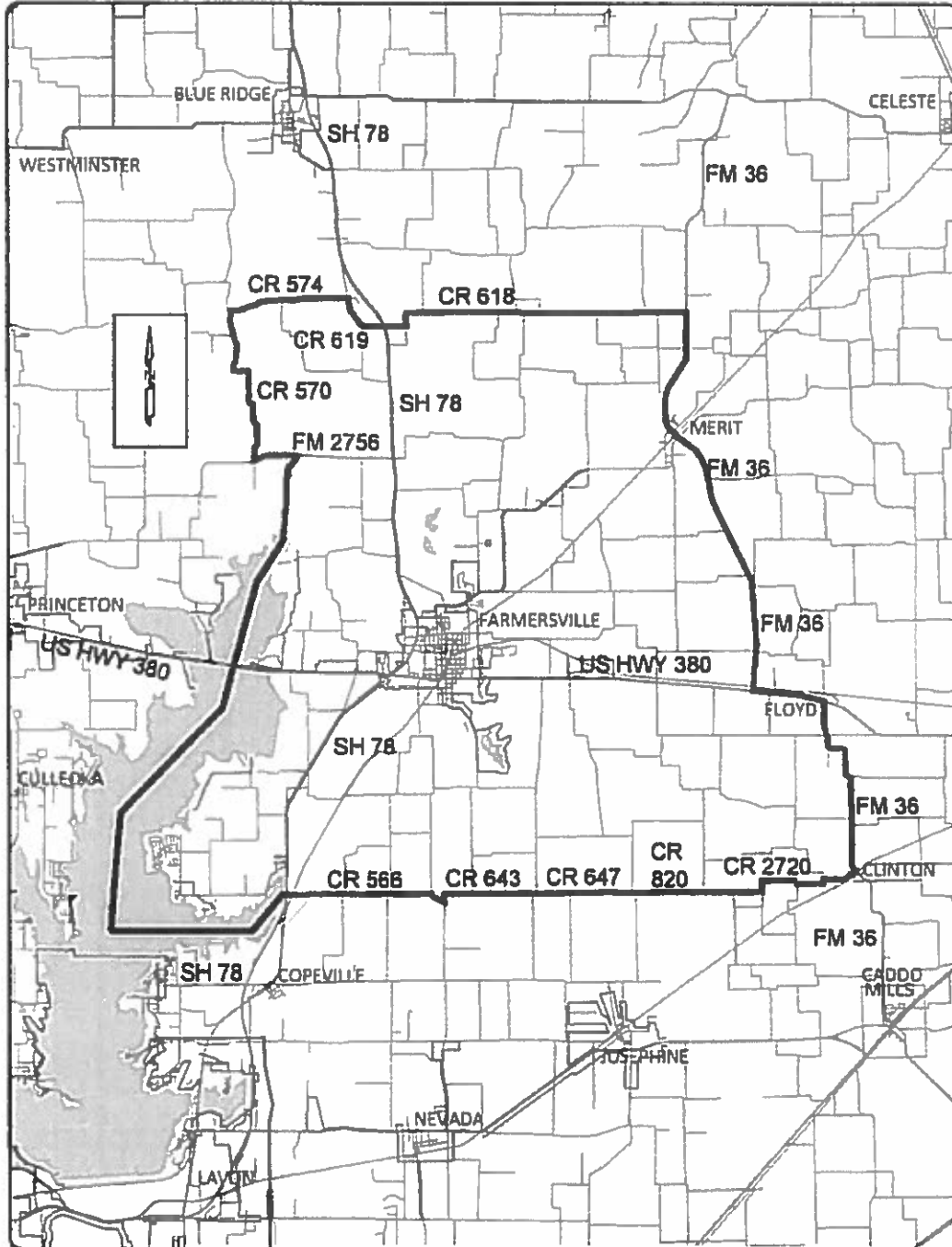


Agenda Section	Regular Agenda
Section Number	VI.E
Subject	Yearly update from Community Waste Disposal.
To	Mayor and Council Members
From	Ben White, City Manager
Date	March 28, 2017
Attachment(s)	None
Related Link(s)	http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php
Consideration and Discussion	<ul style="list-style-type: none"> • Presentation given by Robert Medigovich. • City Council discussion as required.
Action	<ul style="list-style-type: none"> • Motion/second/vote <ul style="list-style-type: none"> <input type="checkbox"/> Approve <input type="checkbox"/> Approve with Updates <input type="checkbox"/> Disapprove • Motion/second/vote to continue to a later date. _____ <ul style="list-style-type: none"> <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove • Move item to another agenda. _____ • No motion, no action

Agenda Section	Regular Agenda
Section Number	VI.F
Subject	Consider, discuss and act upon areas of common interest and boundary agreements with the Cities of Nevada, Lavon, and Josephine.
To	Mayor and Council Members
From	Ben White, City Manager
Date	March 28, 2017
Attachment(s)	Exhibit
Related Link(s)	http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php
Consideration and Discussion	City Council discussion as required.
Action	<ul style="list-style-type: none"> • Motion/second/vote <ul style="list-style-type: none"> <input type="checkbox"/> Approve <input type="checkbox"/> Approve with Updates <input type="checkbox"/> Disapprove • Motion/second/vote to continue to a later date. _____ <ul style="list-style-type: none"> <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove • Move item to a future agenda. _____ • No motion, no action

Exhibit "A"



Agenda Section	Regular Agenda
Section Number	VI.G
Subject	Consider, discuss and act on the use of the City's eminent domain authority to condemn property needed for a City sanitary sewer project out of a tract of land owned by Mr. Thomas O. Midkiff, IV.
To	Mayor and Council Members
From	Ben White, City Manager
Date	March 28, 2017
Attachment(s)	<ul style="list-style-type: none"> • Appraisal • Final Offer Letter • Sewer Easement • OAG – Landowner Bill of Rights
Related Link(s)	http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php
Consideration and Discussion	<ul style="list-style-type: none"> • City Council discussion as required. • Motion must be stated as described: “I move that the City of Farmerville, Texas, authorize the use of the power of eminent domain to acquire approximately .334 acres for a sanitary sewer easement, and approximately .348 acres for a temporary construction easement, for a City sanitary sewer project, which property interests are located within a 33.585 acre tract of land located along the south line of County Road 567, east of County Road 560, in Farmersville, Collin County, Texas, and owned by Mr. Thomas O. Midkiff, IV.”
Action	<ul style="list-style-type: none"> • Motion/second/vote <ul style="list-style-type: none"> <input type="checkbox"/> Approve <input type="checkbox"/> Approve with Updates <input type="checkbox"/> Disapprove • Motion/second/vote to continue to a later date. _____ <ul style="list-style-type: none"> <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove • Move item to a future agenda. _____ • No motion, no action

An
Appraisal Report

~of~

A Proposed Partial Taking of
A 33.585 Acre Tract of Land
Located along the South Line of County Road 567,
East of County Road 560
Farmersville, Collin County, Texas

TPA File #: 17.0107

As of

January 25, 2017

Prepared for

City of Farmersville
Attention: Ben White
205 South Main Street
Farmersville, Texas 75442

Prepared by



6849 Elm Street
Frisco, Texas 75034
(214) 297-9000
www.ToddPropertyAdvisors.com



January 30, 2017

City of Farmersville
Attention: Ben White
205 South Main Street
Farmersville, Texas 75442

RE: Valuation of a proposed partial taking of a 33.585 acre tract of land located along the south line of County Road 567, east of County Road 560, in Farmersville, Collin County, Texas 75442

To Whom It May Concern:

We have personally inspected the above-referenced property and have prepared a *market value* opinion for the property in accordance with your request. The purpose of this appraisal is to provide an opinion of the *market value* of the fee simple estate (land only) and recommended compensation for the part taken of the subject property and damages to the remainder, if any, as of the date of appraisal. The property in question involves a proposed sanitary sewer easement acquisition, and a proposed temporary construction easement acquisition by the City of Farmersville.

All data considered pertinent to the preparation of this appraisal has been investigated and analyzed unless otherwise stated in this report. The results of the analysis together with our conclusions may be found in the following report. The definition of *market value* has been included within the accompanying report.

This appraisal report sets forth the identification of the subject property, information regarding the subject property and its surrounding area, comparable sales data, the results of the investigations and analyses, and the reasoning leading to our conclusions. It is an appraisal report in compliance with the Scope of Work Rule of the 2016-2017 Edition of Uniform Standards of Professional Appraisal Practice (USPAP). It involves the application of the Sales Comparison Approach to value utilizing comparable land sales.

All methodology utilized to arrive at the opinion of *market value* can be found in The Appraisal of Real Estate, Fourteenth Edition, published by The Appraisal Institute.

In our professional opinion, and after careful consideration of the various factors influencing this appraisal, the following illustrates that the market value "as is" (land only) and the recommended compensation, as of the date of appraisal, January 25, 2017 were:

Opinions of Recommended Compensation

Value of the Whole Property (Land only):	\$350,000
Value of the Part Taken (0.334 acre sewer line easement):	\$1,754
Remainder Before Taking:	\$348,246
Remainder After Taking:	<u>\$348,246</u>
Enhancements:	\$0.00
Damages:	\$0.00
Cost to Cure:	\$0.00*
Value of the Part Taken (0.334 acre sewer line easement):	\$1,754
Recommended Compensation for Temporary Easement:	<u>\$585</u>
Total Recommended Compensation:	\$2,339

** Please note that no Costs to Cure the site Improvements that will be replaced on the property have been estimated, as this analysis assumes that the City of Farmersville will relocate, repair, and replace these items in similar or superior condition and that the excavated area will be restored to an acceptable condition at the end of the construction period.*

Extraordinary Assumption: An extraordinary assumption has been made that the taking by the City of Farmersville will not limit ingress/egress to and from the subject property and that City of Farmersville will reconstruct the site improvements to be replaced to their current or superior condition after completion of the project. The use of this assumption could affect the results of this assignment and if found to be incorrect could necessitate re-analysis.

This opinion of value is contingent upon the subject property being free of any hazardous wastes deposited thereupon by the present or previous owners/tenants of the site which would adversely affect the value of the property.

The value conclusion found within this report is exclusive of any personal property, fixtures, or intangible items that are not real property. In order for the opinion of value set forth herein to be considered valid this letter of transmittal must not be considered separately or independently of the attached appraisal report, and this appraisal report must be used in its entirety and must not be separated into parts. Should any questions regarding this appraisal arise, please contact us.

January 30, 2017
Page Three

Respectfully submitted,

Handwritten signature of Mitchell B. Todd in blue ink.

Mitchell B. Todd, MAI
President
State Certification # TX-1323514-G

Handwritten signature of Matthew C. Todd in blue ink.

Matthew C. Todd, MAI
Senior Vice President
State Certification # TX-1338120-G

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SECTION I - INTRODUCTION

EXECUTIVE SUMMARY



SALIENT FACTS & CONCLUSIONS

Property Appraised:

A 33.585 acre (1,462,963 square foot) tract of land improved with a metal barn totaling 5,000 square feet that was constructed in 2004. The source of the improvement descriptions, sizes, and ages is the property tax record from the Collin County Appraisal District ("CCAD"). The source of the land size is also CCAD. According to exhibits provided by the City of Farmersville from Resolution #R-2016-1215-004, the portion of the site from which property rights are proposed to be taken is a 0.334 acre (14,549 square foot) permanent sanitary sewer easement. The City of Farmersville is also taking a 0.348 acre (15,159 square foot) temporary construction easement.

Property Type:

33.585 acres with agricultural improvements

Location:

South line of County Road 567, East of County Road 560 in Farmersville, Collin County, Texas 75442

Date of Inspection:

January 25, 2017, and other dates

Date of Valuation:

January 25, 2017

Date of Report:

January 30, 2017

Property Rights Appraised: Fee Simple Estate

Ownership: Thomas O. Midkiff, IV

Land Size: **Total Land:** 33.585 acres (1,462,963 SF)
Sewer Easement: 0.334 acres (14,549 SF)
Temporary Easement: 0.348 acres (15,159 SF)

Status of Property: As of the date of the appraisal, the subject property comprises a 33.585 acre tract of land improved with a metal barn totaling 5,000 square feet that was constructed in 2004. The source of the improvement descriptions, sizes, and ages is the property tax record from the Collin County Appraisal District ("CCAD"). The appraisers were not provided access to the property and did not perform a visual inspection of the improvements. According to exhibits provided by the City of Farmersville from Resolution #R-2016-1215-004, the portion of the site from which property rights are proposed to be taken is a 0.334 acre (14,549 square foot) permanent sanitary sewer easement. The City of Farmersville is also taking a 0.348 acre (15,159 square foot) temporary construction easement. Rights from this portion of the subject property are being taken for sewer utility improvements. According to Mr. Eddy Daniel, P.E. with DBI Engineers, the term of the temporary construction easement is projected at 24 months. The property appears to have water and electricity available to the vicinity of the site.

Zoning: Unzoned

HIGHEST AND BEST USE:

As If Vacant: Residential

As Improved: Continued agricultural use with potential for future residential development

SCOPE OF WORK

Appraisal Problem Identification: To provide a credible opinion of the *market value* of the fee simple estate (land only) and recommended compensation regarding the part taken and damages to the remainder, if any, as of the date of appraisal (January 25, 2017).

Purpose of the Appraisal: To provide the client with a current credible opinion of the *market value* of the fee simple estate (land only) and recommended compensation regarding the part taken and damages to the remainder, if any, as of the date of appraisal (January 25, 2017). These value opinions are intended to assist in determining compensation regarding the potential easement takings by the City of Farmersville.

Client: City of Farmersville

Intended User: City of Farmersville

Relevant Approaches Used: Sales Comparison Approach

CONCLUSION OF VALUES

Opinions of Recommended Compensation

Value of the Whole Property (Land only):	\$350,000
Value of the Part Taken (0.334 acre sewer line easement):	\$1,754
Remainder Before Taking:	\$348,246
Remainder After Taking:	<u>\$348,246</u>
Enhancements:	\$0.00
Damages:	\$0.00
Cost to Cure:	\$0.00*
Value of the Part Taken (0.334 acre sewer line easement):	\$1,754
Recommended Compensation for Temporary Easement:	<u>\$585</u>
Total Recommended Compensation:	\$2,339

** Please note that no Costs to Cure the site improvements that will be replaced on the property have been estimated, as this analysis assumes that the City of Farmersville will relocate, repair, and replace these items in similar or superior condition and that the excavated area will be restored to an acceptable condition at the end of the construction period.*

IDENTIFICATION OF THE PROPERTY

The subject property is located along the south line County Road 567, east of County Road 560, in Farmersville, Texas. As of the date of the appraisal, the subject property comprises a 33.585 acre tract of land improved with a metal barn totaling 5,000 square feet that was constructed in 2004. The source of improvement descriptions, sizes, and ages is the property tax record from the CCAD. The appraisers were not provided access to the property and did not perform a visual inspection of the improvements. According to exhibits provided by the City of Farmersville from Resolution #R-2016-1215-004, the portion of the site from which property rights are proposed to be taken is a 0.334 acre (14,549 square foot) permanent sanitary sewer easement. The City of Farmersville is also taking a 0.348 acre (15,159 square foot) temporary construction easement. Rights from this portion of the subject property are being taken for sewer utility improvements. According to Mr. Eddy Daniel, P.E. with DBI Engineers, the term of the temporary construction easement is projected at 24 months. The property appears to have water and electricity available to the vicinity of the site. An aerial photo of the subject property is located on the following page and a summary of the legal description of the subject property is as follows:

Tract 246, Sheet 2, Williams Survey, Abs A0952 W B



*The red lines depicted in the aerial photograph outlines the whole property, while the dark blue lines depict the boundary of the proposed sanitary sewer easement taken, and the orange lines depict the boundary of the proposed temporary construction easement taken. These boundaries are approximations based upon our best estimates given the surveys provided.

PURPOSE OF THE APPRAISAL

The objective of this appraisal is to provide the client with a current credible opinion of the *market value* of the fee simple estate (land only) and recommended compensation regarding the part taken and damages to the remainder, if any, as of the effective date of appraisal (January 25, 2017). These value opinions are intended to assist in determining compensation regarding a value for the potential easement takings by the City of Farmersville.

IDENTIFICATION OF THE APPRAISAL PROBLEM

The appraisal problem of this report is to provide a credible opinion of the *market value* of the fee simple estate (land only) and recommended compensation regarding the part taken and damages to the remainder, if any, as of the effective date of appraisal (January 25, 2017).

DATE OF VALUE OPINION

The subject property was inspected on January 25, 2017, and other dates by Mitchell B. Todd, MAI, and Matthew C. Todd, MAI. The effective date of valuation is January 25, 2017.

DATE OF REPORT

The report date of this appraisal is January 30, 2017.

APPRAISAL REPORT OPTION

This is an Appraisal Report that complies with the reporting requirements set forth under Standards Rule 2-2 (a) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents sufficient information to enable the client and other intended users, as identified, to properly understand it. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal as noted herein.

INTENDED USE/INTENDED USER

This appraisal report has been prepared for, and is intended to be used by the City of Farmersville. The intended use of this appraisal report has been identified by the appraisers based on communications with the client, the City of Farmersville, at the time of the assignment to assist in determining recommended compensation for the part taken and damages to the remainder, if any, of the subject property regarding the potential easement takings by the City of Farmersville. Therefore, the intended user of this report is the City of Farmersville. Use of this report by others is not intended by the appraisers. No one other than the intended users should rely on the opinion of value or any other conclusions contained in this report.

STATEMENT OF PRIOR SERVICES RENDERED

Todd Property Advisors, Mitchell B. Todd, MAI and Matthew C. Todd, MAI have rendered no professional real estate services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

PROPERTY RIGHTS APPRAISED

The fee simple estate is defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat"¹. This differs from the leased fee estate which is defined as *"the lessor's, or landlord's, interest. [A landlord holds specified rights that include the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee (leaseholder) are specified by contract terms contained in the lease".²]*

The fee simple estate of the subject property is being appraised, and a proposed easement interest is also being valued as well as any damages or enhancements to the remainder property. An easement interest is a non-possessory (incorporeal) interest in landed property conveying use, but not ownership, of a portion of that property. This ownership interest is subject to any zoning ordinances, easements, restrictions of record and other applicable codes and ordinances of record.

DEFINITION OF MARKET VALUE

The appropriate definition of market value for this assignment is defined as follows: "Market Value" is the price the property would bring when offered for sale by one who desires to sell, but is not obliged to sell, and is bought by one who desires to buy, but is under no necessity of buying, taking into consideration all those uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.

City of Austin v. Cannizzo, 267 S.W. 2d 808 (Tex, 1954)

STATEMENT OF OWNERSHIP

According to information provided by the Collin County Appraisal District and information provided by the client, title of the subject is vested in Thomas O. Midkiff, IV.

SCOPE OF WORK

The scope of work is defined as the type and extent of research and analysis in an assignment. The scope of this appraisal assignment is to provide a credible opinion of the market value of the subject property (land only) in "as is" condition and the recommended compensation as of the effective date of appraisal (January 25, 2017). In compliance with the 2016-2017 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP), and upon the request of the client, an appraisal report has been prepared utilizing the Scope of Work Rule.

1 The Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), Chicago, Illinois, 2015, page 90.

2 The Appraisal Institute, The Appraisal of Real Estate (Fourteenth Edition), Chicago, Illinois, 2013, page 72.

The Scope of Work Rule within USPAP emphasizes the requirements for problem identification, determining the appropriate scope of work, and disclosure of the scope of work that was performed in appraisal, appraisal review, and appraisal consulting assignments. The following is a discussion of the scope of work undertaken within the context of this report.

The scope of work for this appraisal was determined by the complexity of the assignment and the reporting requirements of this appraisal report type, including: the definition of market value, real property interests valued, assumptions and limiting conditions, and certifications.

The appraisers considered this scope of work to be adequate to complete a credible appraisal of the subject property. The appraisers believe that this scope of work would meet the expectations and needs of parties who are regular intended users for similar assignments and that this scope of work is substantially similar to what an appraiser's peers actions would be in performing the same or similar assignment.

Our research began with a review of the three year history of the subject property prior to the date of appraisal by conducting research of the Collin County public records. This research was facilitated by several on-line sources including CoStar.com, Collin County Appraisal District (collincad.org), and Loopnet.com, as well as several other resources including owners, buyers, lenders, and other parties knowledgeable of the subject property. The Regional and Neighborhood Analyses include information gathered through inspection of the areas, review of published secondary data, such as that provided by the North Central Texas Council of Governments and a variety of resources available from the Cities of Fort Worth, Dallas, and other communities comprising the Metroplex.

The site analysis included an inspection of the property by the appraisers, a review of the survey of the parts taken, plat map, zoning maps, and FEMA flood insurance rate maps. The subject was inspected on January 25, 2017, and other dates. The inspection was conducted by Mitchell B. Todd, MAI, and Matthew C. Todd, MAI, of Todd Property Advisors. However, the appraisers were not provided access to the interior of the site and performed a visual inspection from nearby roadways. The effective date of the *market value* opinion is January 25, 2017. The applicable zoning ordinance of the subject property was verified with the zoning records of the City of Farmersville. The tax rates, assessed values and information regarding the subject's tax debt were verified by the Collin County Appraisal District and the individual taxing jurisdictions via the appraisal district's website (collincad.org).

Primary data regarding the subject submarket and the immediate surrounding area was verified by the appraisers through an inspection of the area, and interviews conducted with owners, real estate brokers, and management company representatives. To complete this appraisal assignment, the Sales Comparison Approach was utilized to value the subject property.

All data gathered within this approach regarding properties similar to the subject have been previously verified with either the Grantor, the Grantee, or their representatives through their

respective sources. A more detailed explanation of the methods and techniques employed in these approaches is located in the Valuation Process section of this report.

It was determined through our analysis that the partial taking does not negatively impact the improvements located on the property. Therefore, we have provided a value of land only.

ROUNDING CONVENTIONS

It is customary in the commercial real estate appraisal profession to use rounding in reporting value indications and conclusions and this appraisal is no exception. It has been attempted to minimize the amount of rounding in the appraisal process prior to reporting value indications and value conclusions. Therefore, this section of the report provides a guideline as to how rounding has been used throughout this report.

We have rounded all results and conclusions in this appraisal to the nearest \$100, \$500, \$1,000, \$5,000, \$10,000 etc. for the purpose of utilizing consistent calculation methodology. This appraisal assignment dictates that we report our conclusions as a single dollar amount, however, the appraisal process is subjective in nature, and we do not intend to mislead the reader concerning the degree of precision.

All rounding (outside of \$1.00 rounding) in this appraisal has been done in the value indications or conclusions. Never on revenues or expenses other than to the nearest dollar. Hence, 99.9% of our values range from \$50,000 to \$100,000,000 and thus are round as follows:

Range				Round to the Nearest		
\$	50,000	-	\$	\$99,999	\$	1,000
\$	100,000	-	\$	200,000	\$	5,000
\$	200,001	-	\$	9,999,999	\$	10,000
\$	10,000,000	-	\$	100,000,000	\$	100,000 *

HISTORY OF THE SUBJECT PROPERTY

The subject property sales history was researched thorough a search available from the Collin CAD property records (www.collincad.org), CoStar.com, RoddyReport.com, and Loopnet.com among various other sources. According to Collin County Tax Records, title of the subject is vested in Thomas O. Midkiff, IV. No arm's length conveyances have been uncovered regarding the subject during the last three years and the property does not appear to be listed or under contract to be sold.

ESTIMATE OF EXPOSURE TIME

A reasonable exposure period is the amount of time necessary to expose a property to the open market in order to achieve a sale. According to USPAP 2016-2017, exposure time is defined as, "an estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." It is our opinion that a period of six to nine months, with a contract period of 90 days is reasonable. This results in a total exposure time until closing at a title company of nine to twelve months. We performed due diligence in estimating the exposure period for the subject property by surveying the marketing period for comparable properties which had recently sold or were placed under contract. Additionally, the brokers contacted in verifying the comparable improved sales within this report generally indicated that exposure times during the last twelve months have typically ranged from six to twelve months.

It was observed that properties are often marketed for several months or years with very little interest shown in the property. However, they eventually sell after significant price reductions. A common tendency among the majority of these sales is that once these properties experience price reductions which are believed to bring them into alignment with the rest of the market, their exposure time was typically less than one year. The price reductions and recognition of market derived values is reflected in the comparables' sales prices. This is to the extent that the sales price as represented by the value conclusion for the subject is attractive to an investor today. Thus, this attractive price should result in a normal exposure of less than one year. Therefore, it is our opinion that had the subject property been marketed at or very near the "as is" value conclusion contained herein, it would have been sufficiently attractive to entice an investor to purchase the property within a nine to twelve month exposure period.

ESTIMATE OF MARKETING TIME

Marketing time is defined as *"an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."*³ Thus, marketing time is an estimate of the amount of time necessary to sell a property after the date of appraisal, which differs from exposure time which is a retrospective estimate of the amount of time necessary to achieve a sale prior to the effective date of appraisal.



It is our opinion that a marketing period of six to nine months, with a contract period of 90 days is reasonable. This results in a total marketing time until closing at a title company of nine to twelve

3 The Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), Chicago, Illinois, 2015, page 140.

months. We performed due diligence in estimating the marketing period for the subject property by surveying the marketing period for comparable properties which had recently sold or were placed under contract. A common tendency among the majority of the sales is that once these properties experience price reductions which are believed to bring them into alignment with the rest of the market, their marketing period is typically less than one year. For example, properties are often marketed for several years with very little interest shown in the property. However, they eventually sell after significant price reductions. The price reductions and recognition of market derived values is reflected in the comparables' sales prices. This is to the extent that the sales price as represented by the value conclusion for the subject is attractive to an investor today. Thus, this attractive price should result in a normal marketing period of less than one year. Therefore, it is our opinion that if the subject property is marketed at or very near the value conclusion contained herein, it will be sufficiently attractive to entice an investor or user to purchase the property within a twelve month marketing period.

SECTION II – EXTERNAL INFLUENCES

REGIONAL ANALYSIS

Real Estate is an immobile asset, which is dependent upon the exterior environment for economic viability. The economic climate in which a property is located is both general (the region or area in which a property is located) and specific (the neighborhood). Four forces continually exert influence on real estate values within any environment: social, economic, environmental and governmental. The purpose of this section is to consider all pertinent forces that will have an affect on the use and value of the subject property.



The Dallas-Fort Worth-Arlington Consolidated Metropolitan Statistical Area (CMSA) encompasses approximately 9,289 square miles in north central Texas. The Dallas-Fort Worth-Arlington CMSA is comprised of 12 counties: Collin, Dallas, Denton, Tarrant, Johnson, Kaufman, Parker, Rockwall, Hunt, Wise, Delta and Ellis. This CMSA, which is also referred to as the D/FW area or Metroplex, is located 203 miles northwest of Austin, 240 miles northeast of Houston and 206 miles south of Oklahoma City. On a national level, the Metroplex is located in the southern central sector of the country. The Dallas/Fort Worth area is located approximately equidistant from both coasts and from the four major concentrations of population in North America: New York, Chicago, Los Angeles and Mexico City. The following is a discussion of the aforementioned forces that exert influence on property value.

Environmental

The Dallas-Fort Worth climate is humid subtropical with hot summers. It is also considered to be continental, characterized by a wide annual temperature range. The amount of precipitation usually varies and ranges from less than 20" to more than 50". D/FW winters are somewhat mild, but occasionally there are sudden drops in temperature. Periods of extreme cold that occasionally occur are short-lived, so that even in January mild weather occurs frequently. During the summer, the high temperatures are associated with fair skies, westerly winds, and low humidity's. Average high and low temperatures range from 37 F in January to 98 F in August. Rainfall occurs throughout the year, but usually occurs more frequently during the night and also during the spring. Usually, periods of rainy weather last for only a day or two, and are followed by several days with fair skies. Moderate hail may occur on about two or three days a year, only causing slight and scattered damage. However, windstorms occurring during thunderstorm activity may be destructive. Snowfall is rare. The average length of the warm seasons (freeze-free period) is about 249 days, or about 8 months. Thus, the local climate is very conducive of real estate development.

The area's topography is basically level in the northern sector to gently rolling in the southern portion. The rolling terrain of the southern sector is due to a geologic formation known as the escarpment. This escarpment consists of a chalky soil that rests on top of shale's causing unstable building foundations. The shale soil presents shrink-swell problems for the foundations of buildings that are constructed on it, and the chalk is an unstable soil that crumbles easily, resulting in minor landslides.

Transportation

As stated above, on a national basis, the Dallas/Fort Worth Metroplex is centrally located, which has resulted in the development of a major transportation network that connects the Metroplex with the rest of the country. This network consists of major thoroughfares, railroad lines and air carriers. The Dallas/Fort Worth region is located at the convergence of four Interstate Highways: north-south access is provided by Interstate Highways 35 and 45 (IH-35 and IH-45); east-west access is provided by IH-20 and IH-30. Two major outer loops provide internal accessibility to the region. LBJ Freeway (IH-635) surrounds Dallas, and IH-820 encompasses Fort Worth. Both of these arteries connect with the interstate highways as well as local streets, thus affording the cities regional as well as internal access. Providing greater access and mobility to Dallas surrounding communities is President George Bush Toll Road (SH-190); a loop encircling IH-635 that connects IH-30 in Garland to IH-20 in Grand Prairie, as it traverses the communities of Rowlett, Mesquite, Garland, Richardson, Plano, Carrollton, Irving, Arlington and Grand Prairie.

In summary, *Mobility 2030* is a long range strategic plan which will improve mobility throughout the Metroplex. The goals of the plan are to improve mobility, quality of life, and air quality concerns for the cities of Dallas and Fort Worth. In addition, properties located along or near new or

improved thoroughfares should benefit from this plan through better access and exposure. The region is also serviced by a bus service and a network of railroad.

In addition to the various modes of ground transportation, the Metroplex is serviced by a major international airport as well as several other local and regional airports. D/FW International Airport, located midway between Dallas and Fort Worth, has the 2nd largest land area of any other airport in the nation with 17,207 acres and the fourth largest in the world. In 2015, D/FW was responsible for 64,174,163 passengers reaching their destinations, making it the world's 9th busiest airport in number of passengers, with service provided by 9 international and 11 domestic airlines. The airport provides transportation to more than 207 destinations, 58 international, and 149 domestic destinations with an estimated 2,814 daily flights.

The City of Dallas owns and operates Dallas Love Field. The airfield is located six miles northwest of the downtown central business district and is managed by the City's Department of Aviation. Southwest Airlines is the predominant user of Love Field; however, Virgin America Airlines, United Airlines, Seaport Airlines and Delta Airlines also utilize Love Field. In 1963, several airlines had all agreed to seek full repeal of the Wright Amendment; which restricted direct flights to other states from Love Field. In 2008, the airport handled approximately 8,060,000 passengers. On October 13, 2014, the Wright Amendment had been repealed and new non-stop service to several cities began. Southwest Airlines added numerous other cities in the beginning of 2015. In 2014, the airport handled approximately 9,410,000 passengers. With the repeal of the Wright Amendment, passenger traffic at Love Field has increased significantly. According to the Dallas Observer, on Monday, December 8, 2014, city officials announced a plan to add 4,000 parking spaces at Love Field, including the proposed construction of a 5-level parking garage across from Ticket Hall. Despite a 2008 forecast predicting that Love Field would have adequate parking to meet demand through 2018, the airport ran out of parking around midday on Thanksgiving, November 27, 2014, forcing arriving travelers to park off-airport and use other means to reach their flights. This parking lot is proposed to open in 2018.

Commercial air freight service is provided to the region by the Alliance International Centre which is the first development of its type in the world. This Fort Worth based facility comprises a 3,000-acre cargo airport/industrial park. Meacham Field (Fort Worth) and several other municipal airports, provide for the area's general aviation needs.

Social

Social forces, as defined in The Appraisal of Real Estate, Fourteenth Edition, published by The Appraisal Institute and studied by appraisers, primarily relate to population characteristics. Because the demographic composition of the population reveals the potential demand for real estate, proper analysis and interpretation of demographic trends are required. Real property values are affected not only by population changes and characteristics, but also by the entire spectrum of human activity. The total population, its composition by age and gender, and the rate of household formation and dissolution strongly influence real property values. Social forces are

also manifest in attitudes toward education, law and order, and lifestyle options. This section of the report will identify all social forces that may have an effect on the value of the subject property.

According to the North Central Texas Council of Governments (NCTCOG) 2015 population estimates, North Central Texas estimated that the region had added approximately 399,300 new residents between 2010 and 2015 for a total population of 6,939,250. A chart detailing the individual county growth rates is located below.

County Name	2010 Census Population April 1	2014 Estimated Population January 1	2015 Estimated Population January 1	Jan 1, 2014 to Jan 1, 2015 Absolute Change	Jan 1, 2014 to Jan 1, 2015 Percent Change
Collin	782,341	846,850	868,790	21,940	2.6%
Dallas	2,368,139	2,435,700	2,454,880	19,180	0.8%
Denton	662,614	713,200	734,940	21,740	3.0%
Ellis	149,610	157,910	161,010	3,100	2.0%
Erath	37,890	41,010	41,170	160	0.4%
Hood	51,182	55,740	56,020	280	0.5%
Hunt	86,129	88,950	89,090	140	0.2%
Johnson	150,934	155,980	158,350	2,370	1.5%
Kaufman	103,350	108,120	109,300	1,180	1.1%
Navarro	47,735	48,540	48,550	10	0.0%
Palo Pinto	28,111	28,590	28,660	70	0.2%
Parker	116,927	121,810	124,630	2,820	2.3%
Rockwall	78,337	84,830	87,290	2,460	2.9%
Somervell	8,490	8,800	8,850	50	0.6%
Tarrant	1,809,034	1,884,620	1,905,750	21,130	1.1%
Wise	59,127	61,690	61,970	280	0.5%
16-County Region	6,539,950	6,842,340	6,939,250	96,910	1.4%

According to the NCTCOG "the estimated January 1, 2015 population for the NCTCOG Region is 6,939,250. From January 1, 2014 to January 1, 2015, the region experienced growth of 96,910. Thirty-seven cities experienced estimated population growth of 3% or more."

In conclusion, NCTCOG reported that there are, "a number of indicators, including the relative strength of the North Texas economy compared to the rest of the nation, that point to a continued population growth." However, the growth rate in the near future will likely be dependent upon the condition of the economy.

Economic

Economic forces have a direct and obvious effect on property values. The condition of an area's economy in great measure determines the growth or decline of the population, as well as its purchasing power, which affect the demand for goods and services. If an area's economy is in a growth stage, construction of new housing, retail centers and expansions of employment centers occur to accommodate the needs of the population. Conversely, as the unemployment rate rises because of an area's declining economy, some residents move from the area, and those who remain may have decreased disposable incomes, both of which result in a diminished demand for housing as well as goods and services. As occupancy rates for housing, retail facilities, and

employment centers decrease, demand for new construction either decreases or may even cease altogether. Characteristics that are considered to be demand-oriented include employment levels, the number and size of basic industries, and the availability of mortgage credit. Economic characteristics that are considered to be supply-oriented include the stock of available vacant and improved properties, occupancy rates, and rental rates.

Apartment markets continue to fare better than expected, with occupancy and rents improving in most Texas metros. Dallas/Fort Worth area apartment rents were up 5.7 percent in January 2016 compared with January 2015, according to the new research from apartment analyst Axiometrics Inc. Stephanie McCleskey of Axiometrics reported, "The entire D-FW apartment market stayed quite steady in January, with rent-growth rates far above the national average of 4.3 percent. The area as a whole has maintained job growth near or above 3 percent for quite a while, and demand has consistently outpaced all the new supply being delivered to the market."

The D/FW Metroplex has an excellent transportation network, a good central U.S. location, and a relatively low cost of living that attracts major corporate employers. D/FW is a major product distribution center and it is a major trade hub with Mexico and other sectors across Latin America. The Emerging Trends in Real Estate markets-to-watch survey revealed the Dallas/Fort Worth market as the number-one market to watch, climbing four spots from the 2014 survey. "Impressive employment growth is the story behind the Dallas/Fort Worth metropolitan area's rise to the top of this year's survey. Multiple survey respondents and interviewees mentioned the strong job growth driving the local economy." (Emerging Trends in Real Estate, United States and Canada 2016, PricewaterhouseCoopers LLP). D/FW is also known for its large technology influence, and provides business services such as advertising, data processing, telecommunications, and other computer services. The transportation industry is also an important part of the economy, due to D/FW International Airport's large influence.

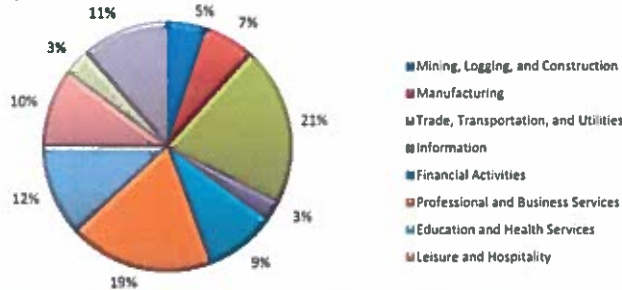
According to the NCTCOG, total employment for the region is anticipated to grow by nearly 1,700,000 jobs between 2010 and 2030. Dallas County is expected to encounter approximately 630,000 new jobs during this time period. Collin and Denton counties will account for 21 percent of the region's total growth by adding approximately 208,000 and 145,000 new jobs between 2010 and 2030. Tarrant County alone is anticipated to add approximately 468,000 new jobs during this time period. Employment is expected to increase tremendously over the next 20 years which will only continue to contribute to the growing economy of the region. The following two pages contain economic snapshots of the Dallas-Plano-Irving Metropolitan District (Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman and Rockwall Counties) and the Fort Worth-Arlington Metropolitan District (Johnson, Parker, Tarrant and Wise Counties). This information was provided by the Texas Workforce Commission from their September 2016 Economic Profiles and is currently the most recent available.

Dallas - Plano - Irving MD

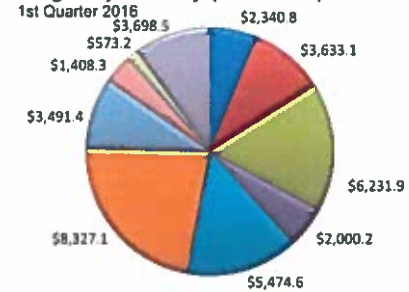
September 2016

(Collin, Dallas, Denton, Ellis, Hunt, Kaufman, Rockwall)

Industry Composition



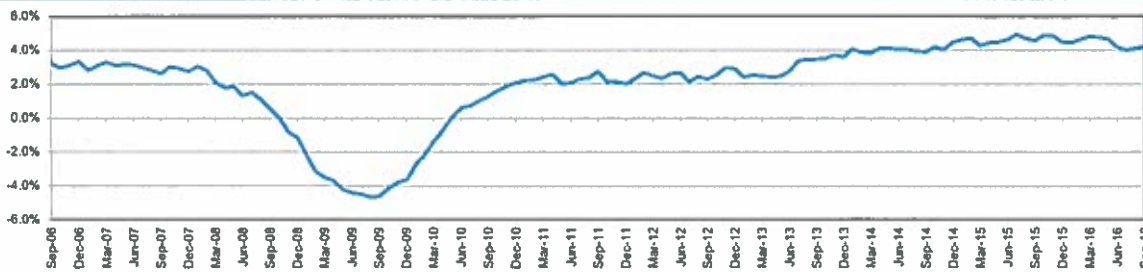
Wages by Industry (in millions)



Employment by Industry

				Monthly Change		Annual Change		Industry Size Class				
	Sep-16	Aug-16	Sep-15	Actual	%	Actual	%	Size Class	Employees per Firm	Number of Firms	Employment in Size Class	% Total Employment
Total Nonfarm	2,523,800	2,517,500	2,422,500	6,300	0.3%	101,300	4.2%	9	1000+	293	762,066	32.6%
Mining, Logging, and Construction	131,200	131,200	129,800	0	0.0%	1,400	1.1%	8	500-999	364	257,913	11.0%
Manufacturing	166,400	168,600	167,800	-2,200	-1.3%	-1,400	-0.8%	7	250-499	721	244,703	10.5%
Trade, Transportation, and Utilities	517,100	514,600	487,000	2,500	0.5%	30,100	6.2%	6	100-249	2,087	318,748	13.6%
Information	70,100	70,100	68,700	0	0.0%	1,400	2.0%	5	50-99	2,988	207,377	8.9%
Financial Activities	233,900	235,200	222,000	-1,300	-0.6%	11,900	5.4%	4	20-49	7,834	240,289	10.3%
Professional and Business Services	473,700	473,000	453,900	700	0.2%	19,800	4.4%	3	10-19	9,653	131,008	5.6%
Education and Health Services	303,900	304,500	291,700	-600	-0.2%	12,200	4.2%	2	5-9	13,890	91,754	3.9%
Leisure and Hospitality	254,900	257,400	242,500	-2,500	-1.0%	12,400	5.1%	1	1-4	45,377	85,945	3.7%
Other Services	84,500	84,400	81,600	100	0.1%	2,900	3.6%	0	0	10,725	0	0.0%
Government	288,100	278,500	277,500	9,600	3.5%	10,600	3.8%	Total		93,932	2,339,803	100.0%

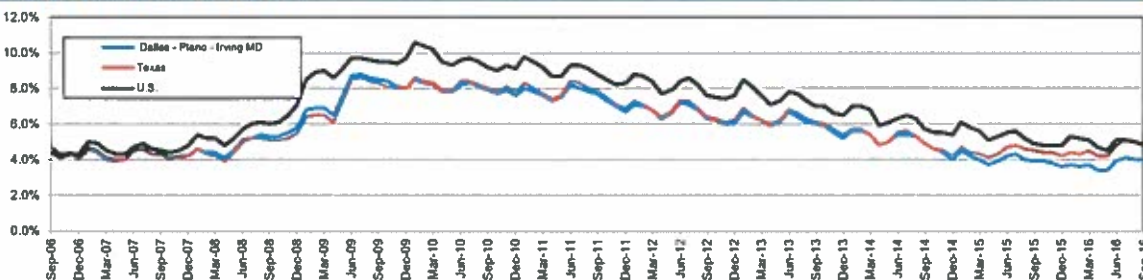
Annual Growth Rate for Total Nonagricultural Employment



Unemployment Information (all estimates in thousands)

	Dallas - Plano - Irving MD				Texas (Actual)				United States (Actual)			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
Sep-16	2,518.6	2,418.2	100.4	4.0	13,416.8	12,754.7	662.1	4.9	159,636.0	151,977.0	7,658.0	4.8
Aug-16	2,512.3	2,411.5	100.8	4.0	13,378.4	12,709.5	669.0	5.0	159,800.0	151,804.0	7,996.0	5.0
Sep-15	2,409.8	2,315.1	94.7	3.9	13,067.2	12,480.5	586.8	4.5	156,607.0	148,980.0	7,628.0	4.9

Historical Unemployment Rates



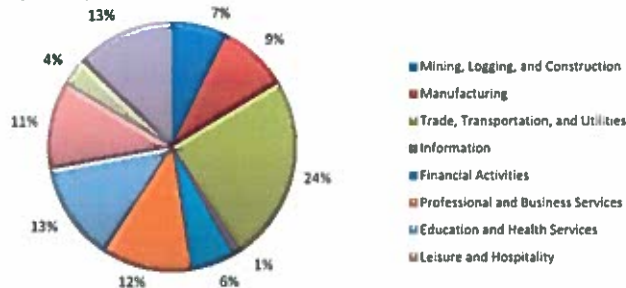
Available at <http://www.tracer2.com>

Fort Worth - Arlington MD

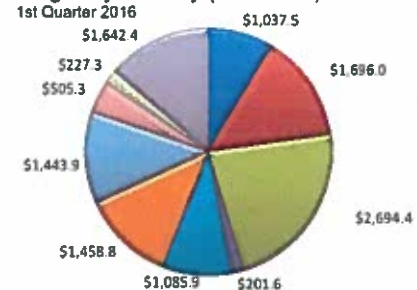
(Hood, Johnson, Parker, Somervell, Tarrant, Wise)

September 2016

Industry Composition



Wages by Industry (in millions)



Employment by Industry

	Monthly Change		Annual Change		Industry Size Class				March 2016	
	Sep-16	Aug-16	Sep-15	Actual	%	Actual	%	Size Class	Employees per firm	Number of Firms
Total Nonfarm	1,018,900	1,013,500	997,900	5,400	0.5%	21,000	2.1%	9	1000+	93
Mining, Logging, and Construction	73,900	72,500	70,300	1,400	1.9%	3,600	5.1%	8	500-999	142
Manufacturing	93,400	93,500	94,600	-100	-0.1%	-1,200	-1.3%	7	250-499	289
Trade, Transportation, and Utilities	246,900	247,700	241,400	-800	-0.3%	5,500	2.3%	6	100-249	963
Information	11,200	11,400	11,700	-200	-1.8%	-500	-4.3%	5	50-99	1,335
Financial Activities	59,100	59,100	56,300	0	0.0%	2,800	5.0%	4	20-49	3,448
Professional and Business Services	119,000	117,200	111,800	1,800	1.5%	7,200	6.4%	3	10-19	4,357
Education and Health Services	131,800	130,800	129,400	1,000	0.8%	2,400	1.9%	2	5-9	8,368
Leisure and Hospitality	115,900	118,100	114,300	-2,200	-1.9%	1,600	1.4%	1	1-4	18,494
Other Services	35,900	35,700	38,100	200	0.6%	-2,200	-5.8%	0	0	3,647
Government	131,800	127,500	130,000	4,300	3.4%	1,800	1.4%			
Total										39,134
										951,265
										100.0%

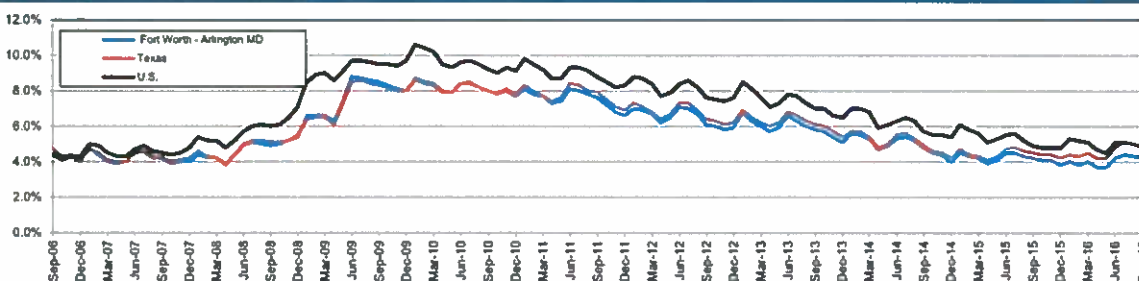
Annual Growth Rate for Total Nonagricultural Employment



Unemployment Information (all estimates in thousands)

	Fort Worth - Arlington MD				Texas (Actual)				United States (Actual)			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
Sep-16	1,220.1	1,168.7	51.4	4.2	13,416.8	12,754.7	662.1	4.9	159,638.0	151,977.0	7,661.0	4.8
Aug-16	1,214.8	1,162.6	52.2	4.3	13,378.4	12,709.5	669.0	5.0	159,800.0	151,804.0	7,996.0	5.0
Sep-15	1,185.4	1,135.8	49.6	4.2	13,067.2	12,480.5	586.8	4.5	158,607.0	148,980.0	7,628.0	4.9

Historical Unemployment Rates



Available at <http://www.tracer2.com>

Governmental

Although the Metroplex is governed by state and county agencies, the most direct influence on properties lies with the municipalities. The majority of the cities within the nine county area have council-manager forms of government. County and city governments are financed by a combination of property taxes, sales taxes, and miscellaneous taxes, fees, and fines. Property taxes are collected by the various taxing districts based upon market value assessments determined each year by county appraisal districts. No personal or corporate income taxes are levied by any city or county in the CMSA. The state of Texas does impose Franchise Taxes which are an indirect form of corporate income tax.

The City of Dallas has a council-manager form of government with the mayor selected at-large, 14 single member district council members, and one city manager. In a council-city management form of government, council members represent the people in their geographic districts. The City Manager is responsible to the council for the administration of business policies that the council has established. Services provided by the city include complete fire protection, police protection, water, sewer and garbage disposal. Electric service is provided by Oncor Electric Company while natural gas is provided by Atmos Energy. Telephone service is provided by AT&T. Fort Worth, like Dallas, utilizes a Council-City Management form of government. The Fort Worth City Council consists of an appointed City Manager, an at-large elected mayor and eight council members. The City manager is the Chief Administrator of the city and is appointed by and accountable to the council. Also like Dallas, water, sanitation, sewer services, and police and fire protection, as well as street and bridge maintenance are all provided by the City government. The other utility carriers of electricity, gas and telephone are all provided by the companies serving Dallas.

Conclusion

Texas' total nonfarm seasonally adjusted employment increased by 38,300 jobs in September. Texas employers have added jobs in 17 of the last 18 months. Texas' seasonally adjusted unemployment rate increased to 4.8 percent in September, up slightly from 4.7 percent in August, and remained below the national rate of 5.0 percent. "Texas employers continue demonstrating their competitiveness by adding 38,300 jobs in September, for a total of 206,800 jobs added over the year," said TWC Chairman Andres Alcantar. "This continued growth in a diverse range of industries creates valuable opportunities for our state's world-class workforce and builds on Texas' continued success as a global economic leader." The Leisure and Hospitality industry recorded the largest industry employment gain over the month with 17,900 jobs added. Professional and Business services employment grew by 6,000 jobs in September. Construction employment expanded for the third consecutive month with the addition of 3,400 jobs. "Private-sector employment was strong over the year with the overall job growth of 162,600 and 31,600 jobs added in September," said TWC Commissioner Representing Employers Ruth R. Hughes. "Texas is a state that continues to welcome new employers and work with our homegrown businesses, offering them the tools they need to grow and succeed." The Amarillo and Austin-Round Rock Metropolitan Statistical Areas (MSA) recorded the month's lowest unemployment

rate among Texas MSAs with a non-seasonally adjusted rate of 3.5 percent, followed by the Lubbock MSA with a rate of 3.6 percent and the College Station-Bryan MSA with a rate of 3.7 for September. "Our economy continues to offer many diverse opportunities to job seekers" said TWC Commissioner Representing Labor Julian Alvarez. "I encourage those seeking these opportunities to take advantage of the workforce services available through their local Workforce Solutions office for help finding the job that's right for them."

**Civilian Labor Force Estimates for Texas Metropolitan Statistical Areas
Not Seasonally Adjusted (In Thousands)**

	September 2016				August 2016				September 2015			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
United States	159,636.0	151,977.0	7,658.0	4.8	159,800.0	151,804.0	7,996.0	5.0	156,607.0	148,980.0	7,628.0	4.9
Texas	13,416.8	12,754.7	662.1	4.9	13,378.4	12,709.5	669.0	5.0	13,067.2	12,480.5	586.8	4.5
Abilene	76.4	73.2	3.2	4.2	75.6	72.4	3.2	4.2	74.9	72.0	2.9	3.9
Amarillo	131.5	126.9	4.6	3.5	131.2	126.7	4.5	3.4	129.7	125.7	4.1	3.2
Austin-Round Rock	1,108.9	1,069.8	39.1	3.5	1,108.8	1,070.1	38.7	3.5	1,072.5	1,036.6	35.9	3.3
Beaumont-Port Arthur	178.7	165.8	12.9	7.2	177.8	164.6	13.3	7.5	175.2	163.5	11.7	6.7
Brownsville-Harlingen	168.0	155.4	12.6	7.5	169.2	156.4	12.9	7.6	162.9	151.9	11.0	6.8
College Station-Bryan	126.9	122.2	4.8	3.7	122.8	117.8	5.0	4.1	122.2	117.9	4.3	3.5
Corpus Christi	212.6	199.3	13.3	6.3	212.1	199.0	13.1	6.2	207.2	196.3	10.9	5.3
Dallas-Fort Worth-Arlington	3,738.7	3,586.9	151.9	4.1	3,727.1	3,574.2	153.0	4.1	3,595.2	3,450.8	144.4	4.0
Dallas-Plano-Irving MD	2,518.6	2,418.2	100.4	4.0	2,512.3	2,411.5	100.8	4.0	2,409.8	2,315.1	94.7	3.9
Fort Worth-Arlington MD	1,220.1	1,168.7	51.4	4.2	1,214.8	1,162.6	52.2	4.3	1,185.4	1,135.8	49.6	4.2
El Paso	355.8	336.8	18.9	5.3	353.3	334.1	19.2	5.4	345.0	327.2	17.8	5.2
Houston-The Woodlands-Sugar Land	3,318.9	3,128.5	190.4	5.7	3,305.2	3,114.2	191.0	5.8	3,247.9	3,092.9	155.0	4.8
Killeen-Temple	174.4	166.0	8.4	4.8	174.1	165.8	8.3	4.8	170.9	162.9	7.9	4.6
Laredo	116.2	110.4	5.8	5.0	115.9	109.9	6.0	5.2	112.4	107.1	5.3	4.7
Longview	102.4	95.6	6.8	6.7	102.4	95.4	7.0	6.8	100.0	94.7	5.3	5.3
Lubbock	157.2	151.5	5.7	3.6	157.3	151.4	5.9	3.8	154.2	148.9	5.3	3.4
McAllen-Edinburg-Mission	338.7	311.8	26.9	8.0	337.9	309.6	28.3	8.4	328.7	303.4	25.3	7.7
Midland	90.2	86.1	4.1	4.5	90.1	85.9	4.1	4.6	89.1	85.8	3.3	3.7
Odessa	79.1	73.9	5.2	6.6	79.2	73.8	5.4	6.8	78.3	74.3	4.0	5.1
San Angelo	56.6	54.0	2.6	4.6	56.5	53.9	2.7	4.7	54.9	52.6	2.3	4.2
San Antonio-New Braunfels	1,130.7	1,084.8	45.9	4.1	1,124.1	1,078.1	46.1	4.1	1,100.8	1,058.7	42.1	3.8
Sherman-Denison	61.6	59.1	2.5	4.0	61.9	59.5	2.5	4.0	60.2	57.8	2.4	4.0
Texarkana	65.5	62.3	3.2	4.9	64.9	61.6	3.3	5.1	64.9	61.8	3.1	4.7
Tyler	105.4	100.1	5.3	5.0	105.9	100.5	5.4	5.1	102.8	98.1	4.7	4.6
Victoria	51.1	48.2	2.8	5.5	51.0	48.1	2.9	5.7	49.2	47.0	2.2	4.4
Waco	122.8	117.5	5.3	4.3	122.5	117.2	5.4	4.4	119.5	114.6	4.9	4.1
Wichita Falls	64.7	61.7	3.0	4.6	64.8	61.9	3.0	4.6	64.4	61.5	2.9	4.5

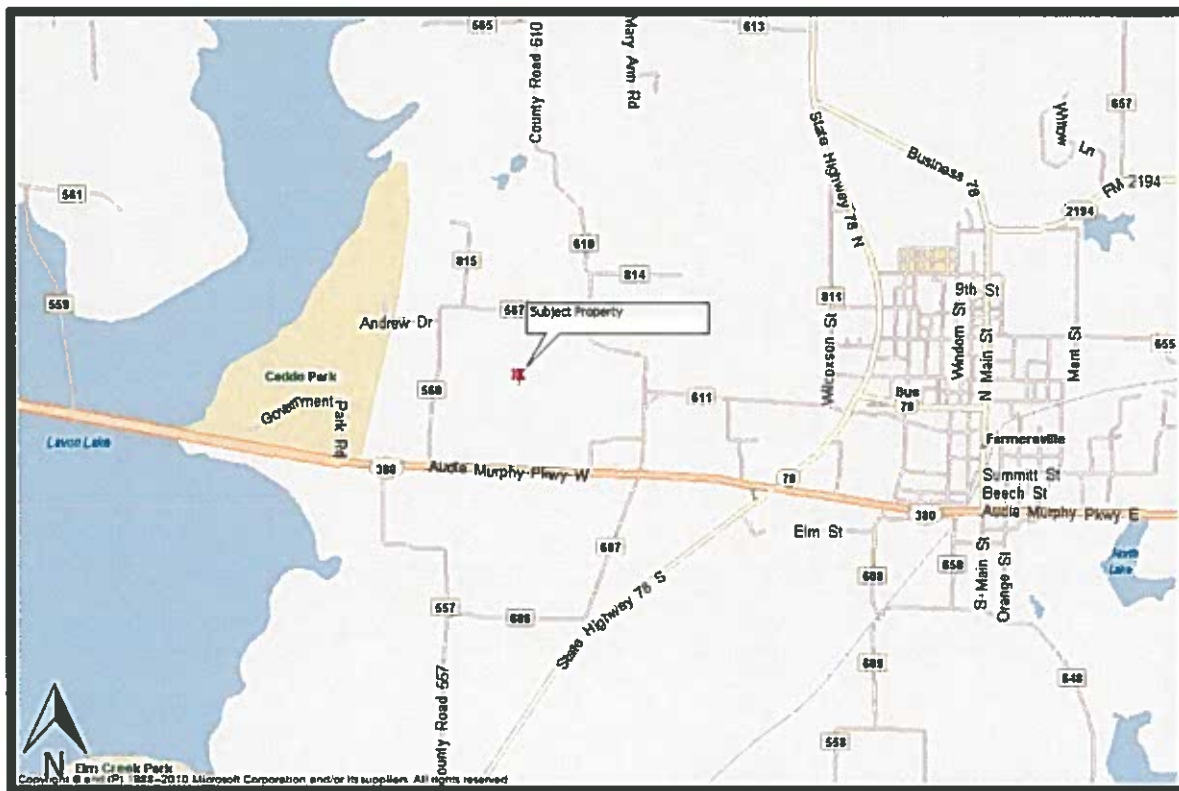
**TEXAS NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
SEASONALLY ADJUSTED**

INDUSTRY TITLE	Sep 2016*	Aug 2016	Sep 2015	Aug '16 to Sep '16		Sep '15 to Sep '16	
				Absolute Change	Percent Change	Absolute Change	Percent Change
Total Nonagricultural	12,084,800	12,046,500	11,878,000	38,300	0.3	206,800	1.7
Total Private	10,178,500	10,146,900	10,015,900	31,600	0.3	162,600	1.6
Goods Producing	1,762,000	1,759,500	1,813,100	2,500	0.1	-51,100	-2.8
Mining and Logging	223,400	223,600	257,200	-200	-0.1	-33,800	-13.1
Construction	695,800	692,400	686,100	3,400	0.5	9,700	1.4
Manufacturing	842,800	843,500	869,800	-700	-0.1	-27,000	-3.1
Service Providing	10,322,800	10,287,000	10,064,900	35,800	0.3	257,900	2.6
Trade, Transportation, and Utilities	2,443,800	2,441,900	2,408,100	1,900	0.1	35,700	1.5
Information	201,600	202,700	201,500	-1,100	-0.5	100	0.0
Financial Activities	744,300	742,600	723,200	1,700	0.2	21,100	2.9
Professional and Business Services	1,628,800	1,622,800	1,598,500	6,000	0.4	30,300	1.9
Education and Health Services	1,655,700	1,655,800	1,595,400	-100	0.0	60,300	3.8
Leisure and Hospitality	1,312,600	1,294,700	1,255,900	17,900	1.4	56,700	4.5
Other Services	429,700	426,900	420,200	2,800	0.7	9,500	2.3
Government	1,906,300	1,899,600	1,862,100	6,700	0.4	44,200	2.4

As illustrated in the encouraging recent statistics, the Dallas-Fort Worth-Arlington Metroplex continues to be one of the fastest growing areas of the United States. This trend is expected to continue in the future and through the year 2030, as population is expected to reach 9.1 million. More employers are expected to migrate to D/FW, and therefore provide an increased number of jobs. Dallas/Fort Worth accounts for over 30 percent of the State's gross regional product and is a national leader in the creation of new jobs, corporate relocations, and technology-related businesses. One of the primary factors in maintaining this employment growth is excellent access to the area provided by a well-developed highway system and D/FW International Airport, as well as an extensive rail transportation system. Since the late 1990s, the D/FW economy has shown good signs of growth and stability. Many experts are guardedly optimistic about the current economic outlook as it compares favorably to a softening national economy and the last two years of erratic energy prices. Dallas/Fort Worth is larger today in population than 27 states, and is a major economic, social, and political center of both Texas and the United States. Due to the changing demographics, the regional economy in general, and the continued stability of the local government, expectations for the region's future are optimistic.

CITY/NEIGHBORHOOD ANALYSIS

A neighborhood is defined in The Appraisal of Real Estate, Fourteenth Edition, published by the Appraisal Institute, as *a group of complementary land uses*. Land uses within a neighborhood are not necessarily homogeneous, as in a district, but are related in that property values are affected by the same factors. Neighborhood boundaries identify the physical area that influences the value of a subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of structures, street patterns, terrain, vegetation, and lot sizes tend to identify land use districts. Transportation arteries, bodies of water, and changing elevation can also be significant boundaries. To identify the neighborhood boundaries, we have followed the following four steps (summarized), as recommended within The Appraisal of Real Estate: 1) *Examine the subject property*; 2) *Examine the area's physical characteristics*; 3) *Determine preliminary boundaries on a map*; and 4) *Determine how well the preliminary boundaries correspond to the demographic data*.



The following neighborhood description will include a definition of the boundaries of the subject neighborhood, a discussion of the primary thoroughfares, types of improvements along these thoroughfares, the density of development, secondary street infrastructure, and a discussion of the type of commercial uses within the neighborhood. The subject neighborhood, as defined herein, is considered to be the immediate competing trade area for the subject property, taking into account the various types of land uses present or reasonably probable in the neighborhood,

patterns and rates of growth, traffic patterns and density, and the density of land use, among other factors considered in the previously suggested steps. All of these factors are considered influential in the determination of the value of the subject.

CITY OF FARMERSVILLE

Farmersville originated in 1849 as a settlement on the Jefferson-McKinney Road, and near Republic of Texas National Road. The settlement was named by pioneers for their chief occupation. After 1854, the Yearys and their neighbors of Sugar Hill (2 miles northeast) began relocating here. Dr. H.M. Markham, practicing here by 1855, is said to have been Collin County's earliest physician.

The town was incorporated on June 2, 1873. Institutions from the 1880s that are still in operation include the Farmersville Times, which is the oldest newspaper in Collin County, and the First Bank, as well as the two churches mentioned above.

As the town became a trade center, agriculture kept pace. Farmersville in the 1930s was known as the "Onion Capital of North Texas", annually shipping over 1,000 carloads of onions. Along with some small industry, cattle, cotton, and maize crops remain important. Farmersville is also Audie Murphy's hometown.

POPULATION

The 1990 population of Farmersville was estimated to be 2,640 by the Census Bureau. In 2000 the census indicated a population of 3,118 which constitutes a 1.68 percent growth rate since 1990. The 2015 population estimates provided by the U.S Census for the city were approximately 3,447 residents.

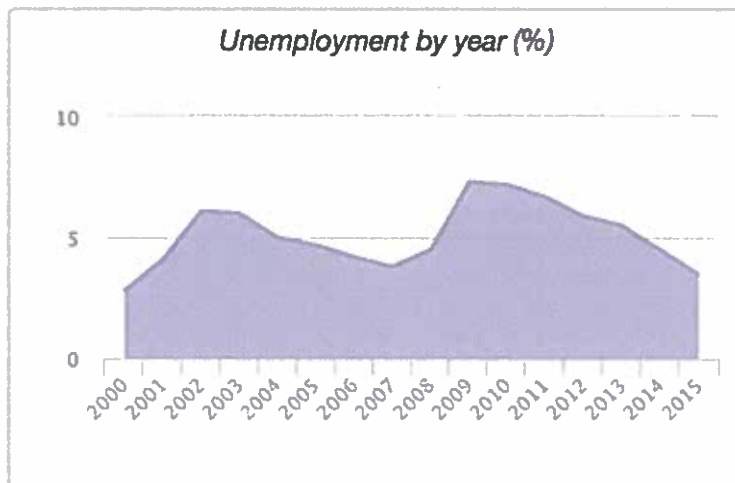
TRANSPORTATION ACCESS

Farmersville is located in eastern Collin County. U.S. Route 380 crosses the south side of the city, leading west 18 miles to McKinney and east 15 miles to Greenville. State Highway 78 runs north/south through the city limits.

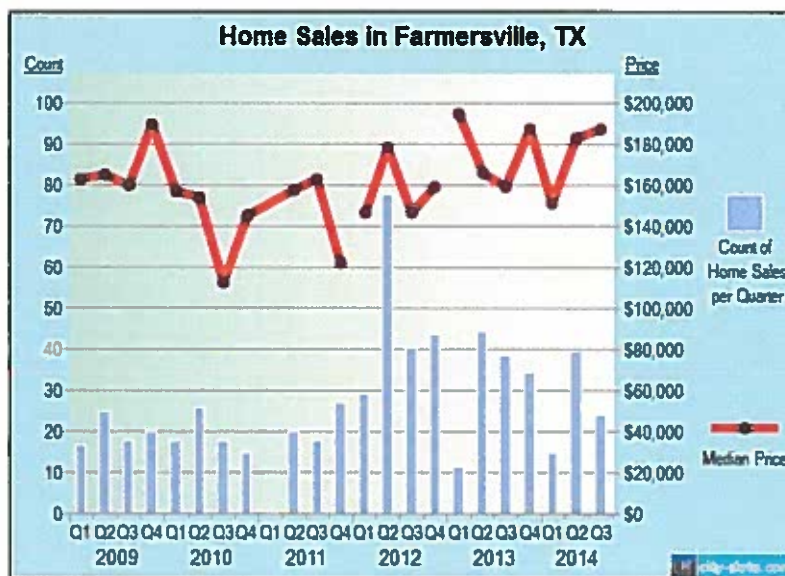
SUBJECT NEIGHBORHOOD

The subject neighborhood is considered to be the entire City of Farmersville. The subject neighborhood, as defined, is considered to be the immediate competing trade area for the subject property, taking into account the various types of land uses present or reasonably probable in the neighborhood, patterns and rates of growth, traffic patterns and density, and the density of land use, among other factors considered in the previously suggested steps. All of these factors are considered influential in the determination of the value of the subject.

The unemployment rate in Farmersville has been steadily declining since 2010.



Home sales have risen consistently since 2010.





CONCLUSION

The overall Collin County area was adversely affected by an extended credit crisis resulting in a constricted national economy over the 2009-2011 time period. The threat of economic recession made lenders and individual investors reluctant to fund marginal deals. This increased risk adversity resulted in a credit “freeze” which put a standstill on funds that would otherwise have been used for economic investment. Without the necessary debt capital, development and home-buying became difficult to achieve. Economic stimulus legislation passed by the federal government resulted in mixed opinions as to whether or not it had a positive impact on the subject neighborhood as well as the national economy. Although resistant, the subject neighborhood is not immune to adverse economic trends, and has been mildly affected by property foreclosures, value losses, and reduced property revenues.

As of 2012-2017, the neighborhood has been impacted positively by a resurgence in the national economy. The market in general continues to gain economic growth and is attractive for investment opportunities. Given this, indications are that market conditions within this neighborhood have stabilized and are moving in a positive direction. Furthermore, much of the uncertainty prevalent in economic forecasts during the last four to five years has been alleviated.

SECTION III - FACTUAL DESCRIPTIONS AND ANALYSES

SITE DESCRIPTION AND ANALYSIS

*Site description consists of comprehensive factual data, information on land use restrictions, a legal description, other title and record data, and information on pertinent physical characteristics. Site analysis goes further. It is a careful study of factual data in relation to the market area characteristics that create, enhance, or detract from the utility and marketability of specific land or a given site as compared with other sites that it competes with.*⁴

LOCATION AND LEGAL DESCRIPTION

The subject property comprises 33.585 acres (1,462,963 square feet) of land. The subject property is located along the south line of County Road 567, east of County Road 560 in Farmersville, Texas. A summarized legal description of the subject tract is as follows:

Tract 246, Sheet 2, Williams Survey, Abs A0952 W B

SIZE AND SHAPE

An exhibit depicting the parts taken and a parcel map for the subject tract is located on the following pages. The subject tract consists of land totaling 33.585 acres or 1,462,963 square feet. The tract appears to be irregular in shape. However, the tract has very little road frontage. The portion of the site from which property rights are proposed to be taken by the City of Farmersville is a 0.334 acre (14,549 square foot) permanent sanitary sewer easement. The City of Farmersville is also taking a 0.348 acre (15,159 square foot) temporary construction easement. Rights from this portion of the subject property are being taken for sewer utility improvements. According to Mr. Eddy Daniel, P.E. with DBI Engineers, the term of the temporary construction easement is projected at 24 months.

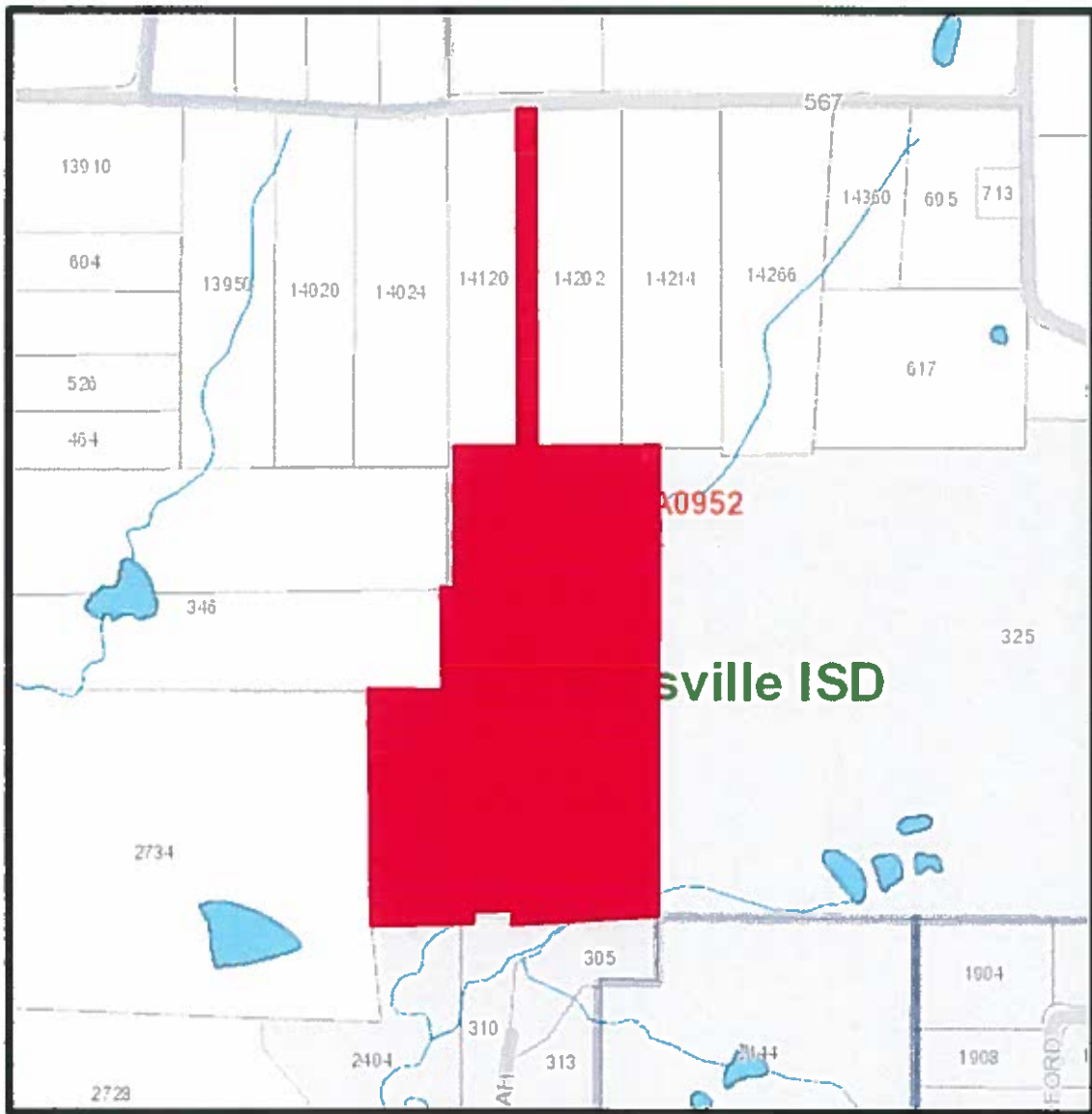
ACCESS AND EXPOSURE

The site is located along the south line of County Road 567. At the subject, County Road 567 is a two-lane, asphalt-paved, bi-directional secondary roadway. However, the site has very little road frontage. Thus, exposure for a residential oriented tract is considered to be slightly below average.

The property can be accessed from most areas from the Metroplex by traveling north along State Highway 78, then west on Highway 380, then north onto County Road 560, the east onto County Road 567, arriving at the subject along the south line of County Road 567. Thus, access is considered to be average.

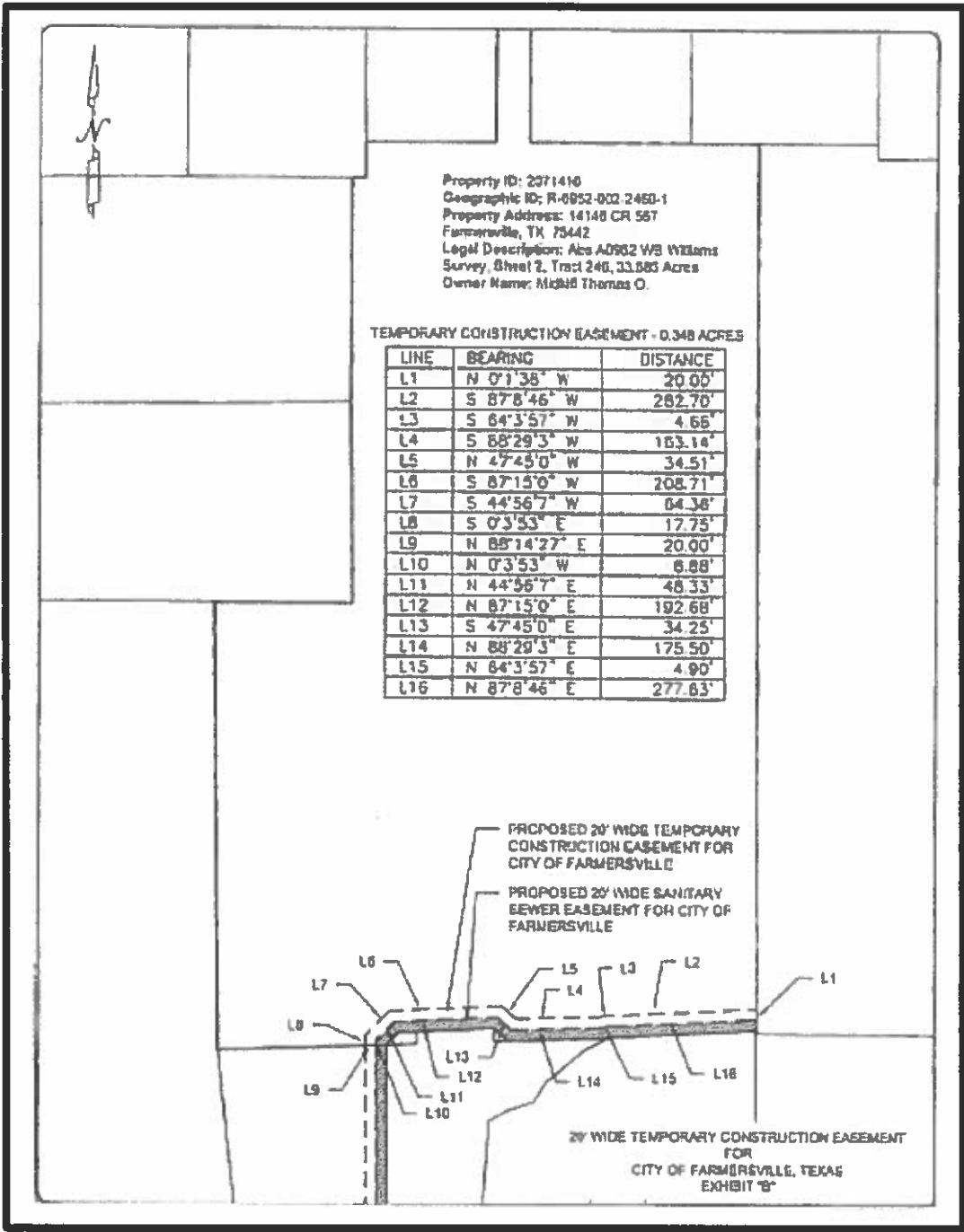
⁴ The Appraisal Institute, The Appraisal of Real Estate (Fourteenth Edition), Chicago, Illinois, 2013, page 190.

PLAT MAP



Subject property is (approximately) outlined in red. Parcel Map Courtesy of CCAD (Image Capture Date: May 2015)

EXHIBITS DEPICTING THE PROPOSED TAKINGS



TOPOGRAPHY

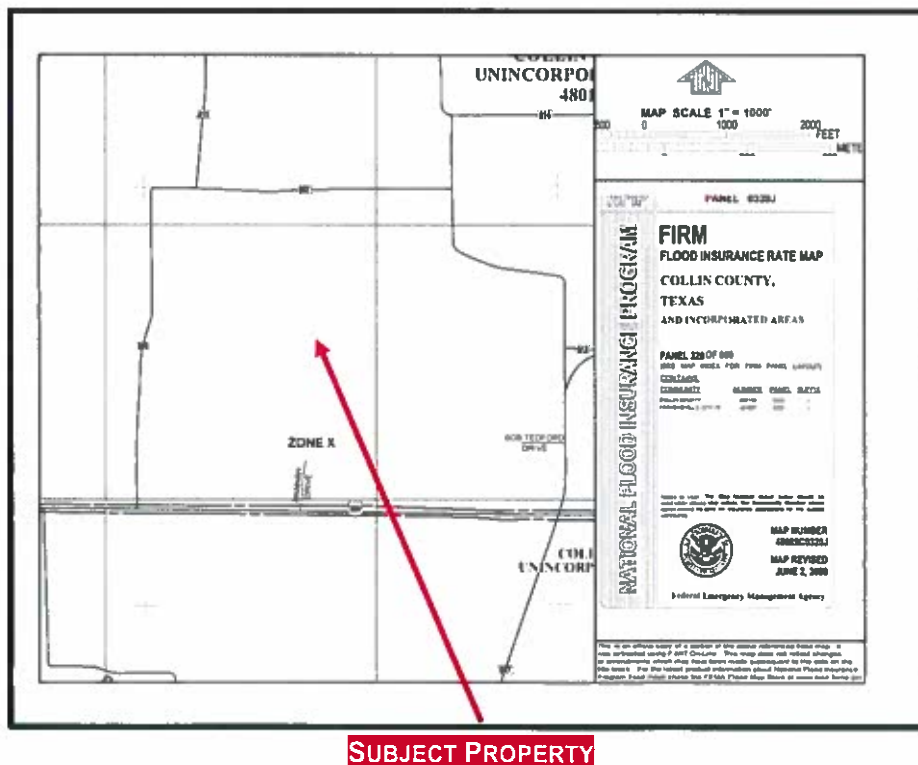
The topography of the subject tract is considered to be gently rolling. The topography of the site should not limit the use of the property provided proper site work is undertaken.

SOILS

Strict attention should be taken to the soils, insofar as preliminary site work preparation and excavation is concerned, as damage may occur to the improvements if proper precautions are not undertaken. However, these soil characteristics are common throughout the Metroplex and should not seriously hinder the development potential of the site, provided proper site preparation and planning is undertaken. Based upon the extent of development in the subject neighborhood, there is no anticipated difficulty with improvements built upon these subsoil conditions, assuming proper design and workmanship.

FLOOD ZONE

Our analysis of flood plain considerations was conducted through a review of Community-Panel Number 48085C0165J, dated June 2, 2009 as prepared by the Federal Emergency Management Agency (FEMA) National Flood Insurance Program. A copy of the FEMA map for the subject property is located below. After careful inspection of the property and analysis of flood plain maps, it appears that none of the subject property lies within the 100 year flood plain.



EXISTING EASEMENTS

The subject tract appears to be encumbered by typical utility easements. We were not furnished and it is beyond the scope of our assignment to obtain title work or a survey depicting the location of all easements on the subject property. For the purposes of this analysis we are assuming that typical utility easements exist and that no easements would adversely affect development of the subject property. If this assumption is not correct it could necessitate re-analysis.

UTILITIES AND PUBLIC SERVICES

The subject property appears to have water and electric available to the vicinity of the site. Water is available from the City of Farmersville. Telephone service is available to the area from AT&T.

SURROUNDING LAND USES

The land usage surrounding the subject property consists of single family residential development and agricultural uses in all directions. Predominant uses in the vicinity of the subject are residential and agricultural with limited commercial uses along primary thoroughfares. An aerial photograph depicting the subject in relation to surrounding properties is located below.



Aerial Photograph courtesy of Google Maps (Image Date: 4/2016)

CONCLUSION

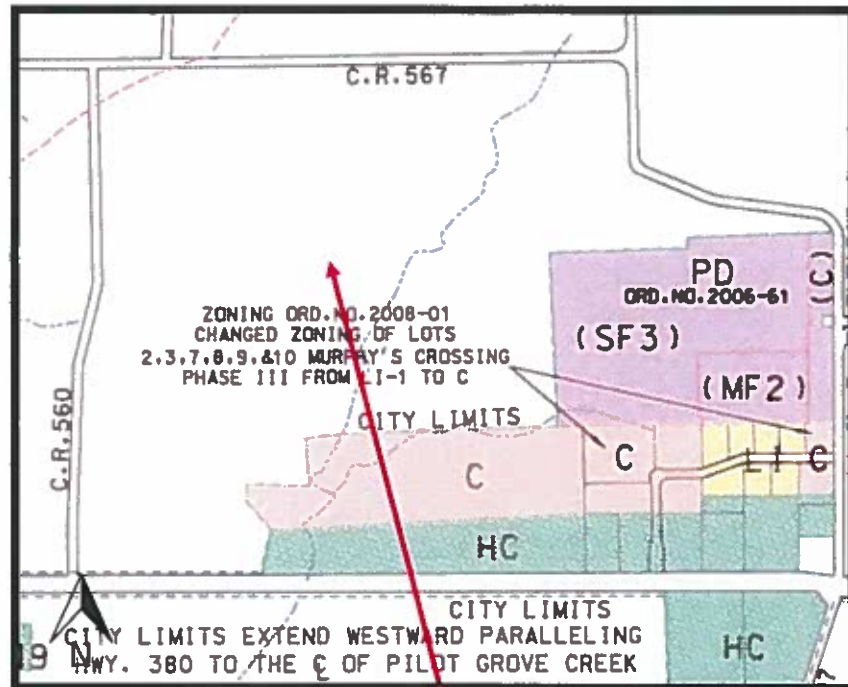
The subject property is located along the south line of County Road 567, east of County Road 560 in Farmersville, TX and comprises a total of 33.585 acres. The tract comprising the subject of this report is irregular in shape and has frontage along County Road 567. The tract has average access and slightly below average exposure, and is not located within a flood prone area. The property is located in eastern Collin County and is within a predominantly rural area which is transitioning with limited residential and commercial development taking place. Based upon the size, location, nature of surrounding land uses, and the historical use of the subject parcel, it is considered to best lend itself to residential use.

ZONING AND OTHER LAND USE RESTRICTIONS

The subject property is located just outside the city limits of Farmersville, within an unincorporated area of Collin County but is located within the Farmersville ETJ. Therefore, the subject property is not zoned and is not subject to any municipal zoning ordinances. Based upon the city's future land use map, the tract is designated for future medium density residential use. However, given the immediate surrounding area as well as its current use, the subject property lends itself to residential highest and best uses.

Furthermore, there are no known deed restrictions, either public or private, that would further limit the utilization of the subject property. This statement should not be taken as a guarantee or warranty that no such restrictions exist. Deed and title examinations by a competent attorney on the property appraised is recommended if any questions regarding such restrictions should arise. Deed restrictions are matters legal in character within the State of Texas, and only title examination by a qualified attorney can result in an informed opinion. Should there be a question regarding the compliance with any existing deed restrictions, we recommend a title examination by a licensed and qualified title attorney to the extent assurances to this matter are desired.

ZONING MAP

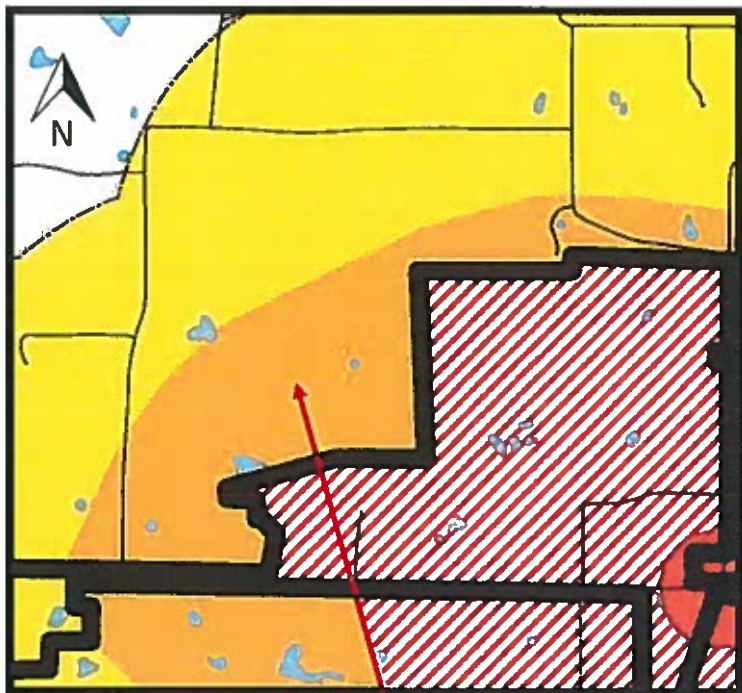


Zoning Map courtesy of the City of Farmersville (Date Image Captured: January 2017)

SUBJECT PROPERTY

- SF1 ONE-FAMILY DWELLING DISTRICT
- SF2 ONE-FAMILY DWELLING DISTRICT
- SF3 ONE-FAMILY DWELLING DISTRICT
- MF1 MULTIPLE-FAMILY DWELLING DISTRICT
- MF2 MULTIPLE-FAMILY DWELLING DISTRICT
- NS NEIGHBORHOOD SERVICE DISTRICT
- LI LIGHT INDUSTRIAL DISTRICT
- PD PLANNED DEVELOPMENT DISTRICT
- BASE ZONING IN PARENTHESIS (X)
- HC HIGHWAY COMMERCIAL
- C COMMERCIAL DISTRICT
- CA CENTRAL AREA
- AG AGRICULTURAL
- SUP SPECIAL USE PERMIT

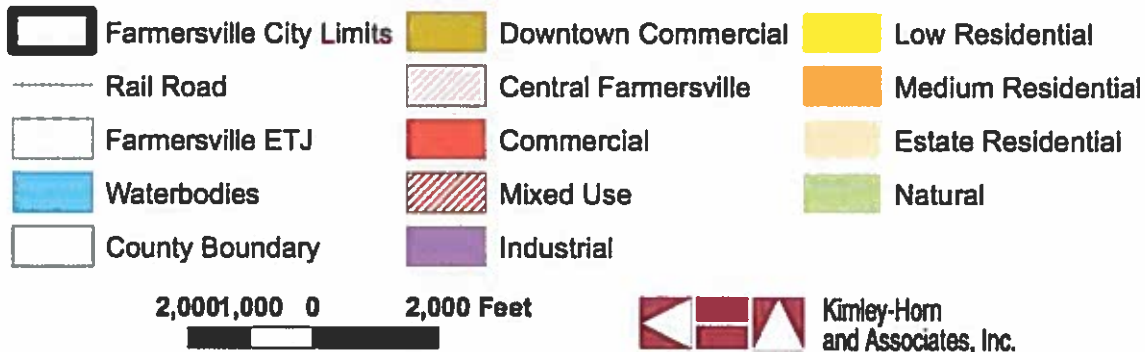
FUTURE LAND USE MAP



Future Land Use Map courtesy of the City of Farmersville (Date Image Captured: January 2017)

SUBJECT PROPERTY

City of Farmersville Conceptual Future Land Use



TAX ANALYSIS

The subject property is subject to taxation by three separate taxing jurisdictions: Collin County, Collin College, and Farmersville ISD. The subject property is located in Collin County and is assessed by the Collin County Appraisal District (CCAD). In each county, an appraisal district is established for the purpose of listing and assessing all real estate within the county. Theoretically, real property is assessed at 100 percent of market value. Once the taxable value of the property is established by the appraisal district, each of the individual taxing authorities within the county set their own tax rates. The following table depicts historical property tax rates for properties.

Historical Tax Rates						
Tax Authority	2012	2013	2014	2015	2016	Compound Rate of 2012-2016
Collin County	0.240000	0.237500	0.235000	0.225000	0.208395	-3.469%
Collin College	0.086299	0.083643	0.081960	0.081960	0.081222	-1.504%
Farmersville ISD	1.370000	1.400000	1.430895	1.429497	1.390000	0.363%
Total Tax Rate	\$1.696299	\$1.721143	\$1.747855	\$1.736457	\$1.679617	-0.247%

As the above table indicates, the taxes for property located within Collin County have been recently increasing overall. The overall tax rate decreased by 0.247 percent per year during the five year period. The tax rate for 2016 is estimated by the appraisers to remain level. According to the Collin CAD records, the subject property had a 2016 certified assessed value as listed in the table below:

Tax Summary					
Tax I.D. Number	Land Value	Improvement Value	Agricultural Use Loss	Homestead Cap Loss	Total Value
2071416	\$251,888	\$17,415	\$248,697	\$0	\$20,606
Assessment Per Sq.Ft.	\$0.17	\$3.48			\$4.12

The subject property has a 2016 certified assessed value of \$20,606. This equates to a 2016 tax expense of \$346 based upon an estimated 2016 tax rate of \$1.679617/\$100 of assessed value.

DESCRIPTION OF THE IMPROVEMENTS

As of the date of the appraisal, the subject property comprises a 33.585 acre tract of land improved with a metal barn totaling 5,000 square feet that was constructed in 2004. The source of the improvement descriptions, sizes, and ages is the property tax record from the Collin County Appraisal District ("CCAD"). The source of improvement descriptions, sizes, and ages is the property tax record from the CCAD.

The appraisers were not provided access to the property and did not perform a visual inspection of the improvements; however, it is assumed that the improvements are in fair condition with no substantial deferred maintenance.

SUBJECT PROPERTY PHOTOGRAPHS



Looking towards the property from Highway 380



Looking towards the property from Highway 380

SUBJECT PROPERTY PHOTOGRAPHS



Looking towards the property from Highway 380



Looking towards the park taken from the neighboring property to the southeast

SUBJECT PROPERTY PHOTOGRAPHS



Looking south towards the property from County Road 567



Looking east towards the property to be taken from County Road 560

HIGHEST AND BEST USE ANALYSIS

The economic principles which affect the market value of real property also play a significant role in forming the property's highest and best use. In all valuation assignments, value opinions are based upon use. The highest and best use of a property provides the foundation for a thorough investigation of the competitive positions of market participants. Consequently, highest and best use can be described as the foundation upon which market value rests. The highest and best use of a property is defined as follows:

*The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*⁵

With regard to vacant land, the highest and best use is generally regarded as that use among all reasonable, alternative uses, which yields the highest present land value, after payments are made for labor, capital, and coordination. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use.

Analysis of the highest and the best use of a property as improved implies that the existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. Furthermore, the existing use will continue, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within this definition is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. The *most probable use* is defined as follows:

- 1) *The use to which a property will most likely be put based on market analysis and the highest and best use conclusion. The most probable use is the basis for the most probable selling price of the property.*
- 2) *Highest and best use in the context of market value.*⁶

⁵ The Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), Chicago, Illinois, 2015, page 109.

⁶ Ibid. page 152.

To test for the most feasible or the highest and best use for land as vacant all logical and feasible alternatives must be analyzed. All alternative uses must meet four criteria. The criteria are as follows:

- 1) The legal use of the site – what uses of the site are permitted under applicable zoning ordinances and other legal restrictions.
- 2) The physical use of the site – what potential uses of the site are physically possible.
- 3) The feasible use of the site – what possible and legally permissible use of the site will produce a positive return.
- 4) The maximum productive use of the site – among the highest financially feasible uses, the use that provides the highest rate of return, or value (given a constant rate of return), is the highest and best use.

While some investors/developers seek to maximize their returns, most seem to operate on the belief that the available information is too imperfect to permit optimization or maximization. It appears that the typical investor is satisfied if their investment can be expected to return a yield that will meet their standards. Thus, it is possible for more than one single use to be feasible for a site if the uses meet an investment criteria of the typical investor/developer for a property.

Generally accepted professional appraisal practice dictates that in appraising improved property, the highest and best use be estimated under two different premises. First, the highest and best use of the site “as vacant and available” must be estimated. The second analysis estimates the highest and best use of the property “as improved or proposed to be improved.”

HIGHEST AND BEST USE, AS IF VACANT

The first question to be answered, *What uses are legally permissible?* requires a review of the zoning restrictions applicable to the site. The subject is located in the Farmersville ETJ. The subject tract is currently unzoned. Surrounding land uses include mostly vacant land as well as residential development which is considered to be indicative of the most likely and legally permissible use of the site. After the taking the subject property will continue to allow residential use.

Addressing the second question, *What uses of the site are physically possible?* Requires a review of the physical characteristics of the site. The subject site consists of a total of 33.585 acres (1,462,963 square feet). The 33.585 acre site is physically located along the south line of County Road 567, east of County Road 560 in Farmersville, Collin County, Texas. The size of a parcel of land is important in terms of feasible development alternatives, and, ultimately, the value of the land. Optimal size is that which allows the highest marginal returns on investment after development. A tract of land which is too large is worth more in subdivided parcels whereas a

tract which is too small for development is worth more when combined with contiguous sites. A less than optimally sized small tract may be further constrained if contiguous tracts are currently developed to their highest and best use. In such a case, assemblage may not be a viable alternative.

The subject is considered to have slightly below average exposure and average access for a residential oriented property. The immediately surrounding area is predominantly single family residential development and agricultural uses. The site is generally flat and level and drainage appears to be adequate. This topography is conducive for most types of residential development. The site is not affected by adverse easements, flood plain, or encroachments. Thus, the topography of the site does not significantly limit its use. Additionally, soil and subsoil conditions are not considered to significantly hinder the development potential of the site. The site has access to water and electricity, and the site is not encumbered by any easements or encroachments which would be detrimental to property development. Based upon an analysis of land uses within the subject neighborhood, it is our reasoned opinion that the 33.585 acre subject tract can be developed into a reasonable range of residential uses. Therefore, future residential development appears to be the most likely potential use of the site. The proposed sewer improvements will take place along the south line of the subject site . Therefore, the taking does not negatively impact physically possible uses.

Answering the third and fourth questions, ***What uses are financially feasible?*** and ***What uses are maximally productive?*** requires an analysis of potential income based on demand that could be expected from all physically possible and legally permissible uses.

Upon inspection of the surrounding neighborhood, there is currently a fair amount of residential development taking place primarily west of the subject in Princeton. The current land sales within the subject neighborhood have been acquired for residential use. Further, sufficient demand for development of the tract is anticipated to occur over the next several years. Given the subject's location and residential development taking place to the west, the highest and best use of the subject tract is for future residential development. After the taking, development of the tract is considered to be more feasible due to improved infrastructure, therefore; the highest and best use after the taking is future residential development.

HIGHEST AND BEST USE, AS IMPROVED

The preceding analysis is for the 33.585 acre site, as if vacant. This section treats the highest and best use of the property as improved. The site is currently improved with a 5,000 square foot metal barn that was constructed in 2004. The source of the improvement description, size, and age is the property tax record from the Collin County Appraisal District ("CCAD").

The appraisers were not provided access to the property and did not perform a visual inspection of the improvements; however, it is assumed that the improvements are in fair condition with no substantial deferred maintenance.

Currently, the improvements do contribute to property value above and beyond the value of the underlying land. Thus, it would be impractical to remove the improvements. Therefore, the highest and best use, as improved is for continued agricultural use with potential for future residential subdivision development as demand warrants. The proposed taking for sanitary sewer easements along the rear of the subject tract does not damage the improvements on the site due to these improvements being located a significant distance from the proposed easements. Further, any potential limitations to use would be outweighed by the enhancement of value of the site by the sewer improvements. Thus, the highest and best use after the proposed taking is considered to be continued agricultural use with potential for future residential subdivision development as demand warrants.

THE APPRAISAL PROCESS

The appraisal process represents a logical analysis of the factors that bear upon the present value of real estate. In this process, three basic approaches are typically used by appraisers: 1) the Cost Approach, 2) the Income Capitalization Approach, and 3) the Sales Comparison Approach.

The Cost Approach is based upon the proposition that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject. First, the subject's site is valued (as if vacant) by comparing it to the sale of similar sites using the Direct Sales Comparison Approach. The reproduction cost new is then estimated for the subject improvements, and from this, an amount is deducted for depreciation from all causes to arrive at a value via the Cost Approach.

The Income Capitalization Approach is the process in which the anticipated flow of future benefits (dollar income or amenities) is discounted to a present worth figure through a capitalization or direct discount procedure. All expenses attributable to the real estate are deducted from an effective gross income estimate to arrive at forecasts of applicable net income streams. The net income streams are then "capitalized" or discounted into value by market abstracted rates. Facilities similar to the subject are often developed and/or acquired by investors and as a result, the income potential of the property is given significant emphasis.

The Sales Comparison Approach is based upon the proposition that an informed purchaser would pay no more for a property than the cost to him of acquiring a similar property with the same utility. In this approach, similar properties that have recently sold are compared to the subject. Notable differences in the utilized comparables are adjusted to the subject in the process. Comparisons are made and are typically based upon the terms of sale, age, location, size, financing, and physical characteristics. Adjustments are abstracted from the market and/or otherwise supported to represent the actions of buyers and sellers in the market. The value range that is indicated by the adjusted comparable sales is correlated or reconciled into a final value.

The subject property consists of 33.585 acres of land currently improved with a 5,000 square foot metal barn that was constructed in 2004. It was determined through our analysis that the proposed partial taking does not negatively impact the improvements located on the property. Therefore, we have provided a value of land only and thus, the Sales Comparison Approach to value will be utilized in this report.

SECTION IV – LAND VALUATION

LAND VALUATION

Sales comparison is usually the preferred methodology for developing an opinion of site value. When this method is used, most of the techniques for selecting comparable sales and making adjustments that are described in Chapter 18 [of The Appraisal of Real Estate, Fourteenth Edition] can be applied to site valuation. When there are not enough sales of similar parcels for the application of sales comparison, alternative methods such as market extraction, allocation, and various income capitalization techniques may be used. The income capitalization techniques applied can be divided into direct capitalization techniques (i.e., land residual and ground rent capitalization) and yield capitalization techniques (i.e., the subdivision development method using discounted cash flow analysis).⁷ All of these land valuation procedures, which are summarized below, are derived from the three traditional approaches to value.

- **Sales Comparison** – Sales of similar, vacant parcels are analyzed, compared, and adjusted to provide a value indication for the land being appraised.*
- **Market Extraction** – An estimate of the depreciated cost of the improvements is deducted from the total sale price of the property to arrive at the land value.*
- **Allocation** – A ratio of site value to property value is extracted from comparable sales in competitive locations and applied to the value of the improved subject property or comparable properties to develop the site value.*
- **Direct Capitalization: Land Residual Method** – The net operating income attributable to the land is capitalized at a market-derived land capitalization rate to provide an estimate of value.*
- **Direct Capitalization: Ground Rent Capitalization** – A market-derived capitalization rate is applied to the ground rent of the subject property.*
- **Yield Capitalization: Subdivision Development Method (Discounted Cash Flow Analysis)** – Direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots, and the net sales proceeds are discounted to present value at a market-derived rate over the development and absorption period. If entrepreneurial incentive is not deducted as a line-item expense, then the discount rate must reflect the full effect of any profit.*

When sufficient market data is available, the best method of site valuation is the Sales Comparison Approach. This method calls for comparison weighing and relating sales data to the site being appraised. The data can be analyzed and the indications of adjustments for time, location, physical utility and conditions of sale, can then be applied so as to result in a meaningful value opinion for the subject site. For a sale to be truly comparable, the highest and best use of the comparable land should be the same or similar to the appraised site. This is the method of site valuation, which will be utilized in this report.

⁷ The Appraisal Institute, The Appraisal of Real Estate (Fourteenth Edition), Chicago, Illinois, 2013, pages 364-365.

Comparable Land Sale Number 1



PROPERTY IDENTIFICATION

Location:	904 County Rd 697 Farmersville, Texas	Legal Description:	Abs A1023 J Weatherford Survey, Tract 4. 3.43 Acres
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TRANSACTION DATA

Grantor:	Robert & Tracy Kirkpatrick, P.K. & Pollyanna Fraizer	Conditions of Sale:	Arm's-Length Transaction
Grantee:	Ojas Farms LLC	Sales Price:	\$151,333
Date of Sale:	October 3, 2016	Terms:	Cash to Seller
Recording Information:	D#20161010001364900, D#20161004001342600	Cash Equivalent Price:	\$151,333
Property Rights Conveyed:	Fee Simple Estate	Intended Use:	Residential

PHYSICAL CHARACTERISTICS

Road Frontage:	County Rd 697	Size of the Tract:	20.570 acres
Configuration:	Irregular		896,029 square feet
Flood Plain:	None	Improvements:	Mobile Home
Topography:	Level	Utilities:	Water & Electric
Zoning:	Unzoned		

UNITS OF COMPARISON

Actual Sales Price Per Acre:	\$7,356.98
Cash Equivalent Price Per Acre:	\$7,356.98

VERIFICATION

Contact Person:	Brigitte Barkley	Telephone Number:	(972) 467-1892
Position:	Listing Agent		

COMMENTS

- This sale consists of four tracts of land located along the west line of County Road 697 in Farmersville, Texas.
- This tract is not zoned and lies in the Extra Territorial Jurisdiction of the City of Farmersville.
- The mobile home was reported to add no value to the property.

Comparable Land Sale Number 2



PROPERTY IDENTIFICATION

Location:	S Line of County Rd 700 Farmersville, Texas	Legal Description:	Sunset Place, Lot 16 10.231 Acres
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TRANSACTION DATA

Grantor:	Johnny Ray Harris Jr. & Holly E. Harris	Conditions of Sale:	Arm's-Length Transaction
Grantee:	Joseph Cephus Oatis III & Jessica Lea Oatis	Sales Price:	\$77,000
Date of Sale:	June 28, 2016	Terms:	Cash to Seller
Recording Information:	D#20160629000825320	Cash Equivalent Price:	\$77,000
Property Rights Conveyed:	Fee Simple Estate	Intended Use:	Residential

PHYSICAL CHARACTERISTICS

Road Frontage:	County Rd 700	Size of the Tract:	10.231 acres
Configuration:	Rectangular		445,662 square feet
Flood Plain:	None	Improvements:	None
Topography:	Gently Rolling	Utilities:	Water & Electric
Zoning:	Unzoned		

UNITS OF COMPARISON

Actual Sales Price Per Acre:	\$7,526.15
Cash Equivalent Price Per Acre:	\$7,526.15

VERIFICATION

Contact Person:	Katherine Lamkin	Telephone Number:	(972) 345-9747
Position:	Listing Agent		

COMMENTS

- This tract of land is located on the south line of County Road 700 in Farmersville, Texas.
- This tract is not zoned and lies in the Extra Territorial Jurisdiction of the City of Farmersville.

Comparable Land Sale Number 3



PROPERTY IDENTIFICATION

Location:	E Line of County Rd 551 Farmersville, Texas	Legal Description:	Abs A0739 E B Reed Survey Sheet 2, Tract 164, 22.58 Acres
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TRANSACTION DATA

Grantor:	Robert Lee Watson Jr	Conditions of Sale:	Arm's-Length Transaction
Grantee:	Kurt Gensler & Kathryn I. Kennelly-Gensler	Sales Price:	\$270,960
Date of Sale:	May 17, 2016	Terms:	Cash to Seller
Recording Information:	D#20160519000612430	Cash Equivalent Price:	\$270,960
Property Rights Conveyed:	Fee Simple Estate	Intended Use:	Residential

PHYSICAL CHARACTERISTICS

Road Frontage:	County Rd 551	Size of the Tract:	22.580 acres
Configuration:	Irregular	Improvements:	None
Flood Plain:	None	Utilities:	Water & Electric
Topography:	Gently Rolling		
Zoning:	Unzoned		

UNITS OF COMPARISON

Actual Sales Price Per Acre:	\$12,000.00
Cash Equivalent Price Per Acre:	\$12,000.00

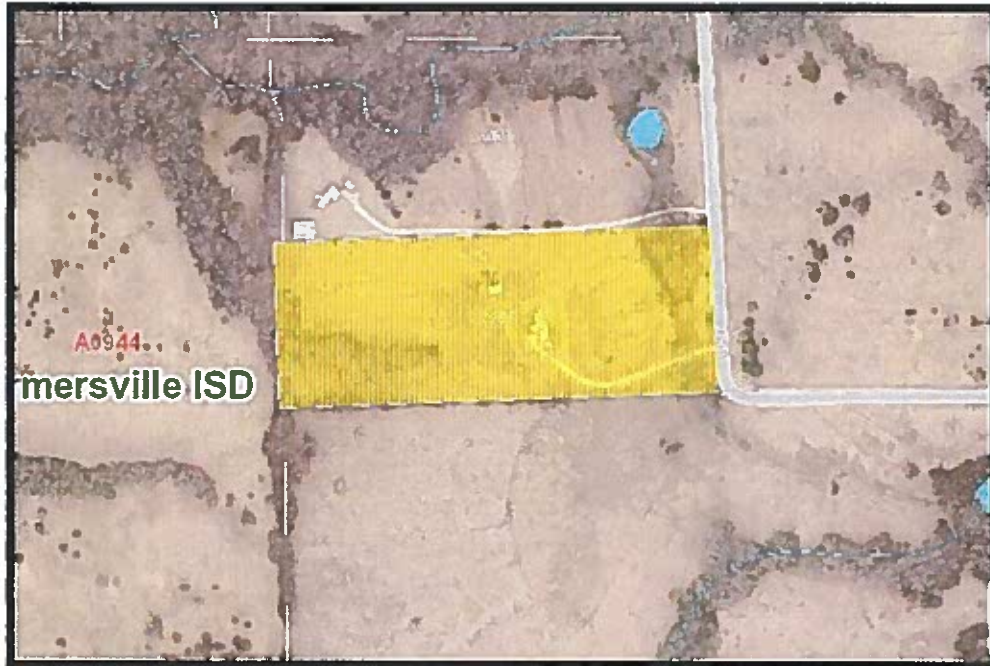
VERIFICATION

Contact Person:	Alisha Moss	Telephone Number:	(214) 385-7742
Position:	Listing Agent		

COMMENTS

- This tract of land is located along the east line of County Road 551 in Farmersville, Texas.
- This tract is not zoned and lies in the Extra Territorial Jurisdiction of the City of Farmersville.

Comparable Land Sale Number 4



PROPERTY IDENTIFICATION

Location:	2855 County Rd 659 Farmersville, Texas	Legal Description:	Abs A0944 S Walker Survey Sheet 3, Tract 95, 10.36 Acres
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TRANSACTION DATA

Grantor:	Nora Louise Wilks	Conditions of Sale:	Arm's-Length Transaction
Grantee:	Charlie R. Blue & Jeffery R. Lyday	Sales Price:	\$124,900
Date of Sale:	September 15, 2015	Terms:	Cash to Seller
Recording Information:	D#20150916001178110	Cash Equivalent Price:	\$124,900
Property Rights Conveyed:	Fee Simple Estate	Intended Use:	Residential

PHYSICAL CHARACTERISTICS

Road Frontage:	County Road 659	Size of the Tract:	10.360 acres
Configuration:	Irregular		451,282 square feet
Flood Plain:	None	Improvements:	Mobile Home
Topography:	Gently Rolling	Utilities:	Water & Electric
Zoning:	Unzoned		

UNITS OF COMPARISON

Actual Sales Price Per Acre:	\$12,055.98
Cash Equivalent Price Per Acre:	\$12,055.98

VERIFICATION

Contact Person:	Tonya Mercer	Telephone Number:	(972) 832-5588
Position:	Listing Agent		

COMMENTS

- This tract of land is located along the west line of County Road 659 in Farmersville, Texas.
- This tract is not zoned and lies in the Extra Territorial Jurisdiction of the City of Farmersville.
- The mobile home was reported to add no value to the property.

Comparable Land Sale Number 5



PROPERTY IDENTIFICATION

Location:	14415 County Rd 606 Farmersville, Texas	Legal Description:	Abs A0422 M C Hamilton Survey, Tract 6, 10.0 Acres
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TRANSACTION DATA

Grantor:	Edward P. Hurst	Conditions of Sale:	Arm's-Length Transaction
Grantee:	Jeffery Francis Walker & Karen Justis Walker	Sales Price:	\$120,000
Date of Sale:	July 17, 2015	Terms:	Cash to Seller
Recording Information:	D#20150720000891990	Cash Equivalent Price:	\$120,000
Property Rights Conveyed:	Fee Simple Estate	Intended Use:	Residential

PHYSICAL CHARACTERISTICS

Road Frontage:	County Rd 606	Size of the Tract:	10.000 acres
Configuration:	Irregular		435,600 square feet
Flood Plain:	None	Improvements:	Residential
Topography:	Gently Rolling	Utilities:	Water & Electric
Zoning:	Unzoned		

UNITS OF COMPARISON

Actual Sales Price Per Acre:	\$12,000.00
Cash Equivalent Price Per Acre:	\$12,000.00

VERIFICATION

Contact Person:	Alisha Moss	Telephone Number:	(214) 385-7742
Position:	Listing Agent		

COMMENTS

- This tract of land is located along the north line of County Road 606 in Farmersville, Texas.
- This tract is not zoned and lies in the Extra Territorial Jurisdiction of the City of Farmersville.

Comparable Land Sale Number 6



PROPERTY IDENTIFICATION

Location:	E Line of County Rd 557 Farmersville, Texas	Legal Description:	Abs A0422 M C Hamilton Survey, Tract 23, 15.8 Acres
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TRANSACTION DATA

Grantor:	Edward P. Hurst	Conditions of Sale:	Arm's-Length Transaction
Grantee:	Tu Ahn Tran & Molly Tran	Sales Price:	\$150,000
Date of Sale:	June 24, 2015	Terms:	Cash to Seller
Recording Information:	D#20150625000769060	Cash Equivalent Price:	\$150,000
Property Rights Conveyed:	Fee Simple Estate	Intended Use:	Residential

PHYSICAL CHARACTERISTICS

Road Frontage:	County Rd 557	Size of the Tract:	15.800 acres
Configuration:	Irregular		688,248 square feet
Flood Plain:	None	Improvements:	Residential
Topography:	Gently Rolling	Utilities:	Water & Electric
Zoning:	Unzoned		

UNITS OF COMPARISON

Actual Sales Price Per Acre:	\$9,493.67
Cash Equivalent Price Per Acre:	\$9,493.67

VERIFICATION

Contact Person:	Katherine Lamkin	Telephone Number:	(972) 345-9747
Position:	Listing Agent		

COMMENTS

- This tract of land is located along the east line of County Road 557 in Farmersville, Texas.
- This tract is not zoned and lies in the Extra Territorial Jurisdiction of the City of Farmersville.