost Without Tunnel: $12.7 \text{ m/gal} * 1 \text{ gal}/\$3.00 = 4.23 \text{ m}/\$ \text{ or } \$0.24/\text{mile}$

Conclusions:	\$0.03/mile improvement <u>with</u> tunnel	
	2,161 AM & PM peak vehicle trips =	\$64.83 fuel cost savings/day
		\$324.15 fuel cost savings/week
		\$16,856 fuel cost savings/year

CO Emissions:

The analysis indicates a significant reduction in CO emissions as a result of reduced delay and improved fuel efficiency. The *Clean Air Campaign of Georgia* cites State and Federal government studies that indicate a reduction in CO emissions yields decreased incidents of asthma, and lung disease associated with vehicle CO emissions.

It is difficult to place an objective monetary value on the improved quality of life and overall public health associated with the proposed underground connector and the resulting air quality improvements; however, it is apparent that the proposed connector serves the public good by reducing medical costs and increasing worker productivity by reducing incidents of sick leave and contributing to increased worker longevity.

Safety:

Per the tables above, Level of Service (LOS) at both the proposed Phase I Left Turn Lane and the existing Goldkist Rd intersection are improved in the AM Peak Hour and the PM Peak Hour, respectively. Given the improved capacity and overall LOS, the following safety benefits are realized:

- a. Vehicular safety is improved by greatly reducing the number of left turn movements across opposing north-bound traffic at both intersections.
- b. Pedestrian safety is improved by greatly reducing vehicles at the Goldkist Rd. intersection and, therefore reducing the incidents of vehicular/pedestrian conflict. Pedestrian safety is further improved by reducing pedestrians at the Goldkist Rd. and Hammond Drive intersections by providing optional pedestrian travel corridors including the pedestrian bridge (open to public) and underground connector.
- c. Given the *direct connection* of the Phase I site to the Dunwoody MARTA station platform, the proposed pedestrian bridge facilitates public access to public infrastructure; therefore, use of public transit is enabled and facilitated.



Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "LH Fannéy", written over a horizontal line.

Lawson H. Fannéy, P.E.