



Valbridge
PROPERTY ADVISORS

Appraisal Report

South Sewer Treatment Plant Tracts
Starry Road
Corpus Christi, Nueces County, Texas 78414

Report Date: October 29, 2020



FOR:

City of Corpus Christi
Mr. Bobby C. Harraid, Jr.
Property & Land Acquisition Manager
1201 Leopard Street
Corpus Christi, Texas 78401

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October 29, 2020

Mitchell Kirkpatrick, MAI, CCIM
Director
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Mr. Bobby C. Harraid, Jr.
Property & Land Acquisition Manager
City of Corpus Christi
1201 Leopard Street
Corpus Christi, Texas 78401

RE: Appraisal Report
South Sewer Treatment Plant Tracts
Starry Road
Corpus Christi, Nueces County, Texas 78414

Dear Mr. Harraid:

In accordance with your request, I have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to the value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, is located on Starry Road and is identified by tax parcel numbers 232248, 232250, 232251, 232252, 232258, 232259, 232260, and 232261. The subject property comprises 182.19-acres. The property has 117.84 usable acres; the acreage differential is the amount of property in the 100-year floodplain and designated wetlands (submerged and tidal lands). A small amount of acreage also excluded is within the Starry Road right-of-way. Subsequently, 117.84 acres is the unit of value measurement.

The appraiser developed the analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of the client.

The client in this assignment is City of Corpus Christi and the intended user of this report is The City of Corpus Christi and assigns. The sole intended use is for a potential sale. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

Based on the analysis contained in the following report, the value conclusion is summarized as follows:

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 13, 2020
Value Conclusion	\$2,450,000
	\$20,800 per acre

Respectfully submitted,
Valbridge Property Advisors | San Antonio



Mitchell N. Kirkpatrick, MAI, CCIM
Director
State Certified General
Real Estate Appraiser
TX-1338031-G

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Summary of Salient Facts

Property Identification

Property Name	South Sewer Treatment Plant Tracts
Property Address	Starry Road Corpus Christi, Nueces County, Texas 78414
Latitude & Longitude	27.63675, -97.353073
Tax Parcel Number	232248,232250,232251,232252,232258,232259,232260,232261
Property Owner	The City of Corpus Christi

Site

Zoning	Farm rural (FR)
FEMA Flood Map No.	4854940540C
Flood Zone	A13
Gross Land Area	182.190 acres
Usable Land Area	117.840 acres
Total Land Area	182.190 acres

Valuation Opinions

Highest & Best Use - As Vacant	Single-family residential use
Reasonable Exposure Time	12 to 18 months
Reasonable Marketing Time	12 to 18 months

Value Indications

Approach to Value	As Is
Sales Comparison	\$2,450,000

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 13, 2020
Value Conclusion	\$2,450,000
	\$20,800 per acre

Aerial and Front Views

AERIAL VIEW



FRONT VIEW



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is the City of Corpus Christi and the sole intended user of this report is The City of Corpus Christi and assigns. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The sole intended use of this report is support for a potential sale.

Real Estate Identification

The subject property is located at Starry Road, Corpus Christi, Nueces County, Texas 78414. The subject property is further identified by tax parcel numbers 232248, 232250, 232251, 232252, 232258, 232259, 232260, and 232261.

Legal Description

182.19 acres out of lots 11 through 14, Section 34 and lots 2 through 5, Section 35, Flour Bluff and Encinal Farm Garden Tracts, Nueces County, Texas

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was vacant land.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the subject as is reflects use as single family residential land.

Ownership of the Property

According to Nueces County Deed Records, title to the subject property is vested in The City of Corpus Christi.

History of the Property

Ownership of the subject property has not changed within the past three years. According to Nueces County deed records, the eight individual parcels that comprise the subject land have been under the ownership of the City of Corpus Christi since 1989/1990.

Analysis of Listings/Offers/Contracts

The subject is not currently listed for sale or under contract for sale.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."¹*

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of the assignment the appraiser developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	September 13, 2020

The appraiser completed an appraisal inspection of the subject property on September 13, 2020.

Date of Report

The date of this report is October 29, 2020.

List of Items Requested but Not Provided

- None

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions

Extraordinary Assumptions

- None

Hypothetical Conditions

- None

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via photographs and maps.
- Economic Characteristics - Economic characteristics of the subject property were identified via the appraiser's work file, communications with market participants, and local media, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via an on-site visit.

Extent to Which the Property Was Inspected

The appraiser inspected the subject on September 13, 2020.

Type and Extent of Data Researched

The appraiser researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions.

Type and Extent of Analysis Applied (Valuation Methodology)

The appraiser observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. The appraiser then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. One or more of these approaches are used in all estimations of value.

- Sales Comparison Approach - In the Sales Comparison Approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Direct Capitalization: Land Residual Method - The Land Residual Methodology involves estimating the residual net income to the land by deducting from total potential income the portion attributable to the improvements, assuming development of the site at its highest and best use. The residual income is capitalized at an appropriate rate, resulting in an indication of land value.

- Direct Capitalization: Ground Rent Capitalization – A market derived capitalization rate is applied to the net income resulting from a ground lease. This can represent the leased fee or fee simple interest, depending on whether the income potential is reflective of a lease in place or market rental rates.
- Yield Capitalization: Subdivision Development Method – Also known as Discounted Cash Flow Analysis (DCF), the methodology is most appropriate for land having multiple lot development in the near term as the highest and best use. The current site value is represented by discounting the anticipated cash flow to a present value, taking into consideration all necessary costs of development, maintenance, administration, and sales throughout the absorption period.

All of these approaches to value were considered. The appraiser assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, the appraiser relied upon the Sales Comparison Approach.

Appraisal Conformity and Report Type

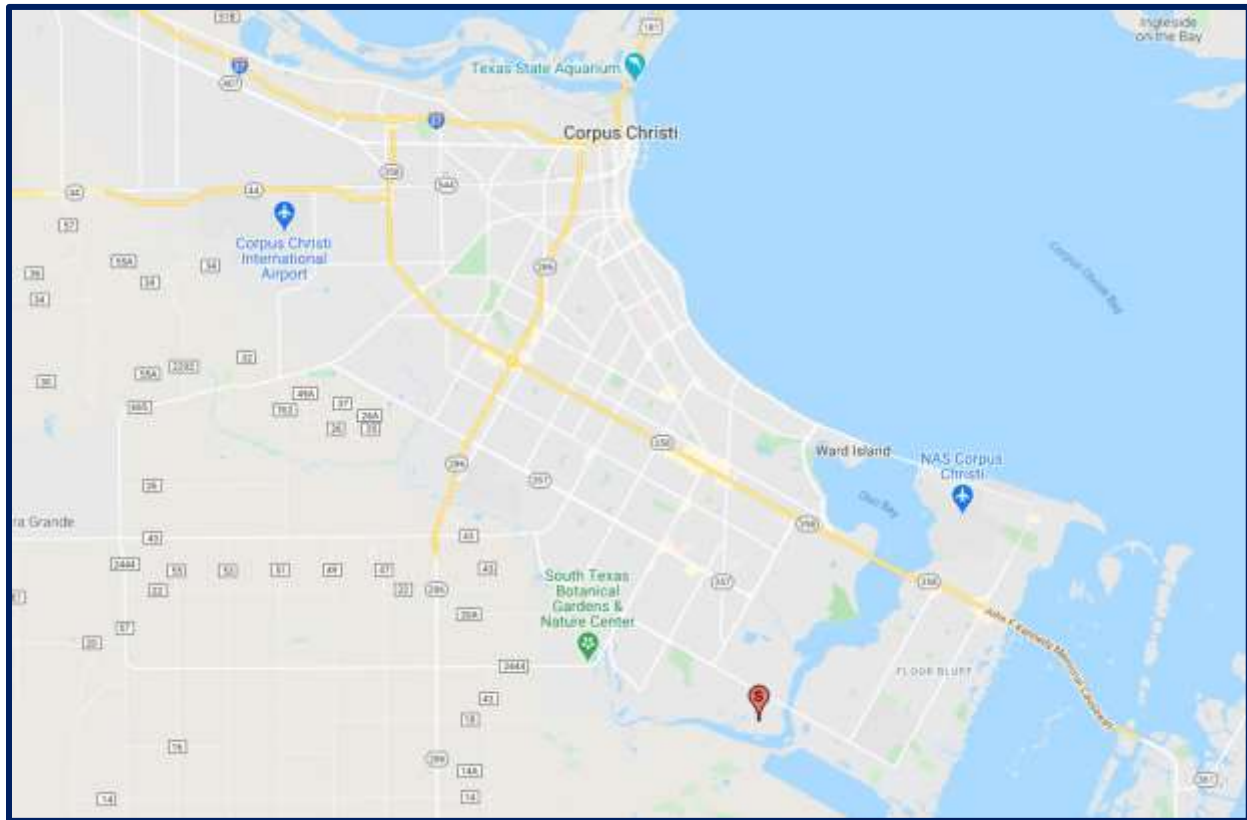
The appraiser developed the analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of the client. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Corpus Christi Market Area Analysis

REGIONAL MAP (SUBJECT IS LOCATED AT RED "S")



The appraised property is located in far south Corpus Christi. Corpus Christi is the largest community in Nueces County and the Coastal Bend region and is the county seat of Nueces County. As of 2020, the population of Corpus Christi is approximately 340,000. It is the eighth largest city in the State of Texas. The Corpus Christi MSA includes Nueces, Aransas, and San Patricio counties and has a population of approximately 437,397 (see population chart below). Industries with headquarters or divisions located within the City's boundaries, or within the MSA include industrial, petrochemical, oil and gas, construction, meat processing, convenience store, banking, and financial services.

Population

Population characteristics relative to the subject property are presented in the following table.

Population

Area	2010	Estimated 2020	Annual % Change 2010 - 20	Projected 2025	Annual % Change 2020 - 25
United States	308,745,538	333,793,107	0.8%	346,021,282	0.7%
Texas	25,145,561	29,806,340	1.9%	32,172,745	1.6%
Corpus Christi, TX MSA	405,027	437,397	0.8%	453,053	0.7%

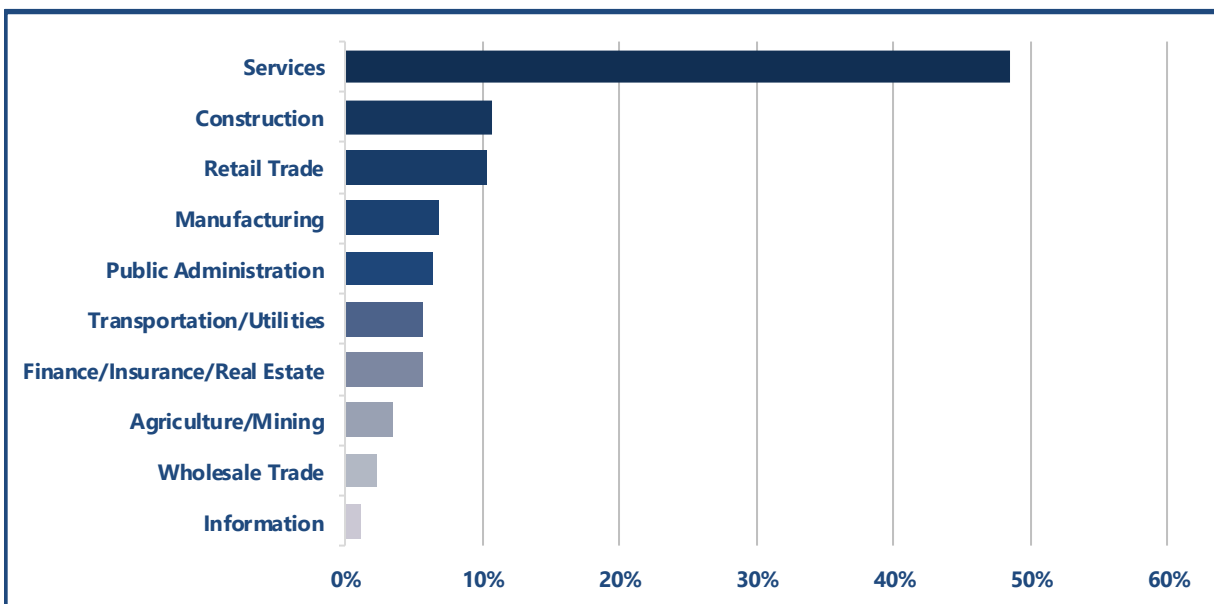
Source: Site-to-Do-Business (STDB Online)

Local Economy

The Corpus Christi economy is driven largely by the Port of Corpus Christi, the federal government with the Naval Air Station and the Corpus Christi Army Depot, oil and gas refining, oil and gas support services, manufacturing companies (particularly companies located within San Patricio County), and tourism.

Texas A&M University-Corpus Christi is a four-year marine sciences research university. Texas A&M University-Corpus Christi enrolled 11,929 students in the fall of 2018. The university is growing with student housing continuing, both at the Island campus and at the Momentum campus that has the sports facilities including the Dugan Family Soccer and Track Stadium. The Island campus has a dining hall, residential areas, and University Center.

Employment



Source: Site-to-Do-Business (STDB Online)

Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the unemployment rate is 10% year-to-date.

Unemployment Rates

Area	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YTD 2020
United States	6.7%	4.7%	4.1%	3.9%	3.5%	8.4%
Texas	4.4%	4.8%	4.0%	3.7%	3.5%	6.8%
Corpus Christi, TX MSA	5.3%	6.1%	5.4%	4.5%	4.3%	10.0%

Source: Bureau of Labor Statistics - Year End - National & State Seasonally Adjusted

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare unfavorably to the state and the country.

Median Household Income

Area	Estimated 2020	Projected 2025	Annual % Change 2020 - 25
United States	\$62,203	\$67,325	1.6%
Texas	\$60,820	\$65,282	1.5%
Corpus Christi, TX MSA	\$55,327	\$58,600	1.2%

Source: Site-to-Do-Business (STDB Online)

Port of Corpus Christi

The trade area's principal outlet for agricultural and petroleum products is the Port of Corpus Christi, which opened to the world markets in 1926. It is located along the southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican border. The Port's channel stretches over 30 miles and links Corpus Christi Bay with the Gulf of Mexico. The Port of Corpus Christi is the first in the nation in terms of annual exports. Exporting was restarted in 2015; a ban to most countries was imposed in 1975. The port is the third largest in the nation currently in terms of annual tonnage. The Port continues to invest in new rail infrastructure and liquid docks to support the current needs and estimated growth potential of the Permian Basin and portions of the Eagle Ford shale region.

The Channel Improvement Project continues with appropriations of funding by Congress includes a \$400 million dredging project initiated in late May 2019 that will allow fully loaded tankers with millions of barrels of oil to pass through the ship channel. Project details include:

- Widening the CC Ship Channel to 500' (from 430') from Port Aransas to the Harbor Bridge
- Deepening the CC Ship Channel from 47' mean low tide to 54' mean low tide
- Adding 200' wide barge shelves at 12' mean low tide across Corpus Christi Bay

Presently, the Port is the nation's leader in oil exports. Oil exports are currently 700,000 to 800,000 barrels per day. The dredging is projected for completion in late 2022. Three million barrels per day is predicted to be exported at that time.

- Oil export terminals both on Harbor Island and offshore are proposed. The Harbor Island terminal is proposed between a private investment firm and the Port of Corpus Christi with a \$1 billion investment expected.

Nineteen private and public projects, as of the end of 2019, are either under construction or in the planning stages with the Port including marine terminals, storage facilities or other projects to increase oil exports. A few notable examples:

- Nueces River Rail Yard – a \$46 million dollar investment started in 2016 to provide rail capability to eight-unit train sidings (8,000' each)
- NuStar Energy is investing \$425 million to acquire pipelines, storage facilities, and other oil and gas infrastructure. NuStar has plans for two condensate processing plants; each plant will cost \$500 million to construct.
- Cheniere continues construction on a \$13 billion liquefied natural gas facility, which will be the company's second plant in Corpus Christi. This is located on over 1,000 acres at the La Quinta Ship Channel with the development expected to be operational in 2020.
- OxyChem Ingleside Energy Center is the \$55 million investment by Occidental Petroleum Corporation into the former Naval Station Ingleside; the company began a \$1 billion investment in 2017 to create an ethylene cracker plant.

- Tianjin Pipe Corporation's \$1.3 billion pipe manufacturing plant; the second phase is under construction, which will include a one-million square foot building.
- Corpus Christi Polymers (former M&G), is doing the same for its \$1.1 billion plastics factory under construction on the northern side of the Viola Channel with the Port of Corpus Christi.
- Voestalpine, is completing constructing of a \$740 million iron ore (hot briquetted and direct reduced iron) processing facility within the La Quinta corridor at the Port of Corpus Christi.
- In the spring of 2017, Exxon Mobil Chemical Co. and Saudi Arabia-based Basic Industries Corp. purchased 1,300 acres west of Gregory to construct the world's largest ethylene cracker plant for an estimated investment of \$9.5 billion. The plant will be capable of producing 1.8 million tons of ethylene each year. The project is expected to create 600 permanent full-time jobs and 11,000 jobs during the construction. Construction is expected to last five years and inject more than \$50 billion into the economy during the first six years of operation. Site work began in the spring of 2019 and is presently in the permitting stage with the TCEQ,

Source: Corpus Christi Economic Development and the Port of Corpus Christi

Harbor Bridge Development

The Texas Department of Transportation began the construction of the new Harbor Bridge in August 2016. The current proposed replacement bridge estimates a significant rise over the Corpus Christi Ship Channel, allowing larger vessels to pass through the channel with a raised clearance of 205' and increasing the area's shipping traffic capabilities. The bridge will have wider lanes and increased highway access to address current transportation issues. TxDOT estimates that the project will cost approximately \$1.1 billion. Flatiron-Dragados was selected by TxDot to design, construct, operate, and maintain the new bridge. The bridge's main span design was created by Figg Engineering, which was removed from the project in late 2019. A new design firm will be hired in order for work to continue on the construction of the main span. Construction is expected to take until at least 2022 before completion.

Del Mar College Expansion

Del Mar College District taxpayers approved a \$139 million Capital Improvement Project (CIP) bond referendum supporting construction of the southside campus in November 2016. The Board approved the \$6 million purchase of 96 acres located at Yorktown Boulevard and Rodd Field Road in 2013 after a Facility Master Plan produced in 2012 assessed renovation and expansion of current facilities and additional buildings on the East and West Campuses and a new southside campus as part of a 20-year vision and 10-year plan. The College identified more than \$397 million in total facilities needs at that time.

Development of the Southside Campus Master Plan used \$1.8 million earmarked specifically for that purpose as part of the 2014 CIP bond referendum that taxpayers passed to address needs on the East and West campuses.

Anticipated to open in 2022, the Southside Campus Project incorporates construction of 249,544 square feet of building space, including the:

- Central Plant (8,631 sq. ft.) as part of physical facilities operations,
- Hospitality and Culinary Institute (59,561 sq. ft.) housing ultramodern teaching spaces including kitchen labs, a coffee shop and a public-accessible restaurant/dining facility to provide students with hands-on, real-world learning experiences,
- Main Building (80,437 sq. ft.) housing the library, student services, community meeting spaces and a coffee shop, and
- STEM Building (100,915 sq. ft.) housing the Architecture/Drafting Technology program and Biology, Biotechnology and Biomanufacturing programs with contemporary teaching spaces, laboratories and equipment, along with other STEM-related programs, including engineering.

In addition to the Centers for Excellence, the campus will provide core courses taken by university-transfer students, along with dual credit, developmental, workforce training and continuing education courses.

College officials estimate enrollment at the new campus at 3,500 students the first year. DMC fall 2019 data shows that 41 percent of the 12,008 students enrolled (certified enrollment) this semester come from Southside ZIP codes.

Located on an “educational corridor” along Yorktown Boulevard, the Southside campus will provide close access to four high schools — Mary Carroll, Veterans Memorial, Flour Bluff and London — and is only 15 minutes away from Texas A&M University-Corpus Christi and 30 minutes from Texas A&M University-Kingsville.

Source: Del Mar College

Tourism

Corpus Christi continues to be a favorite vacation spot for visitors and is the fifth most popular destination in Texas. The number one reason visitors flock to the area has always been to enjoy miles of beaches along Mustang and Padre Islands, the longest barrier reef in nature fronting on the Gulf of Mexico. The opposite side of the barrier provides a shoreline for Corpus Christi Bay, Laguna Madre, and the various bays and bayous north of the Coastal Bend which are ideal for outdoor recreation.

Tourist facilities located with the City include: a multi-purpose arena at the American Bank Center, Whataburger Field which houses the Corpus Christi Hooks, a AA major league affiliate baseball team, the Texas State Aquarium, the USS Lexington Museum, the Museum of Science and History, the South Texas Art Museum, the Multicultural Center/Heritage Park complex, Concrete Street Amphitheater, and Hurricane Alley water park, across from Whataburger Field.

Neighborhood Analysis

NEIGHBORHOOD MAP



Overview

The far southside area of Corpus Christi is characterized by significant single-family residential sections interspersed with commercial development along the arterial roads. Water features include Oso Bay and Oso Creek; each of which serve as a topographical boundary next to the Flour Bluff region on the east side of Oso Bay.

Neighborhood Location and Boundaries

The subject neighborhood is located in the far south portion of Corpus Christi. The area is suburban in nature. The neighborhood is bounded by North Oso Parkway and The Mansions Drive to the north, Oso Bay to the east, Oso Creek to the south, and Rodd Field Road to the west.

Transportation Access

Major travel and commuter routes within the area of the subject property include Yorktown Boulevard which is a municipally maintained arterial carrying traffic in east-to-west direction. Access to the neighborhood area is considered good.

Road Improvements

Construction near the Rodd Field Road and Yorktown Boulevard intersection is occurring as the intersection was redesigned and Rodd Field Road is being widened. As southside growth continues, it is expected that Yorktown Boulevard between Rodd Field Road and Oso Bay will be expanded.

Neighborhood Land Use

The subject neighborhood is located in an area with primarily residential land uses. An approximate breakdown of the development in the area is as follows:

LAND USES

Developed	60%
<i>Residential</i>	50%
<i>Retail-Office</i>	10%
<i>Industrial</i>	0%
Vacant/Parks	40%
Total	100%

Land Use Trends

The neighborhood is experiencing a change in land use from vacant land to single-family subdivision land. The Rancho Vista subdivision to the west of the subject land has more than 1,000 homes within its many phases of development. Land is being turned for development on the northside of Yorktown Boulevard for single-family homes. The initial housing subdivision on the north side of Yorktown Boulevard is Airline Estates near the intersection with Rodd Field Road. This residential development to the east along Yorktown Boulevard is expected to continue. Similar housing development to the south side of Yorktown Boulevard near the subject property is also likely to occur.

Demographics

The following table depicts the area demographics in Corpus Christi within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius	1 mile	3 miles	5 miles
Population Summary			
2010 Population	427	23,034	101,207
2020 Population Estimate	1,778	32,143	117,482
2025 Population Projection	2,086	36,319	124,828
Annual % Change (2020 - 2025)	3.2%	2.5%	1.2%
Housing Unit Summary			
2010 Housing Units	168	8,469	42,299
% Owner Occupied	82.7%	80.1%	54.7%
% Renter Occupied	10.7%	14.9%	38.3%
2020 Housing Units	633	11,600	48,296
% Owner Occupied	87.7%	74.9%	53.7%
% Renter Occupied	6.2%	21.0%	39.9%
2025 Housing Units	738	13,016	51,012
% Owner Occupied	88.1%	73.6%	53.8%
% Renter Occupied	6.1%	22.6%	40.0%
Annual % Change (2020 - 2025)	3.1%	2.3%	1.1%
Income Summary			
2020 Median Household Income Estimate	\$108,349	\$97,559	\$72,225
2025 Median Household Income Projection	\$114,049	\$103,640	\$76,929
Annual % Change	1.0%	1.2%	1.3%
2020 Per Capita Income Estimate	\$42,313	\$40,626	\$34,381
2025 Per Capita Income Projection	\$47,099	\$45,151	\$37,739
Annual % Change	2.2%	2.1%	1.9%

Source: Site-to-Do-Business (STDB Online)

Within a three-mile radius, the reported population is 32,143 with a projected growth rate of approximately 2.5% annually. There are 11,600 housing units within that three-mile radius. The growth rate is expected to be 2.3% annually. Most of the housing is owner-occupied. The research indicates that property values in the area are increasing.

Within a three-mile radius, the median household income is \$97,559. Looking ahead, annual household income growth is projected at 1.2% per year. The average income figures suggest that the inhabitants are within the middle income brackets.

Nuisances & External Obsolescence

The Starry Shooting Range at 7925 Starry Road originated when the neighborhood was rural and housing developments were miles away. Now that subdivisions are being developed on the border of the shooting range, the shooting range is a probable nuisance to neighboring property owners during the range's hours of operations.

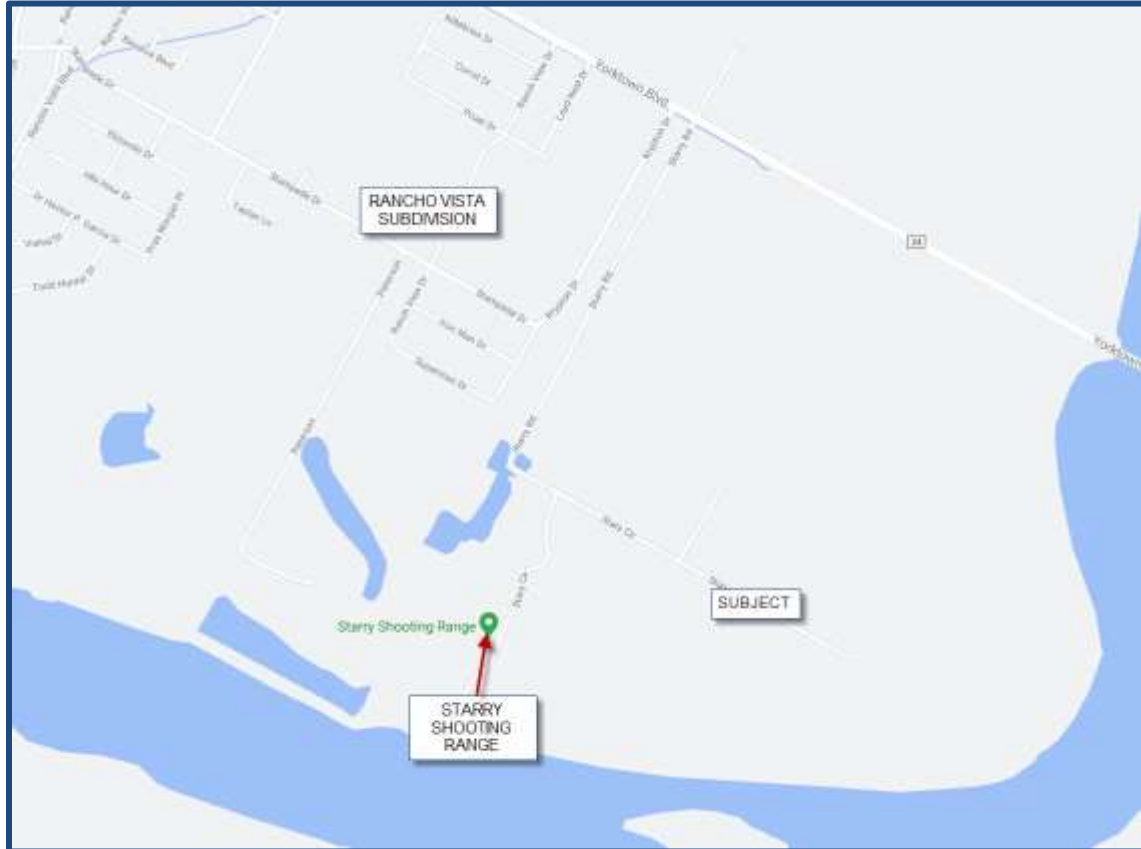
Neighborhood Life Cycle

Most neighborhoods are classified as being in four stages: **growth**, **stability**, **decline**, and **renewal**. Overall, the subject neighborhood is in the growth stage of its life cycle.

Immediate Area Uses

The map below exhibits the uses located in the subject's immediate vicinity.

IMMEDIATE AREA USES



Source: Google Maps

Uses along Yorktown Boulevard in the vicinity of the subject are primarily residential in nature. Large amounts of development land are prevalent in addition to newly or recently built subdivisions. The density of housing in the area is high as the zoning is the smallest minimum lot allowance at 4,500 square feet,

Analysis and Conclusions

The neighborhood serves as a large segment of Corpus Christi's southside residential market. The area will continue to expand as long as the region remains favorable to future residents. The tranquil coastal breezes that are common in this area near Oso Bay along with the convenience of nearby commercial support services on Rodd Field Road, Cimarron Boulevard, Yorktown Boulevard, and Staples Street are factors that have created a positive residential living environment that is expected to continue.

Land Description

The subject land is located on Starry Road in far south Corpus Christi. The characteristics of the land are summarized as follows:

Site Characteristics

Gross Land Area:	182.19 Acres
Usable Land Area:	117.84 Acres
Usable Land %:	64.7%
Shape:	Irregular
Topography:	Generally Level
Grade:	Below street grade
Utilities:	None
Off-Site Improvements:	Paving and electrical from Starry Road.

Street Frontage / Access

Frontage Road	Primary
Street Name:	Starry Road
Street Type:	Residential
Paved Frontage:	10' (40' right-of-way; municipal requirements are 50' minimum)
Additional platting (See Addenda):	The 182.19 acres have 3.16 acres within the Starry Road ROW; Seven parcels (originally, now eight) are platted with gross acreages ranging from 16.2 to 20.

Additional Access

Alley Access:	None
Water or Port Access:	Oso Bay and Oso Creek
Rail Access:	None

Flood Zone Data

Flood Map Panel/Number:	4854940540C
Flood Map Date:	03-18-1985
Portion in Flood Hazard Area:	30.00%
Flood Zone:	A13 (Flood land is not part of usable land)

Other Site Conditions

Soil Type:	Victoria Clay and Gullied Land
Environmental Issues:	None identified
Easements/Encroachments:	None adverse
Wetlands Classification:	Wetlands mirrors the floodplain portion of the property

Adjacent Land Uses

North:	Vacant land
South:	Oso Creek
East:	Oso Bay
West:	Single family acreage and firing range

Site Ratings

Access:	Fair (some access limitations)
Visibility:	Fair

Zoning Designation

Zoning Jurisdiction:	City of Corpus Christi
Zoning Classification:	FR, Farm rural
Permitted Uses:	See Addenda
Zoning Comments:	The "FR" zoning district includes lands that are relatively underdeveloped and agricultural in nature. This zoning district is intended to permit the continued use of the land for agricultural purposes. The "FR" District is the default zoning district for land newly-annexed to the City, but not yet placed in a zoning classification appropriate for final use.

Analysis/Comments on Site

The subject site is 182.19 gross acres; the acreage net of Starry Road ROW is 179.03. 61.19 acres are in the 100-year designated flood plain and are not part of the usable land as the majority is submerged land or near the submerged land area; essentially the floodplain land matches the wetlands area and no additional acreage is allotted apart from the flood plain portion. The property is generally level across the usable portion of the property with some slight gradations of +/- 5 feet over the southwestern end of the subject. The land has +/- 5,028 lineal feet of water frontage as it encompasses the bend from Oso Bay on the east side of the property to Oso Creek on the south side of the property.

The width of Starry Road is narrower than the standard for the City of Corpus Christi's designated "local residential" right-of-way standard, which is a 50' right-of-way with 28' paved from back of curb to back of curb (see City of Corpus Christi's *Unified Development Code* Article 8, Section 2.1.B. Street Right-of-Way Dimensional Standards). Starry Road is +/-20' wide for the paved portion with no shoulder and an approximately 40' right-of-way. The International Fire Code minimum width requirements are (20' minimum or 26' near a fire hydrant).

According to the City of Corpus Christi, the subject land is within the path of the proposed Transportation Plan. Through communications with the City of Corpus Christi (City), the City indicates its cooperation to work with land developers that request assistance in acquiring access as it relates to a property along the proposed Transportation Plan right-of-way. Following the City's Transportation Plan path, access to the subject land would require acquiring a right-of-way through one property owner to the north of the subject.

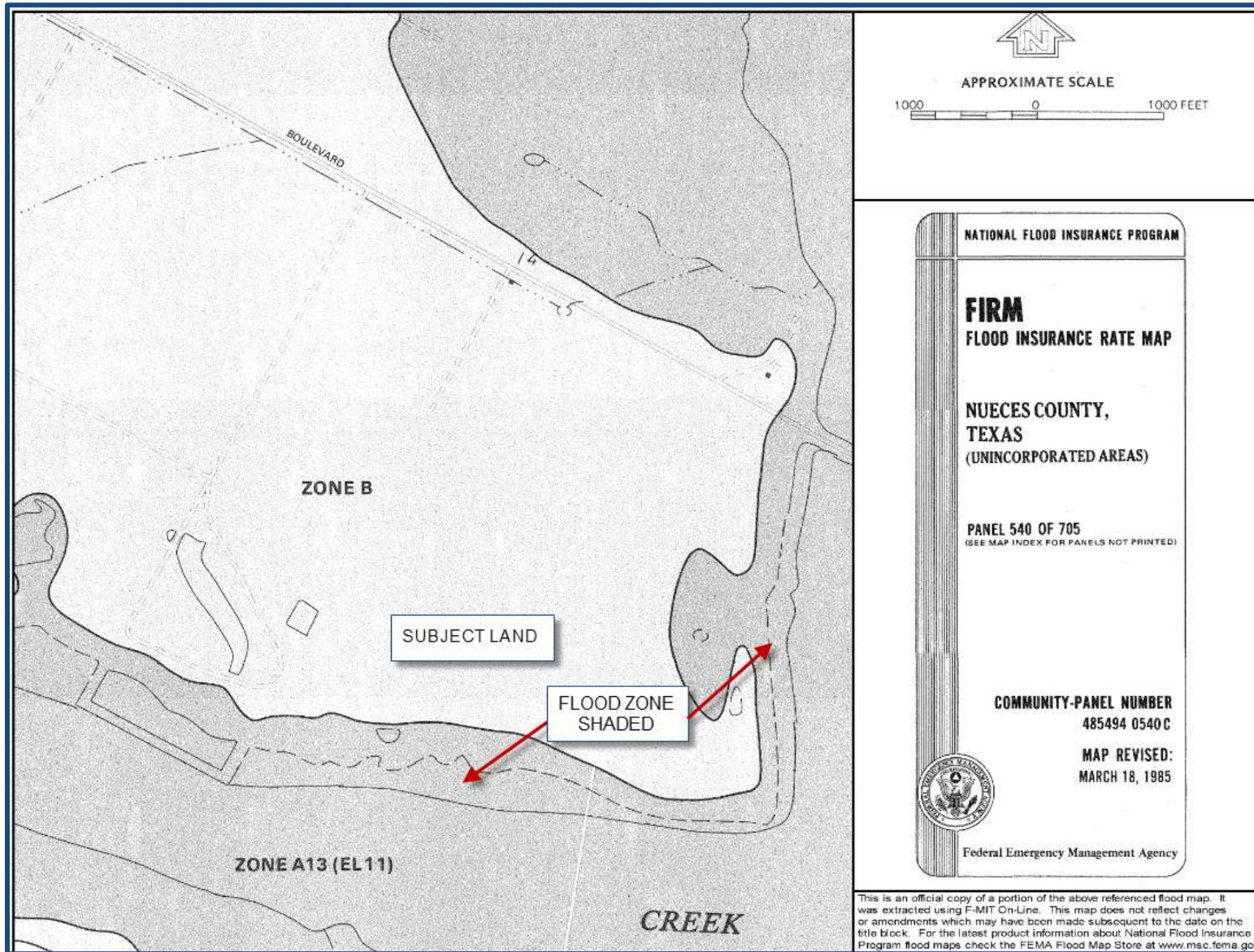
AERIAL PICTURE



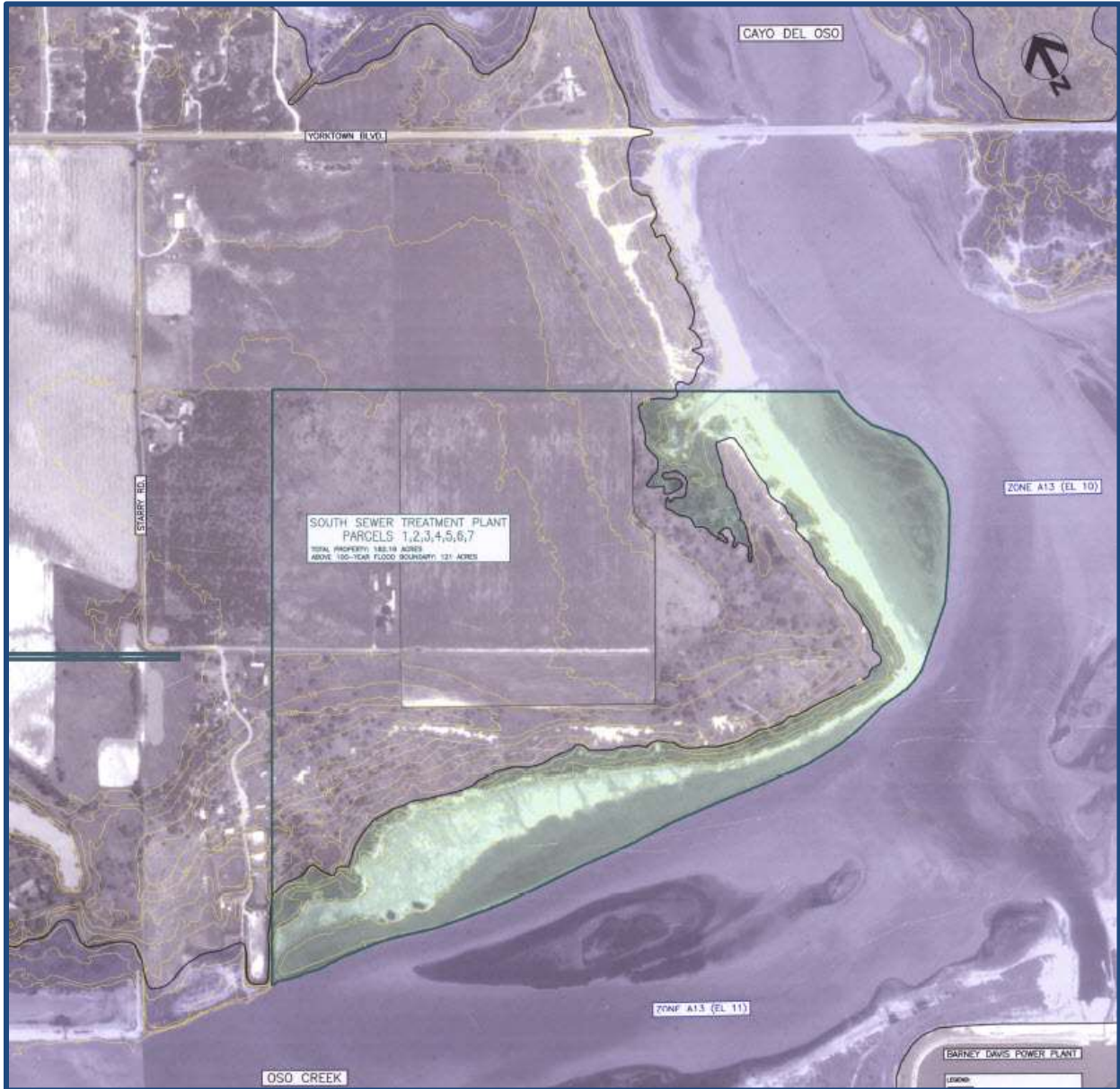
WETLANDS MAP



FLOOD MAP



WETLANDS/FLOOD MAP



TOPOGRAPHIC MAP



ZONING MAP



SOILS MAP



Soil Map—Nueces County, Texas

Soil Map

Map Unit Legend

Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
Gv	Gullied land, saline	72.1	48.1%
Ta	Tidal flats, occasionally ponded	5.1	3.3%
VcA	Victoria clay 0 to 1 percent slopes	79.1	50.6%
Totals for Area of Interest		156.3	100.0%

Subject Photographs



View down Starry Road facing east from interior



View facing south from Starry Road



View facing north from Starry Road



Oso Bay frontage on eastern boundary facing southward

Additional photos are included in the Addenda.

Assessment and Tax Data

Assessed Values and Property Taxes

The subject's assessed values, applicable tax rates and total taxes, are shown in the following table:

Tax Schedule

Tax Year	Parcel Number	Assessor's Appraised Value - Land	Assessor's Appraised Value - Imp.	Assessor's Total Appraised Value	Assessed Value	Tax Rate	Millage Rate	Effective Tax Rate	Tax Expense
1	2020	232252	\$1,000,000	\$10,000	\$1,010,000	\$1,010,000	\$2.620940	per \$100 2.620940%	\$26,471
2	2020	232251	\$500,000		\$500,000	\$500,000	\$2.620940	per \$100 2.620940%	\$13,105
3	2020	232250	\$500,000		\$500,000	\$500,000	\$2.620940	per \$100 2.620940%	\$13,105
4	2020	232248	\$883,440		\$883,440	\$883,440	\$2.620940	per \$100 2.620940%	\$23,154
5	2020	232261	\$450,000		\$450,000	\$450,000	\$2.629040	per \$100 2.629040%	\$11,831
6	2020	232259	\$262,500		\$262,500	\$262,500	\$2.629040	per \$100 2.629040%	\$6,901
7	2020	232260	\$487,500		\$487,500	\$487,500	\$2.629040	per \$100 2.629040%	\$12,817
8	2020	232258	\$402,250		\$402,250	\$402,250	\$2.629040	per \$100 2.629040%	\$10,575
Total			\$4,485,690	\$10,000		\$4,495,690			\$117,959

Conclusions

The subject land is owned by the client, which is a non-taxable municipal entity. Rollback taxes would be payable upon conversion to non-ag use without an exemption in place for agricultural use. The assessed value of the subject is greater than the market value of the subject.

Market Analysis

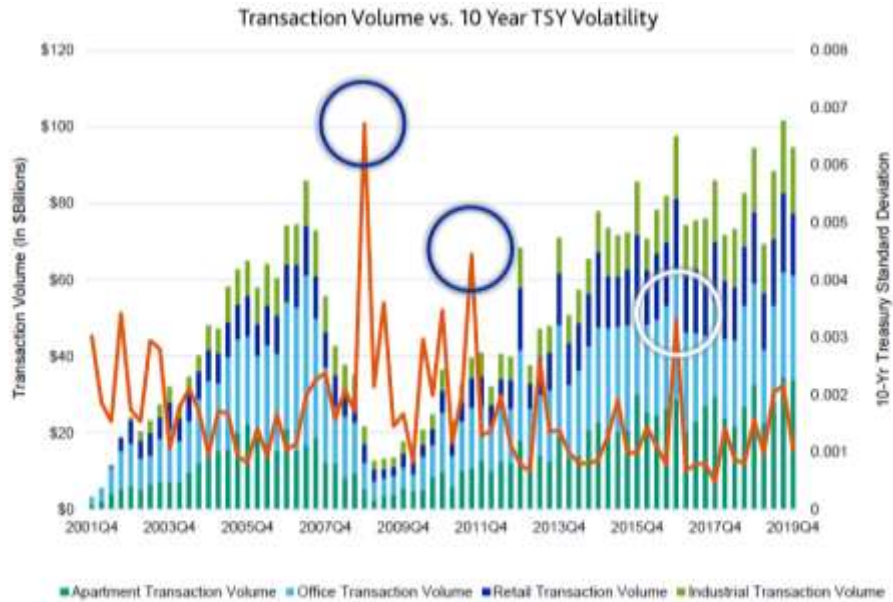
National Market Conditions

Financial markets are seeing dramatic impacts due to the novel coronavirus pandemic, and while the pandemic continues to be fought, no metric will be reliable to predict with certainty what value impacts will be. However, using trusted analytics resources we can better understand the ways in which past economic shocks have progressed which will help us better assess true risk associated with a particular CRE asset.

This economic crisis is unique from others in that there have been shocks to both the supply and demand side. This worry is exacerbated by record corporate debt in place. According to the Federal Reserve, American non-financial corporate debt has risen to 49% of GDP. In 2009 it was 43%. Two-thirds of non-financial corporate bonds in the US are rated "BBB" or lower.

The United States has posted a 4.8% decrease in GDP for the first quarter of 2020. China's Q1 GDP contracted 6.8% year over year, then rebounded for a 3.2% growth in Q2, year over year. An annualized drop of 32.9% was reported at the end of July, with a quarter contraction of 9.5% from April through June. Real GDP is expected to decline 12% from peak to trough between Q419 and Q220, and contract by 6.6% in all of 2020. Unemployment as of late July was 11% nationwide, and expected to remain in double digits through the early Fall, according to Moody's Analytics.

CRE markets have been reporting drops in transaction volumes due to travel restriction, quarantines and "stay at home" orders. Movements in the stock market and interest rates as well as stimulus packages and legislation have caused many deals in progress to be put on hold while participants reconstruct return expectations and yield estimates. Moody's recorded a 47% drop in transaction activity by dollar volume in the first quarter. The end date of this period of volatility is impossible to foresee, but a historical picture of the relationship between volatility (as measured by deviations in the 10-Yr Treasury prices) and the transaction volume of commercial real estate from the end of 2001 to the end of 2019 may provide some insight.



Source: Moody's Analytics REIS

The preceding graph shows that transactional volume may drop anywhere from 20 to 40% during periods of extreme volatility.

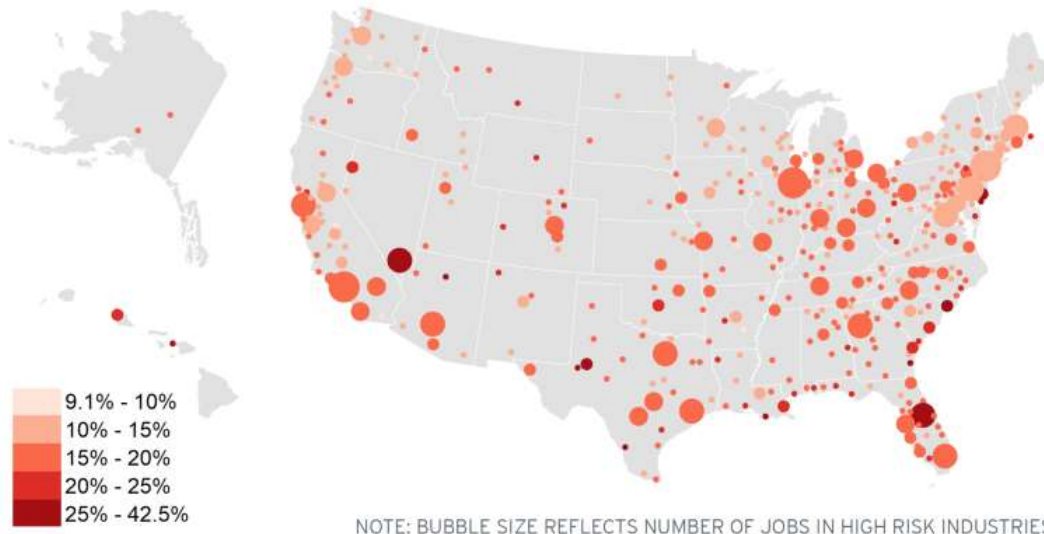
The National Council of Real Estate Investment Fiduciaries (NCREIF) tracks the values and returns for institutionally owned commercial real estate. NCREIF compared the recession in the early 1990's to the financial crisis that began in 2007-08. They found a 27% decline in values across 40,000 individual office, industrial, retail, multi-family and hotel properties for the 2007-08 period. While this was slightly higher than the 25% value drop during the recession of the early 1990's, the recovery was much quicker. The NCREIF study attributes the faster recovery in values to better data for valuation being available and a desire by investment managers to get the properties in their funds marked to market quickly. The addition of more frequent outside appraisals likely also helped. In the current crisis, we have even more data available (now nearly in real time), as well as stronger analytic models and the benefit of a financial stimulus playbook from which to act more quickly to respond to systemic shocks. The strong federal response has been well received and has kept many markets solvent. The second half of 2020 may see increased volatility again as legislators argue over additional stimulus options, eviction moratoria ends and the additional unemployment benefit from the federal government of \$600 per week is no longer being sent to affected households.

Impacts to values have not been consistent across sectors, asset classes and markets. Study and analysis on micro levels is critical. Moreover, the analysis of markets and properties prior to the downturn is important as is the market's vulnerability to recession. The Brookings Institution used Moody's Analytics to identify "most at risk" industry groups, from which it compiled a list of five particularly vulnerable sectors: mining/oil and gas, transportation, employment services, travel arrangements, and leisure/hospitality. The following map illustrates areas most affected by employment in these sectors.

MAP 1

Sunbelt tourist destinations and energy metros stand to be most affected

Share of metro employment in high risk industries, 2019

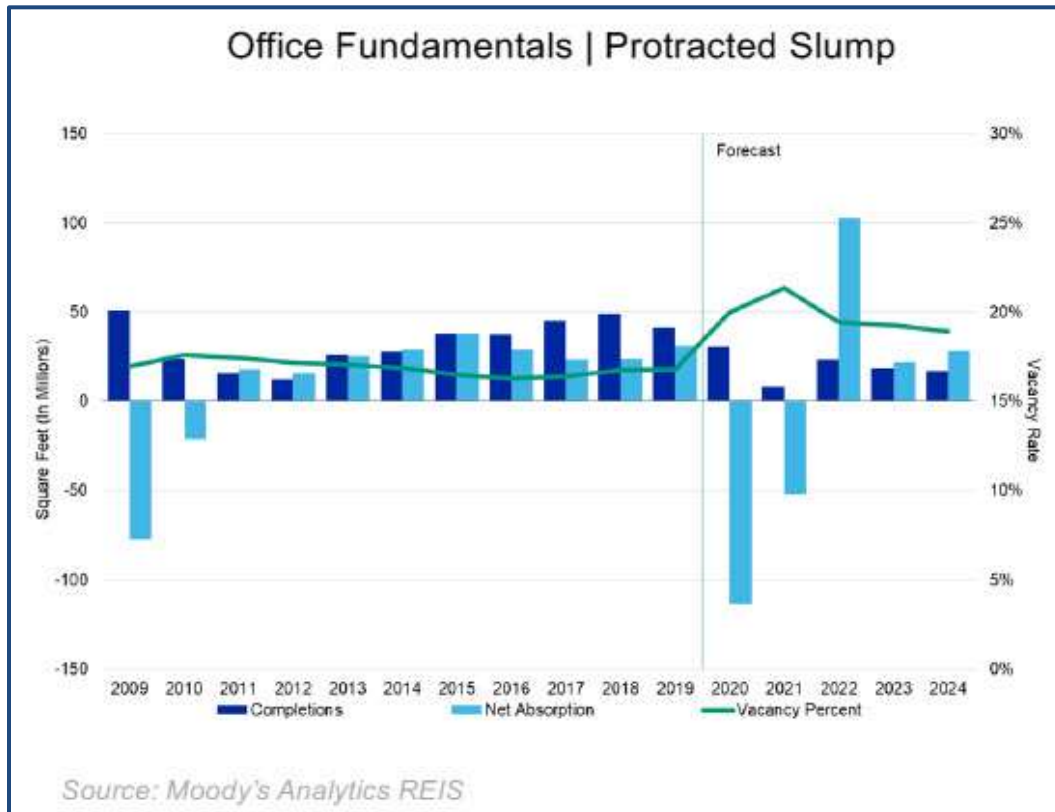


Source: Zandi, "COVID-19: A Fiscal Stimulus Plan," (Moody's Analytics, 2020) and Brookings analysis of Emsi data

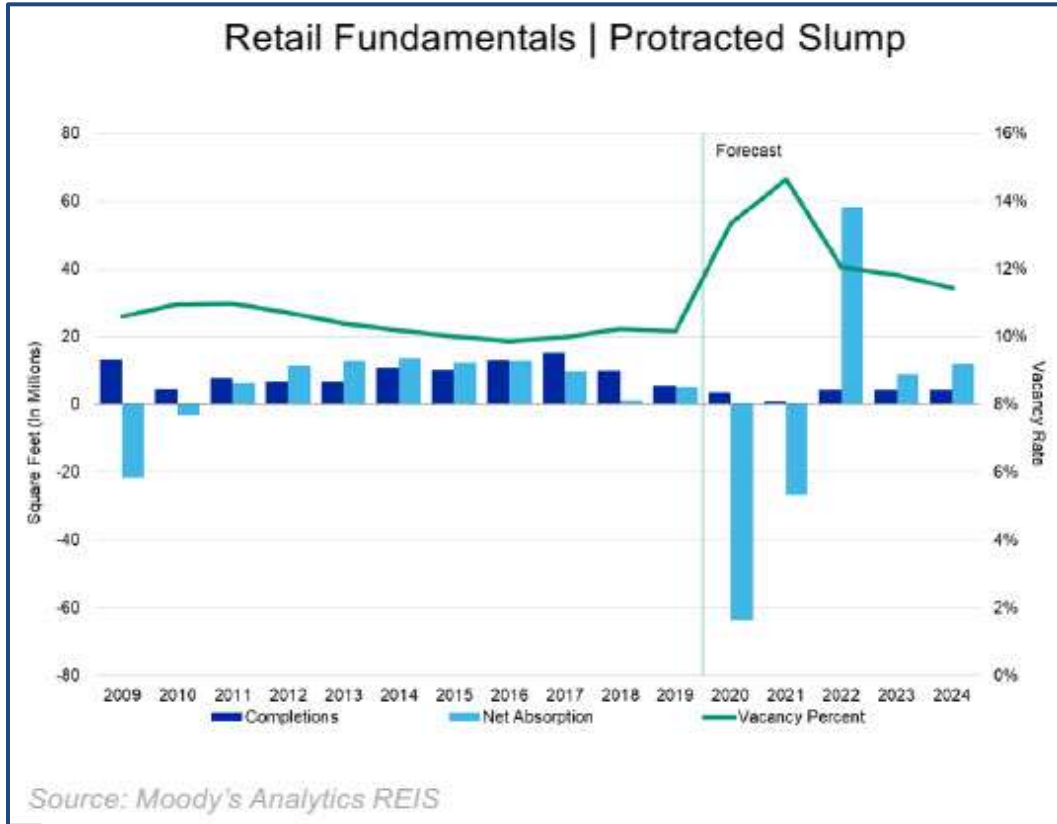


Property types will also be asymmetrically affected. In the multi-family sector, markets that are oversupplied, or which have a history of rising vacancy or low to flat rent growth are indications of areas that may be harder hit by the new crisis. Markets with volatility in rent growth are still vulnerable, even if vacancy was stable in the past 12 months.

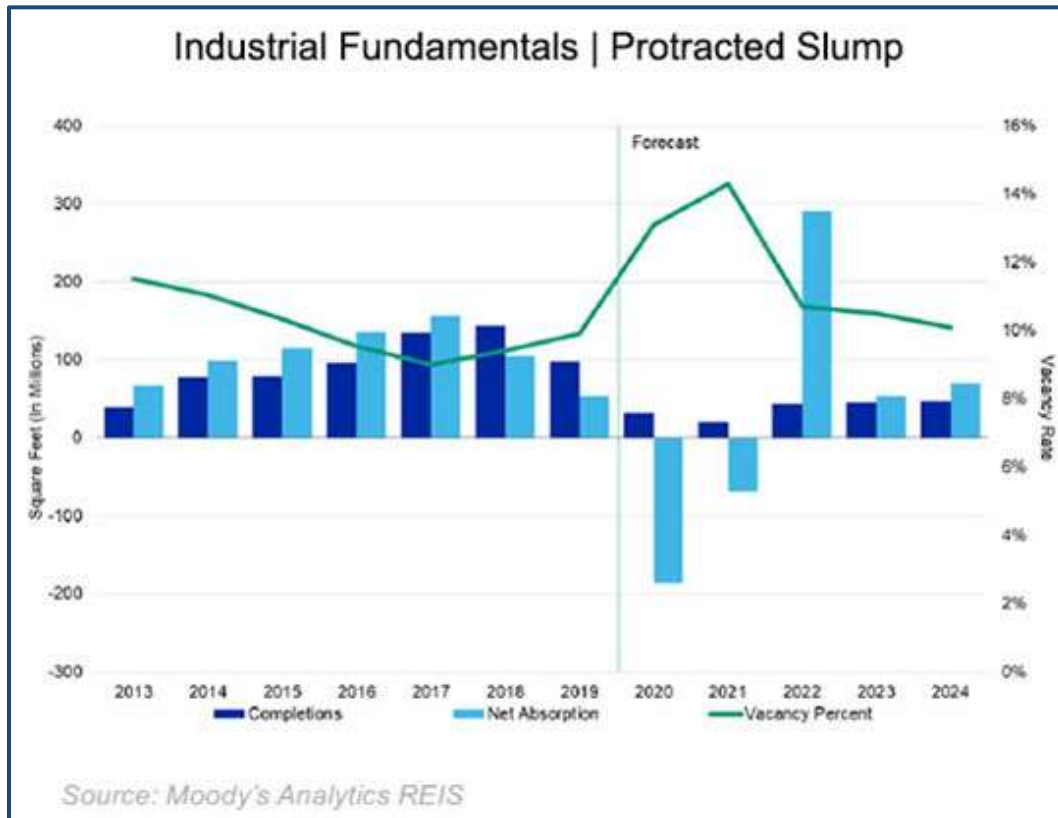
For office and retail properties, Moody's predicts a protracted slump.



Moody's expects office vacancy to peak at 21% in 2021 and remain close to 20% through 2024. This is an historic high, but long term leases in place will help the sector overall weather some of the short term shock. Systemic change to office space use remains a variable. Remote working is likely to reduce overall footprints, and workers used to saving commuting times may press for smaller suburban office locations over large unified spaces in city centers.

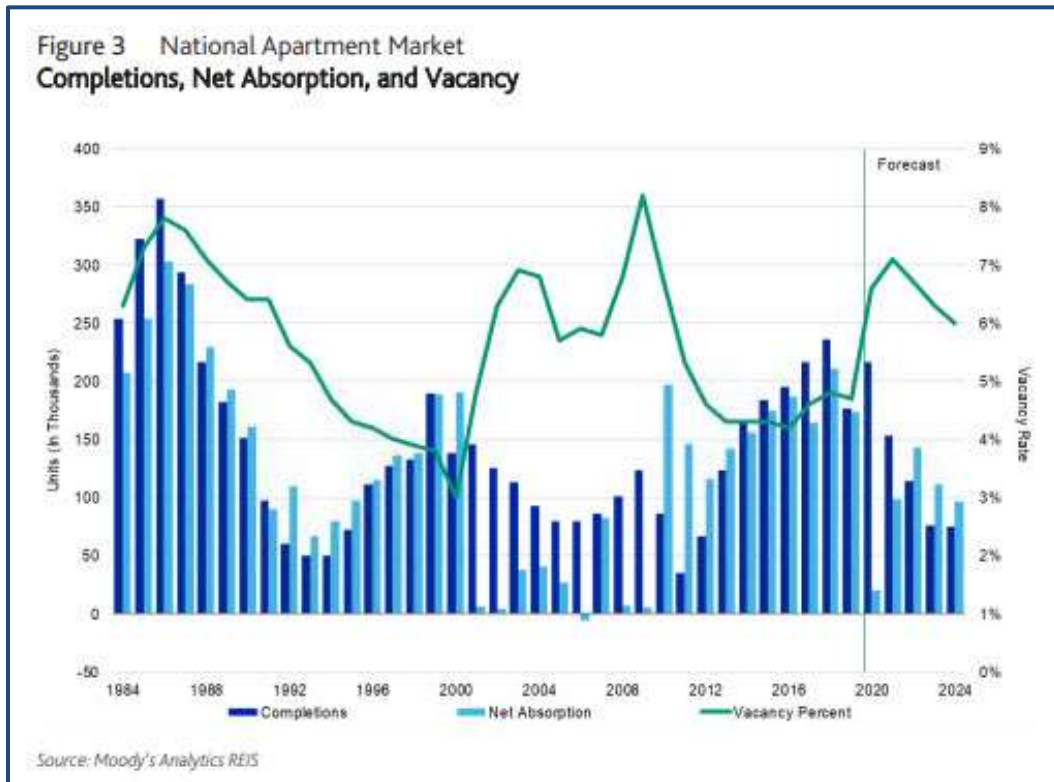


Retail, according to the models, will top out in 2021 at just under 15% vacancy and gradually improve to 11.5% by 2024. Net absorption drops precipitously in 2020 and 2021 in both sectors and begins to recover after that. It's important to note that rents and vacancies in both office and retail are expected to track with GDP performance, so the model is sensitive to future changes in that metric. Retail must also be considered in its specific iteration. Grocery stores and pharmacies have not seen impacts to their business, nor is one expected. Tenants concentrated in malls, however, are experiencing high bankruptcies. This sector especially necessitates more granular identification when looking for trends. Location also plays a role in performance as surges in infection have and may still cause additional shutdowns to retailers such as bars, restaurants, theaters and gyms creating a longer recovery arc for the sector.



Industrial follows the same pattern. Absorption drops in the next 24 months, through 2021, vacancy peaks at just over 14%, and improves to 10% by 2024. This trends higher than in 2019, but is less severe than impacts to retail and office.

Multi-family has yet to see a significant impact to vacancies and rents. It is unclear to what extent this will continue through the year. As we enter into the period where the CARES Act's eviction moratorium has ended (as of July 24) and 12 states have no protections in place for renters outside of the federal programs, we may see vacancies begin to rise. As of July 20, the National Multifamily Housing Council (NMHC) reported that 91.3% of apartment households paid full or partial rent. The end of federal unemployment benefits may impact this number in Q3. Vacancies are expected to peak at 7% in 2021, and asking and effective rents to drop 4 to 5% between 2020 and 2021. For comparison, this is a less dramatic impact than what was seen in 2008 and 2009.



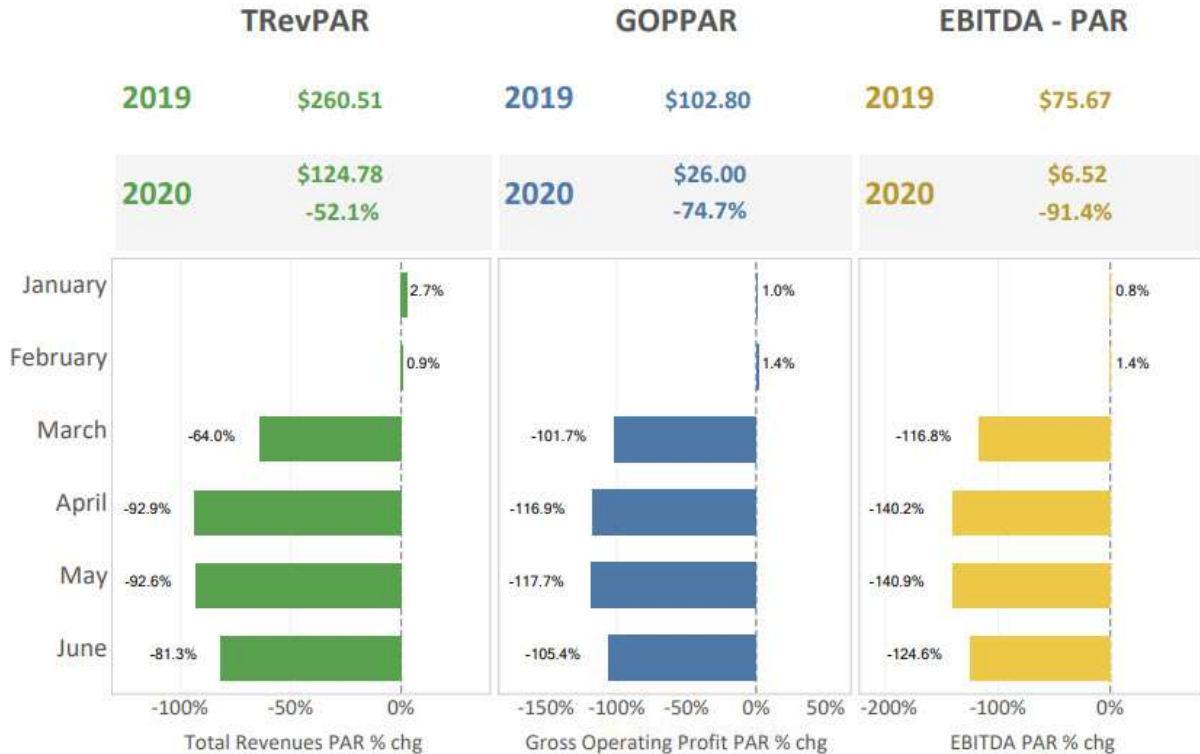
Secondary property types are also being impacted by the pandemic. Occupancy for self-storage properties dropped in the first quarter by 40 basis points and rents fell by 3.9% year over year for 10 by 10 foot non-climate controlled units. Student housing is in flux as schools are making final decisions about whether to offer in person instruction for the fall and possibly spring semesters. Moody's is predicting a 220 basis point increase for rent-by-the-bed properties and 100 basis point vacancy increases for rent-by-the-unit. Rents will drop 4 to 6% over the fall.

Senior housing has seen a dramatic impact. This is not surprising given the disproportional impact of the virus on elderly populations. Vacancies in the sector rose to 10.1% in the first quarter of 2020. Rates for Q2 are not available at this time but are expected to continue to rise. The property type will have substantial challenges both creating safe environments for residents and staff and then convincing residents and their families of that safety.

Affordable housing, on the other hand, does not appear to have been impacted by the downturn. Vacancies in the sector are only at 2.4% and asking rents increased by 0.6% in Q1. As families continue to feel the employment strain the demand is unlikely to slacken, however, investors are watching closely as there is talk of issuing rent waivers in certain locales and/or extending eviction moratoria.

U.S. Profitability Improves (Somewhat) in June

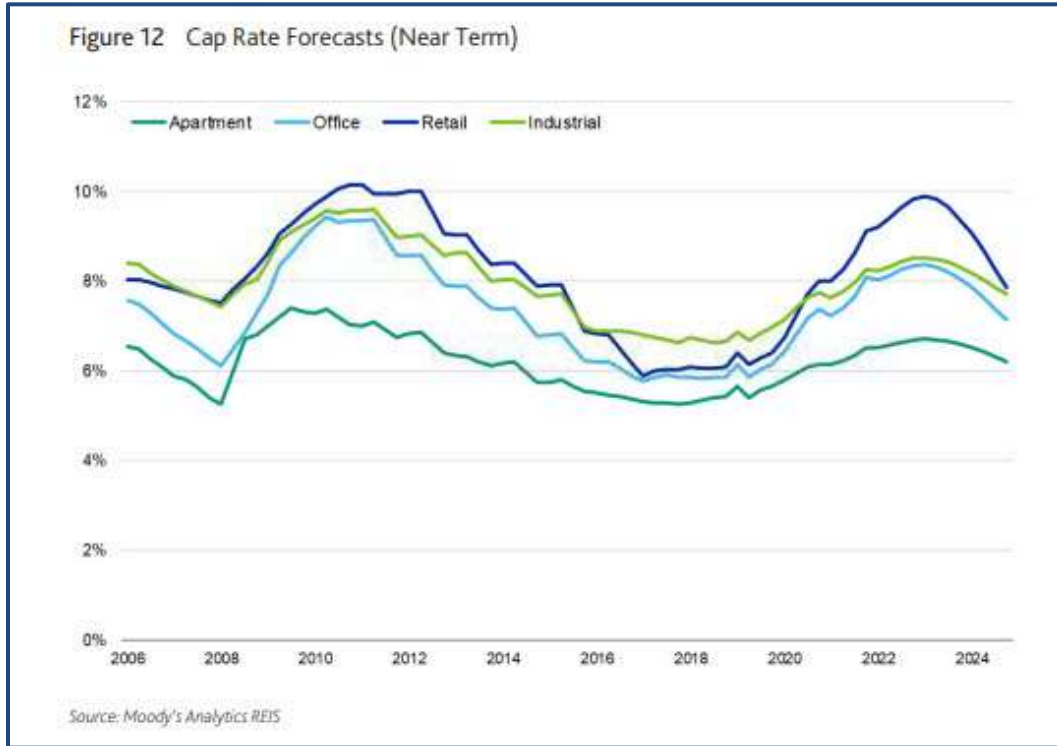
U.S. Monthly P&L KPIs – 2020 YTD vs 2019 YTD



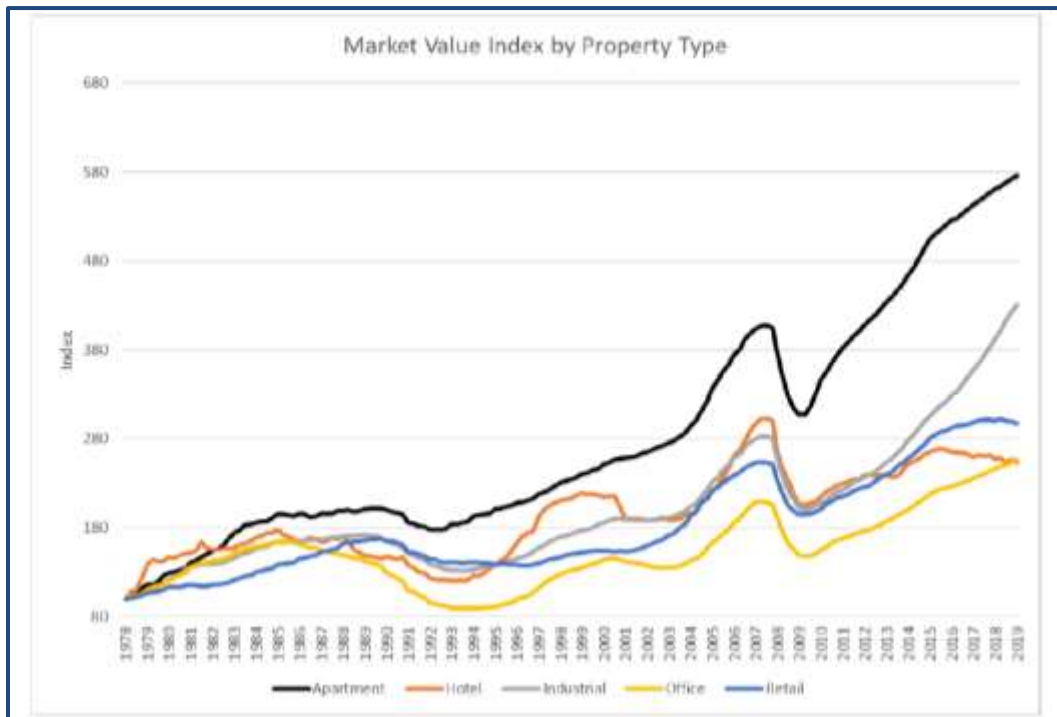
Source: STR. 2020 © CoStar Realty Information, Inc.

Hospitality is second only to retail in its severe impact from the pandemic. A July 24, 2020 release from STR reports a GOPPAR (gross operating profit per available room) down 105.4% year-over-year in June. This was a slight improvement over April and May, down -116.9% and -110.1%, respectively. Occupancy is predictably down 42.5% as well, to 42.5% across all room types. ADR for June is at \$92.15, down -31.5%.

Across all asset classes, investors are also watching the interest rate landscape closely. Rates are expected to remain low for the foreseeable future. Conversely, cap rates are expected to rise over the next couple of years before trending back down in 2023 and 2024. Retail rates are the highest, expected to peak near 10% in 2023, and multifamily is steadier, staying below 7% for the duration of the period forecasted.



To complement the Moody's predictive modeling, NCREIF published a breakdown of impact on market value by property sector, tracking from 1978 to the end of Q4 2019.



As the graph illustrates, multi-family saw one of the largest value drops in 2007-09, but was also the first to recover, and that recovery was the largest and fastest.

Industrial followed the curve, even surging in recent years.

Hotels never returned to their pre-recession peak, even as the economy as a whole was growing.

Office and retail both recovered around seven years after the low point. Office however, had the second most dramatic drop in value and was last to recover (after hotels). This is likely to repeat in the recovery from this crisis as firms may discover that their employees and clients can be served by work-from-home models, allowing them to consolidate square footage.

Local Residential Market Conditions

Nearby residential housing developments include Rancho Vista, Airline Estates, and Virginia Hills. Home construction has also begun breaking ground to the north of Starry Road on the northside of Yorktown Boulevard. Rancho Vista, in particular, has demonstrated a rapid expansion. Rancho Vista is on the west of Starry Road.

Sales in the 78414 zip code for the last three years are as follows 1,328 (2018), 1,315 (2019), and 1,223 (2020 year to date). Sales volume for the same area is as follows (in millions): \$237 (2018), \$250 (2019), and \$256 (2020). Median sales price is as follows for the same zip code: \$209,950 (2018), \$218,950 (2019), and \$245,500 (2020).

The southern quadrant of Corpus Christi continues its positive growth trends. Far southside residential growth outside of the city limits of Corpus Christi includes the newer subdivisions of Starlight Estates, Kitty Hawk, Promenade Point, and Sun George Village on Staples Street west of Country Creek and Oso Creek; Nottingham Acres and London Village on the south side of FM 43 to the west of the subject land and across the street from the London Schools; Kensington Gardens and London Club Estates located on the northside of FM 43 to the west of the London Schools.

Housing developments that continue to expand with new construction are Terra Mar, east of Rodd Field Road and Wooldridge Road, Las Brisas, east of Rodd Field Road and Airline Road, and Rancho Vista, south of Rodd Field Road and Yorktown Boulevard.

The proposed new high school for the Corpus Christi Independent School District is expected to move forward with construction occurring near the northwest corner of Weber Road and Saratoga Boulevard. Various intermittent commercial development continues on Staples Street near Yorktown Boulevard, and Weber Road near Saratoga Boulevard and southward. Staples Street activity continues with development beyond Oso Creek. Residential subdivisions are expanding and additional subdivisions are planned. Land prices for large subdivision tracts are exceeding \$20,000 per acre.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As Though Vacant

The primary determinants of the highest and best use of the property As Vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject land is zoned FR, Farm Rural. The Farm Rural designation is typically applied to annexed rural properties. The FR zoning will usually be kept in place until a likely future use for the property is determined, at which time it will be rezoned to the planned future use. The FR zoning allows limited development and, as its name connotes, a rural application is typical.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. The utility of the property is adversely impacted by its accessibility from Starry Road. However, accessibility with cooperation from the City of Corpus Christi is considered possible due to the City's planned Transportation Plan roadway that would allow for future accessibility to Yorktown Boulevard from the neighboring northern parcel.

Financially Feasible

The subject is located in an area with residential-use land transacting at particularly positive levels as the neighborhood is desirable for home-owners; the area is now experiencing the benefit of major centers for growth that have been or are being implemented; this includes Memorial High School on Cimarron Boulevard (which opened in 2015 representing the first southside Corpus Christi High School) and Del Mar College-South at the intersection of Yorktown Boulevard and Rodd Field Road. The college is expected to open in 2021. These significant developments to the area are contributors to the demand to live in the area. COVID-19 has not appeared to have affected the local market; concern is more directed towards the price of oil for the local economy. Comparing year to year levels for Southside sales volume, median sale price, and number of sales, 2020 has performed well, surpassing the last two years (2018, 2019) in volume and median pricing. Number of sales is likely to be surpassed with slightly more than two months left in 2020. The sale information is provided in the local residential market activity conditions on the previous page.

Maximally Productive

The use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as vacant is single-family residential use.

Conclusion of Highest and Best Use As Vacant

The conclusion of the highest and best use As Vacant is single-family residential use.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an investor/developer.

Land Valuation

Methodology

Land Value is most often estimated using the Sales Comparison Approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

The process of developing the sales comparison approach consists of the following analyses: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject site.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is per usable acre.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

Comparable Sales Data

To obtain and verify comparable sales of vacant land properties, the appraiser conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of the internal database.

The appraiser included five sales in the analysis. The sales are comparable to develop an indication of market value for the subject property.

The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable follow the location map.

Land Sales Summary

Comp. No.	Date of Sale	Usable		Location	Zoning	Sales Price	
		Acres	Location			Actual	Per Acre
1	December-19	30.557	8102 Yorktown Boulevard	Corpus Christi, Texas	FR	\$1,069,495	\$35,000
2	February-19	20.000	7793 Yorktown Boulevard	Corpus Christi, Texas	FR	\$1,000,000	\$50,000
3	March-18	45.170	2041 Waldron Road	Corpus Christi, Texas	RS-6 & RM-1	\$1,150,000	\$25,459
4	October-17	126.079	Yorktown Boulevard	Corpus Christi, Texas	FR	\$5,150,000	\$40,847
5	October-17	20.010	7702 Yorktown Boulevard	Corpus Christi, Texas	FR	\$900,000	\$44,978

COMPARABLE SALES MAP



LAND COMPARABLE 1



Property Identification

Property/Sale ID	11097645/1504650
Property Type	Subdivision-Residential
Address	8102 Yorktown Boulevard
City, State Zip	Corpus Christi, Texas 78414
County	Nueces
MSA	Corpus Christi
Latitude/Longitude	27.643031/-97.347856

Transaction Data

Sale Date	December 9, 2019	Conditions of Sale	Arm's Length
Sale Status	Closed	Recording Number	2019051164
Grantor	Edward Cantu, et ux	Sale Price	\$1,069,495
Grantee	Mostaghasi Enterprises, Inc.	Sale Conditions Adj.	\$0
Property Rights	Fee Simple	Exp. Imm. After Sale	\$0
Financing	Cash to Seller	Adjusted Price	\$1,069,495

Property Description

Gross Acres	30.557	Shape	Irregular
Gross SF	1,331,063	Topography	Generally Level to Sloping
Usable Acres	30.55700	Utilities	No municipal services
Usable SF	1,331,063	Flood Hazard Zone	A13
Street Access	Good	Zoning Code	RS 6 & CG-2 (FR at sale)
Visibility	Average	Zoning Description	Residential

Indicators

\$/Gross Acre	\$35,000	\$/Usable SF	\$.80
\$/Gross SF	\$.80		
\$/Usable Acre	\$35,000		

Verification

Confirmed With	Moses Mostaghasi
Confirmed By	Mitchell Kirkpatrick
Confirmation Date	10-26-2020

Remarks

Land sold for single family residential construction on the northside of Yorktown Boulevard in the Rancho Vista subdivision; the property is heavily affected by flood zoned land. The front portion of the property has been rezoned for commercial use since acquisition. The land was zoned FR-Farm Rural at the time of sale.

LAND COMPARABLE 2



Property Identification

Property/Sale ID	11097309/1504431
Property Type	Subdivision-Residential
Address	7793 Yorktown Boulevard
City, State Zip	Corpus Christi, Texas 78414
County	Nueces
MSA	Corpus Christi
Latitude/Longitude	27.648684/-97.356642

Transaction Data

Sale Date	February 12, 2019	Recording Number	20019005967
Sale Status	Closed	Sale Price	\$1,000,000
Grantor	Jose E. Pagan	Sale Conditions Adj.	-\$500,000
Grantee	MPM Development, LP	Exp. Imm. After Sale	\$0
Property Rights	Fee Simple	Adjusted Price	\$500,000
Financing	Cash to Seller		

Property Description

Gross Acres	20.000	Shape	Rectangular
Gross SF	871,200	Topography	Generally Level
Usable Acres	20.00000	Utilities	No municipal services
Usable SF	871,200	Flood Hazard Zone	A13
Street Access	Good	Zoning Code	RS 4.5 (FR at Sale)
Visibility	Average	Zoning Description	Residential

Indicators

\$/Gross Acre	\$25,000	\$/Usable Acre	\$25,000
\$/Gross SF	\$.57	\$/Usable SF	\$.57
\$/Unadjusted Acre	\$50,000	\$/Unadjusted SF	\$1.15

Verification

Confirmed With Moses Mostaghasi
Confirmed By Mitchell Kirkpatrick
Confirmation Date 10-26-2020

Remarks

Land sold for single family residential construction on the southside of Yorktown Boulevard in the Rancho Vista subdivision; the property is accessed from Peterson Road. \$500,000 was allocated to the residence and 1 acre. The land was zoned FR-Farm Rural at the time of sale.

LAND COMPARABLE 3



Property Identification

Property/Sale ID	10915682/1394317
Property Type	Subdivision-Residential
Property Name	Single Family Subdivision Land
Address	2041 Waldron Road
City, State Zip	Corpus Christi, Texas 78418
County	Nueces
MSA	Corpus Christi
Latitude/Longitude	27.652583/-97.291863
Tax ID	513832, 377791

Transaction Data

Sale Date	March 15, 2018	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arm's Length
Grantor	Valres Two Arc, Inc.	Recording Number	2018011631
Grantee	Dorsal Development LLC	Sale Price	\$1,150,000
Property Rights	Fee Simple	Adjusted Price	\$1,150,000

Property Description

Gross Acres	68.170	Corner/Interior	Interior
Gross SF	2,969,485	Shape	Irregular
Usable Acres	45.17000	Topography	Generally Level
Usable SF	1,967,605	Utilities	All public available
Front Feet	215.00	Flood Hazard Zone	A16 & A18
Street Access	Good	Zoning Code	RS-6 & RM-1
Visibility	Average		

Indicators

\$/Gross Acre	\$16,870	\$/Usable Acre	\$25,459
\$/Gross SF	\$.39	\$/Usable SF	\$.58

\$/FF \$5,348.84

Verification

Confirmed By Mitchell Kirkpatrick
Confirmation Date 02-26-2019

Remarks

The sales price was confidential and a range was provided from \$1M to \$1.3M. 23 acres are not usable due to wetlands. The western 30 acres is for sale as single family for \$1,500,000 or \$22,004 per acre. The eastern 15 acres is for sale as multifamily for \$217,800 an acre or \$3,267,000. According to a flood study, approximately 35% of the property is located within the floodplain/wetland and will not be developed.

LAND COMPARABLE 4



Property Identification

Property/Sale ID	10570771/841442
Property Type	Subdivision-Residential
Property Name	Single Family Subdivision Land
Address	Yorktown Boulevard
City, State Zip	Corpus Christi, Texas 78414
County	Nueces
MSA	Corpus Christi
Latitude/Longitude	27.642335/-97.356559
Tax ID	200118794 & 231999

Transaction Data

Sale Date	October 30, 2017	Conditions of Sale	Arm's Length
Sale Status	Closed	Recording Number	2017045883
Grantor	Patricia H Wallace Trustee	Sale Price	\$5,150,000
Grantee	MPM Development, LP	Exp. Imm. After Sale	\$0
Property Rights	Fee Simple	Adjusted Price	\$5,150,000
Financing	Cash to Seller		

Property Description

Gross Acres	126.079	Visibility	Good
Gross SF	5,492,001	Corner/Interior	Corner
Usable Acres	126.07899	Shape	Irregular
Usable SF	5,492,001	Topography	Generally Level
Front Feet	422.00	Utilities	Limited availability
Proposed Use	Single family residential subdivision	Flood Hazard Zone	Zone C & A13
Street Access	Good	Zoning Code	FR
		Zoning Description	Farm Rural

Indicators

\$/Gross Acre	\$40,847	\$/Usable SF	\$.94
\$/Gross SF	\$.94	\$/FF	\$12,203.79
\$/Usable Acre	\$40,847		

Verification

Confirmed With	Wayne Lundquist
Confirmed By	Mitchell Kirkpatrick
Confirmation Date	07-02-2018

Remarks

Land is on south side of Yorktown Boulevard at the SW intersection with Starry Road. Land (+/-25 acres) is partially within the floodplain at the south end of the land. Land sold as FR-Farm Rural zoning at the time of sale.

LAND COMPARABLE 5



Property Identification

Property/Sale ID	11097306/1504428
Property Type	Subdivision-Residential
Address	7702 Yorktown Boulevard
City, State Zip	Corpus Christi, Texas 78414
County	Nueces
MSA	Corpus Christi
Latitude/Longitude	27.648684/-97.356642

Transaction Data

Sale Date	October 4, 2017	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arm's Length
Grantor	Carol Sylvia Smith	Recording Number	2017042252
Grantee	Grangefield Development, LLC	Sale Price	\$900,000
Property Rights	Fee Simple	Exp. Imm. After Sale	\$0
		Adjusted Price	\$900,000

Property Description

Gross Acres	20.010	Shape	Rectangular
Gross SF	871,636	Topography	Generally Level
Usable Acres	20.01000	Utilities	Sewer nearby, no water
Usable SF	871,636	Flood Hazard Zone	A13 & C
Front Feet	672.00	Zoning Code	RS 4.5 & CN-1 (FR at sale)
Street Access	Good	Zoning Description	Residential & Commercial Neighborhood
Visibility	Good		

Indicators

\$/Gross Acre	\$44,978	\$/Usable SF	\$1.03
\$/Gross SF	\$1.03	\$/FF	\$1,339.29
\$/Usable Acre	\$44,977		

Verification

Confirmed With Jim Burbach
Confirmation Date 10-26-2020

Remarks

Land sold for single family residential construction on the northside of Yorktown Boulevard. Land has approximately 2-3 acres in the flood plain. Land sold as FR-Farm Rural zoning at the time of sale.

Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, the appraiser applied a negative adjustment. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include (1) real property rights conveyed, (2) financing terms, (3) conditions of sale and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. The appraised value and sale comparables all reflect the fee simple interest with no adjustments required.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value. Sale 2 included the price for a residence and 1 acre of land which is removed from the sales price to leave the value for the remaining land only.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the comparable sales are required for this element of comparison. The parties to these transactions did not anticipate expenditures were required immediately after purchase; therefore, no adjustments were warranted.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

Vacant land property values have continued to improve. An adjustment of 1.75% per year has been applied, which recognizes a deliberate but steady increase.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments.

The reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

Location

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics, freeway accessibility, street exposure, corner versus interior lot location, neighboring properties, view amenities, and other factors.

The subject property is located on the far southside of Corpus Christi with limited frontage from a secondary, essentially interior, former County road. Sale 2 is located along a secondary, interior road similar to the subject and is not adjusted. The subject property is not located along a primary roadway in a similar manner as Sales 1, 3, 4, and 5. Sales 1, 4 and 5 are each located on the Yorktown Boulevard frontage road. The immediate neighborhood appears to place some premium on tracts with highway frontage as evidenced from the sales price per acre of Sales 1, 4 and 5; the three sales are adjusted downward by the amount of the premium, which is isolated after all other adjustments are applied. Frontage on Waldron Road in Flour Bluff does not appear to be given a premium by the market for residential use; therefore Sale 3 is not adjusted.

Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale."

The subject property consists of 182.19 gross acres and 117.84.00 acres of useable land area. Sales 1, 2, 3, and 5 are smaller and adjusted downward. Sale 4 is basically the same size as the subject property and not adjusted.

Utilities

The subject property has no utility availability from the City of Corpus Christi. The property is an interior location and would require easements through private land to the north or along the right of way of Starry Road that extends to the western edge of the subject. The appraiser has analyzed a paired sale of land property that had no water utilities as compared to land property that had water utility. The paired sale adjustment is provided in the Addenda.

The paired sale indicates that the land with no water access sold for 6% less than the land with water utility. The appraiser has approximately doubled the upward adjustment amount for lack of sewer. Sales 1 and 2 are not adjusted as they have no utilities similar to the subject property. With Sale 3, the adjustment amount downward is double the paired sale data as it has sewer and water available. Sales 4 and 5 had sewer nearby with no water availability; each sale is adjusted downward.

Floodplain

A property's location within flood zone areas is typically a negative factor due to the increased costs of raising improvements up out of the floodplain, as well as additional insurance costs associated with improvements. The appraiser has analyzed paired sale information for floodplain land in comparison to land that was outside of the floodplain. The paired sale adjustment is provided in the Addenda.

The paired sale data indicates that land entirely within the flood plain sold for 39% less as a result. The subject property has none of the usable acreage within the flood plain. Sale 1 has a significant level within the flood plain and is adjusted upward. Sale 2 has a negligible amount of land within the flood plain and is not adjusted. Sale 3 has no usable land within the floodplain and is not adjusted. Sales 4 and 5 are each located partially within the floodplain; based upon the paired sale, the two properties are adjusted upward.

Access

As identified earlier in the report, the subject land has limited accessibility. The right of way from Starry Road is narrower than is required according to residential street requirements of the City of Corpus Christi's Transportation Plan. The present right of way appears to be closer to 40' with minimum street requirements being 50'. A wider right-of-way may be required depending on the designated category for the street. According to the City of Corpus Christi, the subject land is within the path of the proposed Transportation Plan. The Transportation Plan map (see Addenda) identifies existing or proposed rights-of-way across the city; the map appears to serve as a guide for traffic planning with the Metropolitan Planning Organization.

It is recognized that the subject property requires preferable accessibility than is presently available. Through communications with the City of Corpus Christi (City), the City indicates its cooperation to work with land developers that request assistance in acquiring access as it relates to a property along the proposed Transportation Plan right-of-way. Following the City's Transportation Plan path, access to the subject land would require acquiring a right-of-way through one property owner to the north of the subject. The proposed right-of-way is 80' in width; the length is estimated at 2,600 lineal feet from the northern border of the subject to the southern frontage boundary of Yorktown Boulevard. The total acreage is 4.775 rounded up to 5.0 acres.

In order to value the 5.0 acres of land on the neighboring property, the appraiser has recognized the similarity of surrounding values of land to apply an amount per acre considering the adjustment factors on the following grid.

Land value for Yorktown frontage property appears to be valued, after adjustments for size, to be +/- \$45,000 per acre. Applying the amounts results in \$225,000. Additionally, 25% is added for legal and miscellaneous costs to equal approximately \$280,000, which is rounded to \$300,000. The chart below demonstrates the calculation for the adjustment applied on the following grid:

Access Adjustment

	Total	Acreage	Total/per acre		
	\$300,000	117.84	\$2,546		
	Sale 1 price per acre	Sale 2 price per acre	Sale 3 price per acre	Sale 4 price per acre	Sale 5 price per acre
(1)	\$35,468	\$25,595	\$26,415	\$42,608	\$46,965
(2)	\$2,546	\$2,546	\$2,546	\$2,546	\$2,546
(2/1)	7%	10%	10%	6%	5%
Adjustment (RD)	-5%	-10%	-10%	-5%	-5%

Summary of Adjustments

Presented on the following page is a summary of the adjustments made to the sale comparables. As noted earlier, these quantitative adjustments were based on the market research, best judgment, and experience in the appraisal of similar properties.

LAND SALES ADJUSTMENT GRID

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5
Sale ID		1504650	1504431	1394317	841442	1504428
Date of Value & Sale	September-20	December-19	February-19	March-18	October-17	October-17
Unadjusted Sales Price		\$1,069,495	\$1,000,000	\$1,150,000	\$5,150,000	\$900,000
Usable Acres	117.840	30.557	20.000	45.170	126.079	20.010
Unadjusted Sales Price per Usable Acre		\$35,000	\$50,000	\$25,459	\$40,847	\$44,978
Transactional Adjustments						
Property Rights Conveyed	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>
Adjusted Sales Price		\$35,000	\$50,000	\$25,459	\$40,847	\$44,978
Financing Terms	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>
Adjusted Sales Price		\$35,000	\$50,000	\$25,459	\$40,847	\$44,978
Conditions of Sale	<i>Typical</i>	<i>Arm's Length</i>	<i>Included House</i>	<i>Arm's Length</i>	<i>Arm's Length</i>	<i>Arm's Length</i>
Adjustment		-	-50.0%	-	-	-
Adjusted Sales Price		\$35,000	\$25,000	\$25,459	\$40,847	\$44,978
Expenditures after Sale		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
Adjusted Sales Price		\$35,000	\$25,000	\$25,459	\$40,847	\$44,978
Market Conditions Adjustments						
Elapsed Time from Date of Value		<i>0.76 years</i>	<i>1.59 years</i>	<i>2.50 years</i>	<i>2.87 years</i>	<i>2.95 years</i>
Market Trend Through	September-20	1.338%	2.776%	4.377%	5.029%	5.154%
Analyzed Sales Price		\$35,468	\$25,694	\$26,574	\$42,902	\$47,296
Physical Adjustments						
Location	<i>Starry Road</i>	<i>8102 Yorktown Boulevard</i>	<i>7793 Yorktown Boulevard</i>	<i>2041 Waldron Road</i>	<i>Yorktown Boulevard</i>	<i>7702 Yorktown Boulevard</i>
	<i>Corpus Christi, Texas</i>	<i>Corpus Christi, Texas</i>	<i>Corpus Christi, Texas</i>	<i>Corpus Christi, Texas</i>	<i>Corpus Christi, Texas</i>	<i>Corpus Christi, Texas</i>
Adjustment		-40.0%	-	-	-40.0%	-40.0%
Size	<i>117.840 acres</i>	<i>30.557 acres</i>	<i>20.000 acres</i>	<i>45.170 acres</i>	<i>126.079 acres</i>	<i>20.010 acres</i>
Adjustment		-10.0%	-15.0%	-5.0%	-	-15.0%
Shape/Depth	<i>Irregular</i>	<i>Irregular</i>	<i>Rectangular</i>	<i>Irregular</i>	<i>Irregular</i>	<i>Rectangular</i>
Adjustment		-	-	-	-	-
Utilities	<i>None</i>	<i>No municipal services</i>	<i>No municipal services</i>	<i>All public available</i>	<i>Limited availability</i>	<i>Sewer nearby, no water</i>
Adjustment		-	-	-10.0%	-5.0%	-5.0%
Topography	<i>Generally Level to Sloping</i>	<i>Generally Level to Sloping</i>	<i>Generally Level</i>	<i>Generally Level</i>	<i>Generally Level</i>	<i>Generally Level</i>
Adjustment		-	-	-	-	-
Floodplain	<i>C</i>	<i>A13</i>	<i>A13 (Minimal)</i>	<i>A16 & A18</i>	<i>A13</i>	<i>A13</i>
Adjustment		25.0%	-	-	10.0%	5.0%
Zoning	<i>FR</i>	<i>FR</i>	<i>FR</i>	<i>RS-6 & RM-1</i>	<i>FR</i>	<i>FR</i>
Adjustment		-	-	-	-	-
Access	<i>Limited</i>	<i>Not Limited</i>	<i>Not Limited</i>	<i>Not Limited</i>	<i>Not Limited</i>	<i>Not Limited</i>
Adjustment		-5.0%	-10.0%	-10.0%	-5.0%	-5.0%
Easements/Encumbrances	<i>None Adverse</i>	<i>None Adverse</i>	<i>None Adverse</i>	<i>None Adverse</i>	<i>None Adverse</i>	<i>None Adverse</i>
Adjustment		-	-	-	-	-
Net Physical Adjustment		-30.0%	-25.0%	-25.0%	-40.0%	-60.0%
Adjusted Sales Price per Usable Acre		\$24,828	\$19,271	\$19,930	\$25,741	\$18,918

Conclusion

The adjusted prices for the comparable properties ranged from \$18,918 to \$25,741 per usable acre, with an average of \$21,738 per usable acre and a median of \$19,930 per usable acre.

Metric	Unadjusted	Analyzed	Adjusted
Min. Sales Price per Usable Acre	\$25,459	\$25,694	\$18,918
Max. Sales Price per Usable Acre	\$50,000	\$47,296	\$25,741
Median Sales Price per Usable Acre	\$40,847	\$35,468	\$19,930
Mean Sales Price per Usable Acre	\$39,257	\$35,587	\$21,738

A unit value for the subject property is applied near the middle of the adjusted range, or \$20,800 per usable acre. This indicates a market value of \$2,450,000. Based on this analysis, the land value is summarized as follows:

Land Value Conclusion			
Reasonable Adjusted Comparable Range			
117.840 acres	x	\$18,918 per acre	= \$2,229,297
117.840 acres	x	\$25,741 per acre	= \$3,033,319
Market Value Opinion			(Rounded)
117.840 acres	x	\$20,800 per acre	= \$2,450,000

Market Value Indication

Summary of Value Indications

The indicated value from the Sales Comparison Approach and the concluded market value for the subject property is summarized in the following table.

Value Indications

Approach to Value	As Is
Sales Comparison	\$2,450,000

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 13, 2020
Value Conclusion	\$2,450,000
	\$20,800 per acre

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 12 to 18 months and 12 to 18 months, respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

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

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

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

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

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

35. You and Valbridge Property Advisors | San Antonio both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | San Antonio and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | San Antonio or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | San Antonio for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | San Antonio shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | San Antonio. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | San Antonio and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | San Antonio harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | San Antonio in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | San Antonio. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Certification – Mitchell N. Kirkpatrick, MAI, CCIM

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned Mitchell N. Kirkpatrick, MAI, CCIM has not performed any services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Mitchell N. Kirkpatrick, MAI, CCIM made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I, Mitchell N. Kirkpatrick, MAI, CCIM have completed the continuing education program for Designated Members of the Appraisal Institute.



Mitchell N. Kirkpatrick, MAI, CCIM
Director
State Certified General
Real Estate Appraiser
TX-1338031-G

Addenda

Permitted Uses within FR zoning

Transportation Plan Map

Paired Sale – Floodplain

Acreage with Platted Parcels

Glossary

Qualifications

- Mitchell Kirkpatrick, MAI, CCIM - Director

Information on Valbridge Property Advisors

Office Locations

Permitted Uses within FR Zoning (Pg. 1)

4.3.2. Permitted Uses

The following principal uses are permitted by right, permitted subject to limitations, or require a special use exception or special permit in the single-family residential zoning districts. Uses may be subject to additional limitations specified in Section 6.5 when located inside a Navy Air Installation Compatible use Zone (AICUZ) (including Clear and Accident Potential Zones 1 2).

Table 4.3.2 Permitted Uses (Single-family districts)

SINGLE-FAMILY DISTRICTS								
P = Permitted Use; SP = Special Permit; L = Subject to Limitations; [blank cell] = Not Permitted; SUE = Special Use Exception	FR	RE	RS- 22	RS- 15	RS -	RS-6	RS-4.5	Standards
Residential Uses								
Single-family detached house except:	P	P	P	P	P	P	P	
---Industrialized / Modular Housing	L	L	L	L	L	L	L	4.3.7
---Manufactured Housing								6.1.1
Zero lot line house [RE provides for 1 acre lots whereby zero lot line configurations are not necessary.]		L	L	L	L	L	L	4.3.5
Traditional house			L	L	L	L	L	4.3.5
Semi-attachedhouse					L	L		4.3.5
Group home [6 or fewer residents]	P	P	P	P	P	P	P	
Community Home	P	P	P	P	P	P	P	5.2.26
Public and Civic Uses								
Community Service Uses [5.1.3.A]	L	L	L	L	L	L	L	5.2.3
Day care center	L							5.2.4.B
Day care home [6 or fewer children]	L	L	L	L	L	L	L	5.2.4.C
Educational Facility Uses [5.1.3.C]	P	P	P	P	P	P	P	
Parks and Open Area Uses [5.1.3.F] except for:	P	P	P	P	P	P	P	
---Cemetery, columbaria, mausoleum, memorial park		SP for existing facilities expanding on same or adjacent property only						
---Crematorium (human or animal)								
Golf course	P	P	L	L	L	L	L	5.2.5
Place of Worship Uses [5.1.3.H]	P	P	P	P	P	P	P	
Utilities, major [5.1.3.J] except for:	L	L	L	L	L	L	L	5.2.6
---Wind energy units	L	L	L	L	L	L	L	5.6.4
Utilities, minor [5.1.3.J]	P	P	P	P	P	P	P	
Wirelesstelecommunicationfacility		See Section 5.5						
Commercial Uses								
Bed and breakfast home	SP	SP	SP	SP	SP	SP		5.2.8
Farmersmarket	L							5.2.9
Veterinarian or animal hospital with outdoor runs and kennels.	P							
Industrial Uses								
Storage of explosives or other hazardous materials.	SUE	SUE						
Above ground fuel tanks	SUE							
Other Uses								
Agriculture Uses [5.1.6.A] except for:	P							

Permitted Uses within FR Zoning (Pg. 2)

Table 4.3.2 Permitted Uses (Single-family districts)

SINGLE-FAMILY DISTRICTS								
P = Permitted Use; SP = Special Permit; L = Subject to Limitations; [blank cell] = Not Permitted; SUE = Special Use Exception	FR	RE	RS- 22	RS- 15	RS -	RS-6	RS- 4.5	Standards
---Kennel or animal shelter, indoor and outdoor	L							5.2.18
---Stable, public or private	L	L						5.2.19
Resource Extraction Uses [5.1.6.B]	P							

(Ordinance 029929, 08/27/2013; Ordinance 030769, 02/16/2016; Ordinance 030832, 05/02/2016; (Ordinance 031205, 08/08/2017))

Transportation Plan Map



Paired Sale-Utility Access

PAIRED SALES ANALYSIS - CITY WATER ACCESS

	1		2	
Location	E & A Development		Reynoso	
Total Price	\$173,872		\$115,000	
Price/Acre	\$2,557		\$4,141	
Market Conditions				
Property Rights	Fee Simple (Surface Only)	0%	Fee Simple (Surface Only)	0%
Adjusted Price/Acre		\$2,557		\$4,141
Financing	Cash to Seller	0%	Cash to Seller	0%
Adjusted Price/Acre		\$2,557		\$4,141
Condition of Sale	Arm's Length	0%	Arm's Length	0%
Adjusted Price/Acre		\$2,557		\$4,141
Improvements	None	\$0	manufactured home, multiple sheds, and garage with ECV of \$25,000, or \$900 per acre	(\$900)
Adjusted Price/Acre		\$2,557		\$3,241
Date of Sale	Jun-16	0%	Feb-14	6%
ADJUSTED PRICE/Acre		\$2,557		\$3,436
Adjustments				
Location / Access	Starr County - One mile west of Sullivan City, just north of U.S. Highway 83; Access from 16 Mile Road	0%	Starr County - 16 miles north of Sullivan City, south of FM 490; Private road access from FM 490	-30%
Size	68.002	0%	27.770	0%
Land Features	Generally level open pastureland with few trees	0%	Generally level native brush and trees	0%
Water Features	None	0%	Stock pond located in the southwest portion of property; Private well	0%
Irrigation / Tillable acres	0%	0%	0%	0%
Utilities	Electric and city water available; Septic required	0%	Electric available, Septic required	0%
Easements/Encumbrances	None adverse	0%	None adverse	0%
Total Adjustments		0%		-30%
INDICATED VALUE/Acre		\$2,557		\$2,405

Matched Pair Analysis - City Water

Sale 1	Access to City Water	\$2,557
Sale 2	No access to City Water	\$2,405
Difference		\$152
% Difference Price	\$152/\$2,557	6%

Paired Sale-Floodplain

PAIRED SALES ANALYSIS - FLOODPLAIN

	1		2	
Location	Lozano Farm		Garza Ranch	
Total Price	\$480,000		\$903,450	
Price/Acre	\$1,768		\$2,850	
Market Conditions				
Property Rights	Fee Simple (Surface Only)	0%	Fee Simple (Surface Only)	0%
Adjusted Price/Acre		\$1,768		\$2,850
Financing	Cash-to-Seller	0%	Owner financed	0%
Adjusted Price/Acre		\$1,768		\$2,850
Condition of Sale	Arm's Length	0%	Arm's Length	0%
Adjusted Price/Acre		\$1,768		\$2,850
Water Rights	250 acre-feet of Class B water rights with an ECV of \$225,000 or \$829 per acre	\$0	None	\$0
Adjusted Price/Acre		\$1,768		\$2,850
Improvements	None	\$0	Fencing contributing \$60,000 or \$189 per acre	(\$189)
Adjusted Price/Acre		\$1,768		\$2,661
Date of Sale	Jun-19	0%	Jun-18	3%
ADJUSTED PRICE/Acre		\$1,768		\$2,741
Adjustments				
Location / Access	Starr County - Two miles southwest of Sullivan City; Unmaintained county road access	0%	Starr County - 10 miles northeast of Roma; County road access	6%
Size	271.510	0%	317.000	0%
Land Features	Mixed soils - Average Class II silty clay loam soils; Leveled irrigated farmland in good condition; 85% tillable	0%	Mixed soils - Average Class III fine sandy loam and clay; Generally level native brush; 0% tillable	0%
Water Features	Rio Grande River Access with one river pump	0%	None	0%
Floodplain	100%	0%	0%	0%
Utilities	Electric Available; Septic required	0%	Electric available; Septic required	0%
Easements/Encumbrances	None Adverse	0%	None Adverse	0%
Total Adjustments		0%		6%
INDICATED VALUE/Acre		\$1,768		\$2,905

Matched Pair Analysis - Floodplain

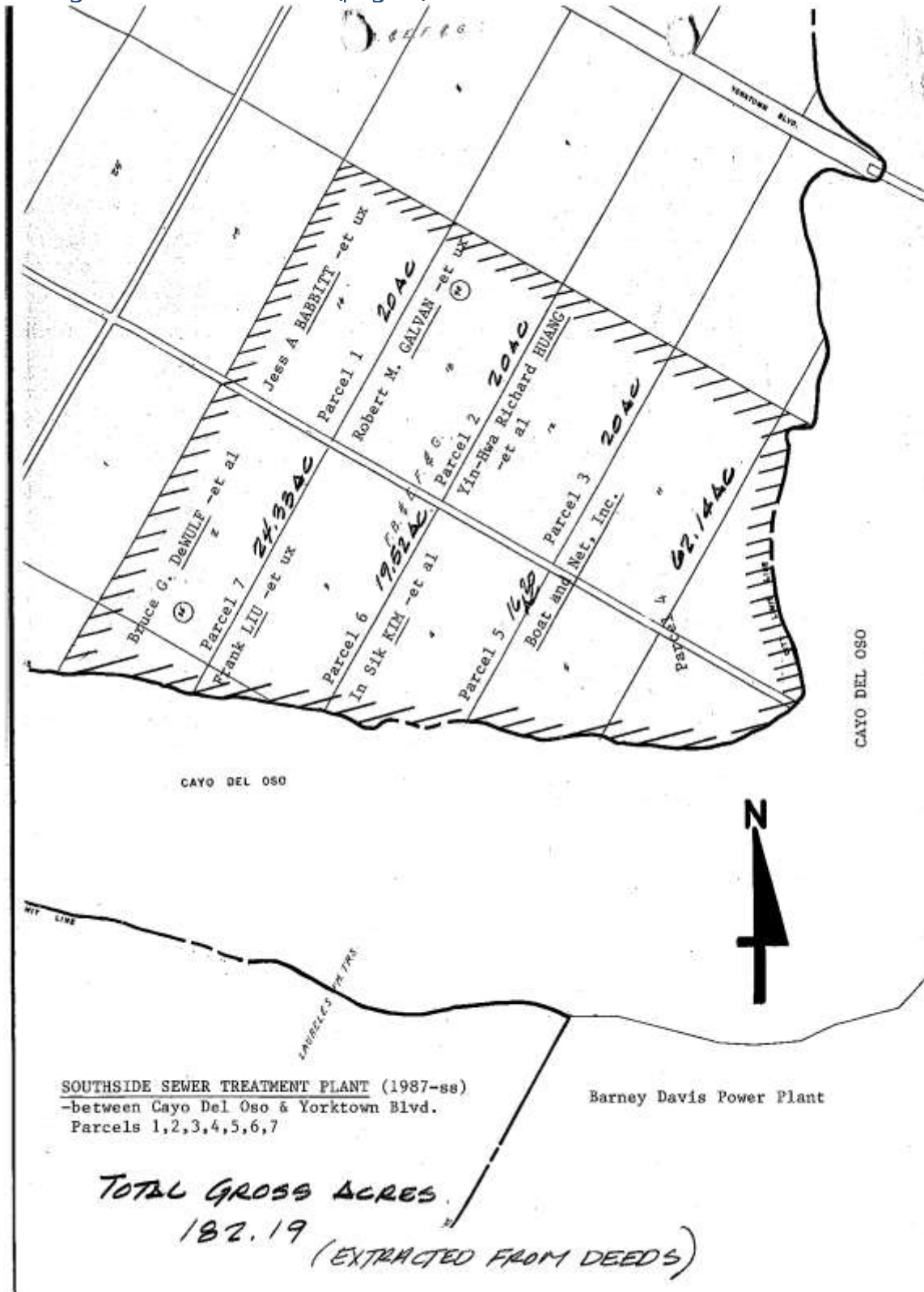
Sale 1	100% floodplain	\$1,768
Sale 2	0% floodplain	\$2,905
Difference		\$1,137
% Difference Price	\$1,137/\$2,905	39%

Acreage with Platted Parcels (page 1)

Southside Wastetreat Plant Acreage			
<u>Parcel</u>	<u>Net Acreage</u>	<u>Starry Road ROW</u>	<u>Acreage (Gross)</u>
1	19.69	0.31	20.00
2	19.69	0.31	20.00
3	19.69	0.31	20.00
4	60.84	1.30	62.14
5	15.89	0.31	16.20
6	19.21	0.31	19.52
7	24.02	0.31	24.33
	179.03	3.16	182.19
Data taken from recorded Deeds.			

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Acreeage with Platted Parcels (page 2)



Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Double Net (Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net lease is defined as a lease in which the tenant is responsible to pay both property taxes and premiums for insuring the building(s). (Valbridge)

(The market definition of a double net lease varies depending on the market)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

The time a property remains on the market.

The 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;

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

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. (Dictionary)

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

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.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

Lessee and lessor are typically motivated;
Both parties are well informed or well advised, and acting in what they consider their best interests;
Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs). (Appraisal Institute)

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative

financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Marketing Time

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. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Negative Leasehold

A lease situation in which the market rent is less than the contract rent. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Percentage Lease

A lease in which the rent or some portion of the rent represents a specified percentage of the volume of business, productivity, or use achieved by the tenant. (Dictionary)

Positive Leasehold

A lease situation in which the market rent is greater than the contract rent. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *net net net lease*, or *fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)

Qualifications

Qualifications of Mitchell N. Kirkpatrick, MAI, CCIM

Director

Valbridge Property Advisors | San Antonio

mkirkpatrick@valbridge.com



Education

- *Master of Business Administration*, Texas A&M University-Corpus Christi, August 2001
- *Bachelor of Arts in Communications*, Texas A&M University-Corpus Christi, December 1994

Specialized Education

Successfully completed and received credit for the following courses:

The Appraisal Institute

- Uniform Appraisal Standards for Federal Land Acquisitions ("Yellow Book")
- Litigation Appraising
- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
- Advanced Applications
- Advanced Sales Comparison and Cost Approaches
- Advanced Income Capitalization
- Report Writing and Valuation Analysis
- Uniform Standards of Professional Appraisal Practice – USPAP
- Business Practices and Ethics
- Basic Appraisal Principles
- Basic Appraisal Procedures
- General Market Analysis and Highest and Best Use
- Basic Income Capitalization

The CCIM Institute

- Evaluating Self-Storage Investments
- Financial Analysis for Commercial Investment Real Estate
- Market Analysis for Commercial Investment Real Estate
- User Decision Analysis for Commercial Investment Real Estate
- Investment Analysis for Commercial Investment Real Estate

Designations/Certifications

- CCIM (Certified Commercial Investment Member), Certificate No. 22093, October 2016
- MAI (Member Appraisal Institute), Certificate No. 501791, July 2012
- Certified General Appraiser, State of Texas; Certification No. TX-1338031-G, January 2010
- Real Estate Broker's License, State of Texas; License No. 561786; July 2009
- CPA, State of Texas (Inactive); License No. 85485; December 2004

Experience

Presently and since April 2014, Mitchell has been employed by Valbridge Property Advisors | San Antonio, formerly known as Dugger, Canaday, Grafe, Inc. He is presently a Director with Valbridge Property Advisors – San Antonio.

From 2007 to 2014, he worked as a commercial real estate appraiser in Corpus Christi with American Appraisers, Inc. and Smith, Kirkpatrick & Klager, LLC.

Real Estate Specializations

Experience includes assignments as both an appraiser and a consultant in relation to various uses of real estate including: right-of-way/ eminent domain, retail (regional shopping center and net leased retail), multi-tenant/single-tenant office, medical offices, multi-family/apartments, self-storage facilities, automobile dealerships, hotel/hospitality, RV parks, subdivision analysis, Yellow Book (UASFLA), contaminated land (super fund), industrial uses including: cold storage, transload (truck/rail) facilities, grain storage facility, and warehousing, air rights analysis, undivided interests, cost segregation; other special-purpose projects have included a naval-air station, an operating landfill, an armory, and a public utility. Mr. Kirkpatrick has completed assignments in the context of litigation and has served as an expert witness.

Mr. Kirkpatrick's trade area is San Antonio south to Victoria, Laredo, Corpus Christi, and the Rio Grande Valley; the Texas Hill Country, Austin, West Texas (particularly the Permian Basin region), and New Mexico are also activity areas. Appraisals have also been conducted by Mr. Kirkpatrick in California, Arizona, and Florida. Clients served include attorneys, businesses, financial institutions, governmental agencies, individuals, and non-profit organizations.

In the early-to-mid 2000's, Mr. Kirkpatrick worked as a Certified Public Accountant for the firms Flusche, Van Beveren, and Kilgore (FVBK), P.C. and G.F. Valdez and Company, in Corpus Christi.

Professional Affiliations

- South Texas Chapter, Appraisal Institute, 2020 Vice President
- South Texas Chapter, Appraisal Institute, 2019 Second Vice President
- South Texas Chapter, Appraisal Institute, 2018 Treasurer
- South Texas Chapter, Appraisal Institute, 2017 Secretary
- South Texas Chapter, Appraisal Institute, 2016 Director
- South Texas Chapter, Appraisal Institute, 2015 Director
- South Texas Chapter, Appraisal Institute, 2014 Director
- San Antonio/South Texas Chapter, CCIM, 2018-2020 Education Director
- Hill Country Toastmasters - Treasurer

Recent Seminars and Lectures

- Appraisal Institute Leadership Development & Advisory Council (May 2019) in Washington, D.C.

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TALCB
TEXAS APPRAISER LICENSING &
CERTIFICATION BOARD

Certified General Real Estate Appraiser

Appraiser: Mitchell Neil Kirkpatrick

License #: TX 1338031 G

License Expires: 02/28/2022

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Douglas E. Oldmixon
Commissioner



Valbridge
PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
 - Total number of MAI-designated appraisers: 200+ on staff
 - Total number of office locations: 70+ across U.S.
 - Total number of staff: 675+ strong
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.



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