

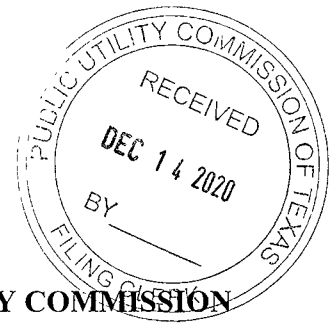


Control Number: 50812



Item Number: 179

Addendum StartPage: 0



**PUC DOCKET NO. 50812**

<b>APPLICATION OF RAYBURN</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>COUNTRY ELECTRIC</b>	<b>§</b>	
<b>COOPERATIVE, INC. TO AMEND ITS</b>	<b>§</b>	<b>OF</b>
<b>CERTIFICATE OF CONVENIENCE</b>	<b>§</b>	
<b>AND NECESSITY FOR THE NEW</b>	<b>§</b>	<b>TEXAS</b>
<b>HOPE 138-KV TRANSMISSION LINE</b>	<b>§</b>	
<b>IN COLLIN COUNTY</b>		

**CROSS REBUTTAL TESTIMONY OF MATT MCGRANER ON BEHALF OF  
BLOOMDALE, LLC**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>I. INTRODUCTION .....</b>	<b>1</b>
<b>II. PURPOSE OF TESTIMONY.....</b>	<b>1</b>
<b>III. EFFECT ON BLOOMDALE'S PROPERTY.....</b>	<b>3</b>

1  
2 **I. INTRODUCTION**

3 **Q. PLEASE STATE YOUR NAME AND POSITION.**

4 A. My name is Matt McGraner, and I am Vice President of NexPoint Real Estate Partners, LLC  
5 (“NextPoint”), the sole member of Bloomdale, LLC (“Bloomdale”).

6 **Q. PLEASE BRIEFLY DESCRIBE THE RELATIONSHIP BETWEEN BLOOMDALE  
7 AND NEXPOINT.**

8 A. Bloomdale is a wholly owned subsidiary of NexPoint.

9 **Q. PLEASE BRIEFLY DESCRIBE YOUR EXPERIENCE AND JOB DUTIES.**

10 A. I am Chief Investment Officer and Executive Vice President of NexPoint Real Estate  
11 Advisors, L.P. (“NREA”), an affiliate of NexPoint. In that role, I am responsible for managing  
12 the acquisition, disposition, and operation of real estate held by NREA’s affiliates and advised  
13 funds. Since January 1, 2012, I have been directly involved in real estate transactions totaling  
14 over \$9.9 billion in raw land, multifamily, single-family rental, self-storage, hospitality,  
15 industrial, office, retail, life sciences, and timber. I also serve as Chief Investment Officer  
16 and Executive Vice President of NexPoint Residential Trust, Inc., an NYSE publicly traded  
17 multifamily REIT, and am a Managing Director at NexPoint Advisors, L.P. I received a juris  
18 doctorate from Washington University School of Law and a bachelor of science from  
19 Vanderbilt University.

20 **II. PURPOSE OF TESTIMONY**

21 **Q. WHAT IS THE PURPOSE OF YOUR CROSS REBUTTAL TESTIMONY?**

22 A. My cross-rebuttal testimony responds to statements contained in the Direct Testimony of  
23 James A. Bell and Mark D. Anderson.

24 **Q. DID YOU READ THE DIRECT TESTIMONY OF JAMES A. BELL?**

25 A. Yes.

26 **Q. TO WHICH STATEMENT DO YOU WISH TO RESPOND?**

27 A. Beginning on Page 5, line 32, Mr. Bell testifies that his property might be worth between  
28 \$99,200 and \$300,000 per acre rather than the \$30,000 per acre estimated by the Company.  
29 Consequently, he believes that Rayburn will need to spend far more than \$30,000 per acre to  
acquire right of way (“ROW”) across his property.

1 **Q. WHAT DO YOU WISH TO SAY IN RESPONSE?**

2 A. It would not surprise me that his land is worth more than \$30,000 per acre; however, only  
3 correcting the ROW estimate for a portion of one link is misleading. For example, Rayburn  
4 lists Bloomdale's land as worth \$60,000; however, we have recently received two offers at  
5 \$522,000 per acre. Mr. Bell's evidence shows that the ROW estimates are unreliable and not  
6 that his land is more valuable than his neighbor's land.

7 **Q. ARE RAYBURN'S ROW ESTIMATES IN THIS CASE ARE USEFUL TO THE**  
8 **COMMISSION?**

9 A. No, I do not think they are useful because they are based on the tax rolls which do not reflect  
10 the actual property values. As evidenced both Mr. Bell's testimony and the recent offers  
11 Bloomdale has received, the discrepancy between the tax appraisal and the land's fair market  
12 value is larger than the value of the land itself. To arrive at a useful comparison, Rayburn  
13 would need to present the actual value of each of the proposed ROWs.

14 **Q. IN YOUR EXPERIENCE AS A REAL ESTATE INVESTOR, HAVE YOU SEEN**  
15 **DISPARITIES BETWEEN ACTUAL VALUES AND TAX ROLL VALUES OF A**  
16 **SIMILAR MAGNITUDE BEFORE?**

17 A. Yes, tax roll values often dramatically understate the value of raw land in quickly developing  
18 areas.

19 **Q. DID YOU READ THE DIRECT TESTIMONY OF MARK ANDERSON?**

20 A. Yes.

21 **Q. TO WHICH STATEMENT DO YOU WISH TO RESPOND?**

22 A. On Page 8, Lines 17-18, Mr. Anderson states: "The price paid for the right of way (ROW)  
23 easements is directly determined by the value of the land it crosses."

24 **Q. WHY?**

25 A. While land values are a primary factor in ROW acquisition costs, they are not the only factor.  
26 The actual ROW costs will also include compensation for "damage to the remainder."

27 **Q. WHAT IS "DAMAGE TO THE REMAINDER?"**

28 A. In a condemnation case, a landowner is entitled to receive compensation for damages that a  
29 condemned easement causes to the remainder of its property. While easements are often  
30 negotiated rather than condemned, landowners often seek to ensure they are compensated for  
31 damages to the remainder.

1                                   **III.     EFFECT ON BLOOMDALE’S PROPERTY**

2   **Q.   WILL YOU EXPLAIN HOW THIS WOULD WORK IN REFERENCE TO**  
3   **BLOOMDALE?**

4   A.   If someone attempted to buy only a portion of Bloomdale's property and the resulting  
5       segregation would render the other portion of the property less valuable, I would not accept  
6       the offer unless it also compensated Bloomdale for the decrease in value to the remaining  
7       property.

8   **Q.   IN YOUR OPINION DOES THE PROPOSED TAP OPTION A, W22B AND W23**  
9   **DAMAGE THE REMAINDER OF BLOOMDALE'S PROPERTY?**

10  A.   Yes.   Tap Option A, W22b, and W23 would limit the development opportunities for the rest  
11       of the property. The substation and transmission lines will reduce the property's suitability for  
12       residential development, which reduces the overall value of the tract.

13  **Q.   IS THERE ANYTHING ELSE YOU WISH TO ADD?**

14  A.   Yes.   After reading the other intervenor testimony, Bloomdale supports Route West K.  
15       However, if the Commission wishes to select an eastern route, we support Route East C.