

#4c



Valbridge
PROPERTY ADVISORS

VALBRIDGE.COM

November 10, 2022

VIA E-Mail Only

Ms. JoAnna P. "Jody" Weaver, P.E.
Interim City Manager
City of Port Lavaca
202 N. Virginia Street
Port Lavaca, Texas 77979

E-Mail: jweaver@portlavaca.org

Phone: (361) 827-3601

**RE: Authorization & Engagement Agreement
The Harbor of Refuge (HOR) 14 Land Tracts
City Harbor 9 Tracts**

Dear Ms. Weaver:

The purpose of this letter is to set forth the terms and conditions to complete an appraisal of the above referenced properties for the purpose of estimating its market value. We have not performed any services, as an appraiser or in any other capacity, regarding the subject property within the three-year period immediately preceding the date of this letter.

The assignment will produce an Appraisal Report in accordance with Standards Rule 2-2 (a) of USPAP with full support for its value conclusions. It will be made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Scope/Property Description

The subjects are located as follows:

- The Harbor of Refuge (HOR) 14 Land Tracts
Port Lavaca, Texas 77979
- City Harbor 9 Tracts
Port Lavaca, Texas 77979

The scope of work will be to develop a market value of the property, as well as market rent for each property. A summary of the sites is below:

VALBRIDGE PROPERTY ADVISORS | HOUSTON
974 Campbell Road, Ste. 204
Houston, TX 77024
Phone: 713.467.5858

Harbor of Refuge Land Tracts		
	Aerial Tracts	CAD
Tract	Size/Acres	Acres
2	0.66 acres current lessee is Prestige Oysters	Account
3	4.30 acres current lessee is Encore Dredging	81505
5 & 15	is part of the 16.10 acre long term leased area) These two tracts are leased together currently to Equalizer	
10	3.00 acres current lessee is Prestige Oysters	
11 & 12	16 acres - Are combining tracts working to lease to Encore dredging	
13	7.00 acres – used as a gun range	
14	1.00 acres – has not been leased in many years	
Adj to 14	2.06 acres – has not been leased in many years	
Tract along Corp. Ditch	8.04 acres – has not been leased in many years	
Landfill Area	74.08 acres total and includes the 7.0 acre of tract 13 and public road right-of-way	
Long Term Leased Area	16.10 acres - Helena Chemicals has long term lease on Tracts 6,7,8,9,18 (9.397 ac)	
Long Term Leased Area	Sparklight Cable service leases Tract 4	

City Harbor Tracts		
	Aerial Tracts	
Tract	Size/SF	Acres
3	7275 sf on AutoCAD (150.4 LF of dock)	0.16
4	7212 sf on AutoCAD (68.60+89.63' of dock)	
5	2554 sf on AutoCAD (31.50+41.91+23.73+7.77' of dock)	
12	3765 sf on AutoCAD of LOW dock (120.75' of dock) – low dock is leased	0.12
6	8079 sf of LOW dock (263.80+1.28' of dock) – low dock is leased	0.30
9	21,000	0.48
9a	8,220	0.19
10	23,000	0.53
11	18,827 sf (55.97'+118.13'+33.34' of dock) + a CMU building (approx. 15'x55')	



The appraisal will not take into consideration any potential environmental issues that may or may not exist on the property. We cannot assume any responsibility for the discovery, analysis, or treatment of such substances on the subject or its surroundings.

Terms

Appraisal Fee	\$16,500
Retainer	Not required
Delivery Time	45 days from Engagement
Deliverables	Electronic PDF by e-mail

Requested Data

In order to complete the appraisal we ask that you provide us relevant information needed for its preparation listed below.

1. Boundary Survey
2. Site Plan
3. Lease
4. Historic Income & Expenses for the last three or four years and the current year-to-date
5. Name and telephone number of contact person

Intended User

The appraisal shall be prepared for the sole and exclusive use of City of Port Lavaca. We request that you seek our written authorization before releasing the report to any other party.

Intended Use

The intended use is to assist the client in their determination of market value.

Payment Terms

The fee is payable upon the delivery of the report. Payments that are not made within thirty (30) days after delivery will be assessed a late fee equal to 1.50% of the balance due for each thirty (30) day period the balance remains unpaid.

All amounts owing and to be owed under this agreement are due and payable in Harris County, Texas and the parties hereto agree that any action to recover such amounts may, at the option of the party entitled to such amounts, be brought in a court of appropriate jurisdiction in Harris County, Texas.

In addition, the client recognizes, acknowledges and is hereby notified that Valbridge Property Advisors I The Gerald A. Teel Company, Inc. is entitled to file and claim a lien upon the property on or after the date



that the appraisal fee is earned pursuant to Chapter 62 of the Texas Property Code entitled "Brokers and Appraisers' Lien on Commercial Real Estate Act" and pursuant to the terms and conditions of this contract. This clause will be enforced only when allowed by law.

Client/Address

Ms. JoAnna P. "Jody" Weaver, P.E.
Interim City Manager
City of Port Lavaca
202 N. Virginia Street
Port Lavaca, Texas 77979

Invoicee/Address

Ms. JoAnna P. "Jody" Weaver, P.E.
Interim City Manager
City of Port Lavaca
202 N. Virginia Street
Port Lavaca, Texas 77979

I trust the above is satisfactory to your needs. Attached to and incorporated in this engagement letter are Valbridge Property Advisors Terms and Conditions of Agreement. These Terms and Conditions are an integral part of our engagement and govern the work to be performed for you. The appraisal will be completed in accordance with these terms.

Respectfully submitted,
Valbridge Property Advisors

A handwritten signature in black ink, appearing to be 'CL' or 'Chris Lantz'.

Chris Lantz, MAI
Senior Managing Director
clantz@valbridge.com
(713) 467-5858

A large, stylized handwritten signature in black ink, appearing to be 'JoAnna P. Weaver'.

Signature

JoAnna P. Weaver

Name (type or print)

AGREED AND ACCEPTED

Interim City Manager

Title

11.10.2022

Date

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | The Gerald A. Teel Company, Inc. will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | The Gerald A. Teel Company, Inc. is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | The Gerald A. Teel Company, Inc. and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | The Gerald A. Teel Company, Inc.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | The Gerald A. Teel Company, Inc. both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | The Gerald A. Teel Company, Inc. and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against The Gerald A. Teel Company, Inc. or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | The Gerald A. Teel Company, Inc. for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | The Gerald A. Teel Company, Inc. shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | The Gerald A. Teel Company, Inc. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | The Gerald A. Teel Company, Inc. and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | The Gerald A. Teel Company, Inc. harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | The Gerald A. Teel Company, Inc. in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Gerald A. Teel. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.