

SMITH, KIRKPATRICK & KLAGER, LLC

REAL ESTATE APPRAISAL & CONSULTING
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August 14, 2018

Mr. Jonny F. Hipp, ScD, FACHE
Administrator/Chief Executive Officer
Nueces County Hospital District
555 North Carancahua, Suite 950
Corpus Christi, Texas 78401

re: Appraisal of Memorial Medical Center Properties

Dear Mr. Hipp,

Smith, Kirkpatrick, & Klager submits the following proposal for appraisal services. The following is our standard appraisal contract. We believe it outlines all of the pertinent details of the assignment.

Scope of the Appraisal

It is our understanding that you require appraisal reports which outline the pertinent information regarding the property, as noted above, and also addresses the methodology and value conclusion reached therein. We intend to use applicable standard appraisal techniques in conformity with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute and the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) to form an opinion of Fair Market Value. The purpose of the appraisals is to determine the fee simple market value of the properties referenced below, as of October 1, 2018. The intended user is the Nueces County Hospital District. The intended use is to assist in asset management.

Special Instructions and/or Limits of the Assignment

During the course of our fieldwork and analysis, we will keep you advised as to our progress. Our work will include, but will not necessarily be limited to the following:

Phase I - Preliminary Data Collection and Analysis

-Phase I will consist of all of the data gathering, fieldwork, and analysis in order to develop an opinion of the Market Value of the subject property. During this Phase, we will:

-meet with you and/or your associates to obtain input which confirms or amends our understanding of the details of the property and provides additional pertinent information such as plot plans and other relevant data; and



-personally observe each property to be appraised; and

-study the appropriate market characteristics based on an analysis of competitive properties, discussions with their respective owners, an analysis of demand generators and other available data.

Phase II - Appraisal Report

The individually bound narrative appraisal reports will include the following sections:

- introduction, containing the property identification, the purpose of the appraisal, value definition, and assumptions and limiting conditions;

-descriptive section, with an area map, site data; and

-valuation section, consisting of a description of the appraisal procedures and a development of the applicable approaches to value. This section will include a listing of market sales, other applicable value indicators, and a narrative of logic which leads to the final value conclusion.

In order to complete the assignment in a timely manner, we request:

- 1) Copies of any surveys and/or environmental reports which may have been completed for the properties, if available.
- 2) Current rent rolls and lease information for leased properties.

Terms of Agreement

Appraisal services are based on the estimated amount of time which will be spent in the performance of the appraisal at our standard hourly rates. Based on the scope of the work outlined herein, we estimate the total fee and time requirements to be as follows:

Time Frame Delivery of appraisal reports before October 1, 2018.

Appraisal Fee

<u>Property</u>	<u>Fee</u>
Lot A, Block 1, Medical Center Subdivision	\$ 2,500
Lot B, Block 1, Medical Center Subdivision	\$ 2,900
Block 2, Medical Center Subdivision	\$ 2,500
The West +/-14.32 acres out of Block 3, Medical Center Subdivision and Lots 1-12, Block 7, Tierra Alta Addition	\$ 3,500
Lot 4, Block 2, Portmoor Addition	\$ 3,500
Lots 1, 2, 3, 4, 5, 26, 27, & 28, Block 4, Tierra Alta Addition	\$ 1,800
	<u>\$ 16,700</u>

Upon delivery of the work product, services will be billed to date and due upon receipt. For ongoing jobs, services will be billed and payment due on a monthly basis.

Three copies of each appraisal report will be furnished within the fee structure. You may at any time prior to the completion of these services cancel this agreement by written notice to us. In such event you agree to pay to Smith, Kirkpatrick, & Klager, LLC upon presentation of a statement based on the cancellation fee, compensation for all services rendered to the date of cancellation, together with all costs advanced in connection with said report prior to receipt of said notice.

Limiting Conditions

Under the terms of this engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal.

Our appraisal report will be intended solely for the client and will contain a statement to that effect. Otherwise, neither our report or its contents, nor any reference to our firm, may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, loan or other agreement or document without our prior written permission.

In regard to court related services beyond the Appraisal Reports, the hourly rate for the principal appraiser is \$225.00. Associates are billed at \$95.00 per hour and clerical/administrative is billed at \$50.00 per hour. For court related testimony there is a four hour minimum charge. As applicable, expenses such as transportation cost, meals, lodging, telephone, fax, copies, photos, etc. are accounted for separately. All project-specific, third party expenses are billed at cost.


If this letter correctly states your understanding of the work to be performed, please execute two copies of this contract. Please return one copy to our office, and retain a copy for your files.

Thank you, Mr. Hipp, for your courtesy and consideration and for the opportunity to work with you on this assignment.

Respectfully submitted,



Sidney H. Smith, III, MAI
President

APPROVED BY: 
DATE: 8/17/2018