

CHAMBERLAIN, HRDLICKA, WHITE, WILLIAMS & AUGHTRY
M E M O R A N D U M

VIA COURIER DELIVERY TO:

Kevin Duvall, Chief Operating Officer
Georgia World Congress Center Authority (“Authority”)
285 Andrew Young International Blvd., N.W.
Atlanta, Georgia 30313-1591

J. Frank Smith, Deputy Executive Director
J. Wade, Land Manager
Georgia State Properties Commission (“SPC”)
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Atlanta, Georgia 30334

Denise Whiting-Pack, Senior Assistant Attorney General
Georgia Department of Law
40 Capitol Square, S.W.
Atlanta, Georgia 30334

FROM: William D. Montgomery, Counsel to Mount Vernon Baptist Church (“MVBC”) *WDM*

DATE: July 10, 2013

RE: Valuation Considerations and Conclusions on Sale by MVBC of 2.595 acres (113,035 sf) of land and 41,593 sf of Improvements (“Church Property”) to the Authority

CC: Pastor Rodney K. Turner
Chairman Anthony C. Bellamy
Vice Chair Joel Ricks
Artis Johnson
Brent Reid

On behalf of MVBC with this Memorandum are submitted the following:

- (1) Cost Valuation Report dated July 10, 2013 prepared for MVBC by Winter Johnson Group (“Valuation Report”).
- (2) Clean and redlined versions of Option for the Purchase of Real Property which reflects the terms of the MVBC counteroffer.

MVBC has also received and reviewed:

(a) Integra Realty Resources Appraisal for Georgia State Properties Commission dated June 7, 2013 assigning \$3,180,000 land value and \$1,575,000 parking revenue adjustment for \$4,755,000 total (“Integra Appraisal”).

(b) Pamela J. Smith Appraisal for Georgia State Properties Commission dated June 7, 2013 assigning \$2,100,000 value to property and \$2,800,000 for parking revenue for \$4,900,000 total (“Smith Appraisal”).

(c) Preliminary Boundary Survey for Atlanta New Stadium Project dated July 3, 2013 prepared by Long Engineering, Inc. depicting the Church Property as Tract 1 (“Survey”).

BACKGROUND

As described in the Valuation Report MVBC has a long and storied history at the Church Property and earlier locations in the Vine City community. Current ministries of MVBC have a substantial and widespread positive community impact! A displacement and relocation by the New Stadium Project of the MVBC congregation to new facilities creates significant challenges and will have a substantial economic impact. These economic costs are summarized in pages 17 through 20 of the Valuation Report.

The location of the Church Property at the intersection of Northside Drive and Martin Luther King, Jr. Boulevard is critical, not only to the New Stadium Project, but to the anticipated future evolution of the Northside Drive corridor. This is recognized and presented in the Fall 2012 Georgia Tech School of City and Regional Planning Project “Northside Drive as a Multimodal Development Corridor: Transformation from Utilitarian Auto Route to Grand Transit Boulevard,” and in the similar earlier report related to Northside Drive developed by the City of Atlanta.

APPRAISAL VALUATIONS OF CHURCH PROPERTY

Neither the Integra Appraisal nor the Smith Appraisal gives consideration to any of these factors. Furthermore, they fail to recognize the very significant element of plottage value which the appraisal profession recognizes in an assemblage context where “[t]he combining of two or more parcels . . . into one ownership or use . . . [is] the process that creates plottage value.” “Plottage is the increment of value created when two or more sites are combined to create greater utility.”

The approaches, analysis and usage of the commercial sale comparisons and church sale comparisons cited in the Integra Appraisal and the Smith Appraisal are inappropriate, irrelevant, and are not comparable to the Church Property. They also employ downward adjustments to the extremely low assigned per square foot values, which under the circumstances now applicable to the Church Property, cannot be justified.

APPROPRIATE SALE COMPARISONS

There are three recent City of Atlanta commercial sales comparisons that are relevant and are identified and described below.

1. On April 30, 2013 Stepperson, Inc. sold to Behringer Howard Peachtree Project Owner, LLC 1.964 acres, or 85,552 sf for \$8,800,000. This land sale is at \$93.51 psf [$\$8,800,000 \div 85,552 = \93.51]. This is the Dante's Down the Hatch property on Peachtree Street across from Lenox Square. (See Deed Book 52578, page 684 Fulton County, Georgia records.)

2. On November 16, 2012 Legacy Palms, LLC sold to Courtland Properties, LLC 1.4703 acres, or 64,049 sf for \$7,900,000. Part of this transaction included a parking deck shell which is being retained and included as part of a student housing project now under construction on this site which is located at the northwest corner of Courtland Street and John Wesley Dobbs. The broker that handled this sale indicated approximately \$1,900,000 of the sales price related to the deck. Using a net price of \$6,000,000 for the land results in a \$93.68 psf land value [$\$6,000,000 \div 64,049 = \93.68]. (See Deed Book 51941, page 576.)

3. On October 31, 2012 615 Peachtree LLC (a Cousins Properties affiliate) sold to Georgia Proton Treatment Center, LLC 2.39 acres, or 104,108 sf for \$11,000,000, or \$105.66 psf [$\$11,000,000 \div 104,108 = \105.66]. This site is approximately the size of the MVBC land. (See Deed Book 51840, page 452.) Ironically, this sale is directly across Courtland Street from Land Comparison Sale #2 in the Smith Appraisal which fails to include this sale comparison as part of its valuation analysis. This land is bounded by Peachtree Street, Ponce de Leon Avenue, North Avenue and Courtland and now has under construction a new radiation treatment facility affiliated with Emory University Hospital and Crawford Long Hospital.

All three of these land sales are appropriate comparisons. If you average the psf values for all three [$\$93.51 + \$93.68 + \$105.66 = \$292.85 \div 3 = \$97.62$] you get a psf value of \$97.62. If you apply this to the correct area of MVBC Property of 113,035 sf, the result is \$11,034,476.70 [$\$97.62 \times 113,035 = \$11,034,476.70$]. No downward adjustment is appropriate since these three land sales were for current commercial developments that are in key City of Atlanta urban locations. Each tract of land is critical to the related project, similar to the critical and indispensable character of the Church Property to the New Stadium Project if the South Site is selected. An argument can be made that based upon plottage, the \$97.62 psf value using a very conservative 1.2 upward adjustment factor, would produce a land value of \$117.14 psf. This would warrant a value of the Church Property land equal to \$13,240,919 [$\$117.14 \times 113,035 = \$13,240,919$].

VALUATION REPORT ASSUMPTIONS

The MVBC congregation intends to perpetuate its presence and mission in Vine City. Relocation to a new neighborhood site and constructing new facilities that achieve those goals become a necessary part of any sales decision.

The Valuation Report has been developed by an experienced design-build, engineering and construction firm. The purpose is to provide MVBC leadership with critical benchmarks that must be considered in a relocation. The assumed new church construction and development costs, soft costs, fees, land acquisition costs and many other line items in the Schedule of Project Cost Components are derived using Georgia State Finance and Investment Commission Guidelines. This effort to estimate and quantify the reasonable cost parameters of a relocation does not eliminate the inherent risks and uncertainties with which MVBC will be confronted in a move from its present location. These include available suitable land at projected prices, environmental contamination and clean up exposure, storm water retention mandates of the City of Atlanta and numerous other similar unknowns.

COUNTEROFFER BASIS

The price included in the Option is derived from the Valuation Report conclusions. While the land value alone of the Church Property in the New Stadium Project context is arguably within a \$11,000,000 to \$14,000,000 range, that amount would not make MVBC whole or enable a relocation to take place on meaningful terms.

TIME CONSTRAINTS

Because of looming deadlines this memorandum and enclosures are delivered to the principals of the Authority, SPC and counsel concurrently. The leadership of MVBC has an obligation to its members to approach this transaction in a responsible fashion. MVBC recognizes that a decision by the Authority must be made on the South Site by August 1, 2013. Church Approval requires two week notice of a special called congregational meeting for that purpose. In order to maintain a spirit of open dialogue and communication, MVBC leadership suggests that a face to face meeting among representatives of the Authority, SPC, MVBC, their respective counsel and advisors might be warranted to explore whether a sale is feasible. We will make ourselves available to that end if you believe it will be beneficial.

I look forward to hearing from you.

COST VALUATION REPORT

for the

MOUNT VERNON MISSIONARY BAPTIST CHURCH

441 Martin Luther King, Jr. Drive, SW

Atlanta, Georgia 30313

Reverend Rodney K. Turner, Pastor

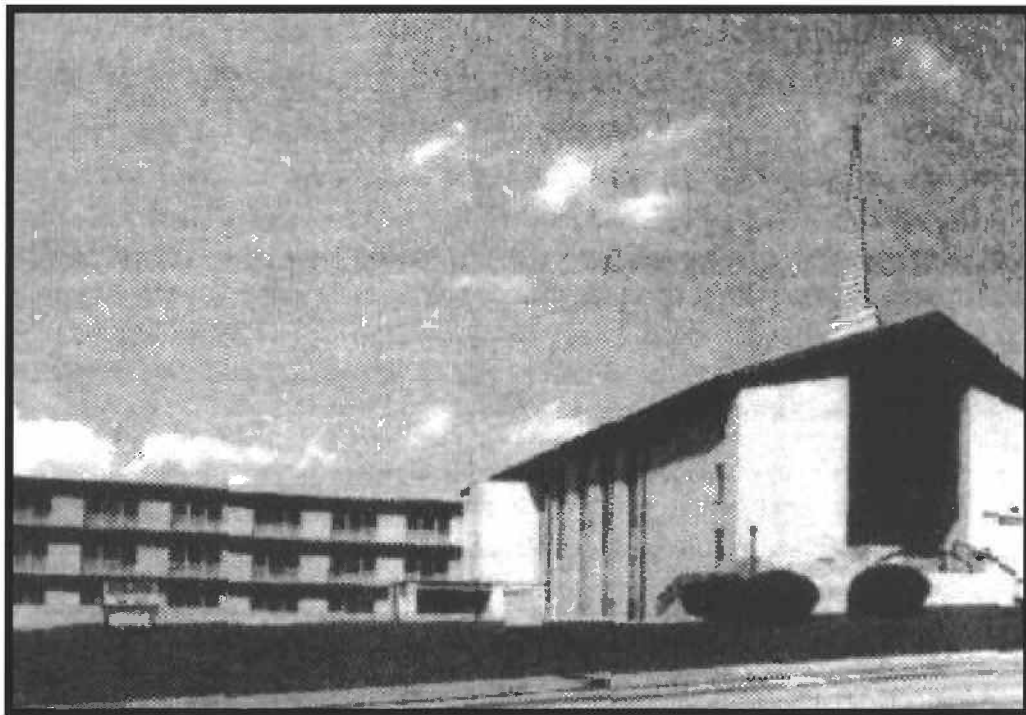


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EXECUTIVE SUMMARY

The purpose of this report is to identify and provide objective cost information for the leadership of the Mount Vernon Missionary Baptist Church, 441 Martin Luther King, Jr. Drive, SW, Atlanta, Georgia on the valuation of its physical plant and other associated costs for the church as it begins negotiations with the Georgia World Congress Center regarding the potential sale of its property. This report provides a comprehensive analysis of all the entire project costs associated with the sale including the intrinsic value of the church's annual parking revenue, interim operational costs and the design/build construction and furnishing of a new worship and educational center in the Vine City community.

This report also considers the real financial and logistical impacts to the church's current operations and the funds that will be required for the church's interim operational needs.

Mount Vernon Missionary Baptist Church as currently configured is a 41,593 square feet complex which includes an educational wing that is 19,007 square feet. The building is sited on 2.595 acres (or 113,035 square feet). This facility was completed in May 1963.



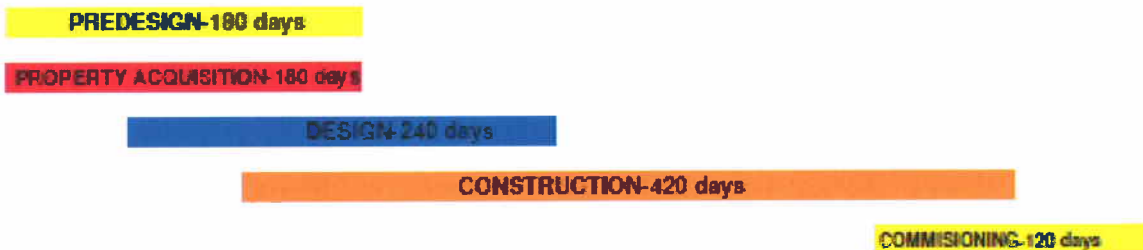
The delivery of this project will be overseen by the church's Board of Trustees who will employ a Design/Build contractor that will have the responsibility of overseeing the

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Pre-design, Design, Construction, Commissioning and Occupancy consistent with Mount Vernon's to be determined program of requirements. All contractors, consultants and suppliers are to be approved by the leadership of Mount Vernon.

The overall project schedule is projected to be thirty (30) months from the date of sale of the new church contingent upon the identifying and securing site for the new facility within a six month period.

**Mount Vernon Missionary Baptist Church
Program Schedule**



This report will identify the elements of cost that Mount Vernon Missionary Baptist Church will need to anticipate as a result of selling their existing facility and relocating to a new site in the Vine City community including the impact of ongoing operations. Because of the nature of church operations which are continuous, special consideration has been given to financial and logistical impacts to the church's current operations and the funds that will be required for all of interim operational needs.

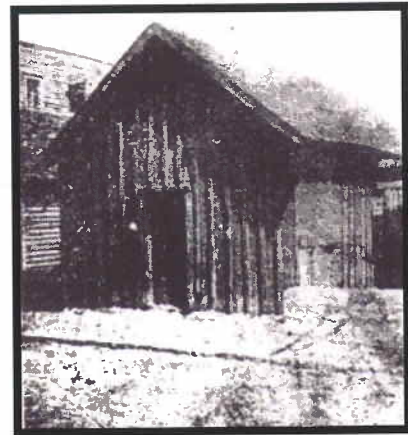
It is not anticipated that Mount Vernon will be required to fund any costs associated with the relocation of the church. All of the funding for the project will be secured as a result of any potential sale.

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HISTORY OF MOUNT VERNON MISSIONARY BAPTIST

The Mount Vernon Missionary Baptist Church credits her birth as a church to three former members of Mount Carmel Baptist Church; Mother Sallie Griffin, Brother Ed Tucker and Sister Melinda Kellum. These three members are considered the founders of Mt. Vernon's spiritual heritage. After leaving Mount Carmel Baptist Church, these three members met each Wednesday night in the home of Mother Sallie Griffin with a determination to serve the Lord.

While these faithful servants were meeting in Mother Griffin's home, Reverend E. D. Florence was conducting night services in a tent in his backyard. While meeting in Mother Griffin's home was rewarding, the three members felt and saw a need for a church in their community. They approached Reverend Florence several times requesting his assistance and guidance in organizing a Church in the community. He finally consented and on a Wednesday night in April 1915, the three members along with Reverend Florence met at 55 Markham Street and organized a church with Reverend Florence as the official pastor. At that meeting, Reverend Florence's mother-in-law asked that she be given the honor of naming the newly organized church. Her request was granted and she named it the Mount Vernon Baptist Church. Thus, this historic church was established.



Flourishing on the Wings of Faith...

With such a dynamic leader and gospel preacher, the church continued to grow and within two years, the little storefront church became too small to house the membership. In 1918, the members of Mount Vernon Baptist Church purchased a large and beautiful church valued at \$50,000, located on the corner of Mangum and Hunter Streets. On a beautiful Sunday morning in July 1918, the membership of Mount Vernon Baptist Church began worshipping in its new sanctuary.



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