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REAL ESTATE APPRAISAL REPORT - TEXAS DEPARTMENT OF TRANSPORTATION

Address of Property: 2600 Block N. State Highway 336, Hidalgo County, TX ROW CSJ: SH 336 to McColl Road
Property Owner: Arnoldo Garza and Delia Lubin District: Pharr
Address of Property Owner: 101 Pelican Ave., McAllen, TX 78504-1920 Parcel: 3
Occupant's Name: N/A, unimproved land Federal Project No: --
Whole: Partial: Acquisition Highway: Arena Drive County: Hidalgo

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple title to the real property to be acquired, encumbered by any easements not to be extinguished, less oil, gas and sulphur. If this acquisition is of less than the whole property, then any special benefits and /or damages to the remainder property must be included in accordance with the laws of Texas.

Market Value

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

Certificate of Appraiser

I hereby certify:

That it is my opinion the total compensation for the acquisition of the herein described property is \$158,010 as of, February 18, 2019 based upon my independent appraisal and the exercise of my professional judgment;

That on February 18, 2019 (date)(s), I personally inspected in the field the property herein appraised; that I afforded, Arnoldo Garza and Delia Lubin, the opportunity to accompany me at the time of the inspection; The property owner was contacted by certified mail and offered the opportunity to accompany me on the site visit. The letter was successfully delivered. The owner did not accompany me at the time of inspection.

That the comparables relied upon in making said appraisal were as represented by the photographs contained in the appraisal report and were inspected on or before March 29, 2019;

That I have not revealed and will not reveal the findings and results of such appraisal to anyone other than the proper officials of the Texas Department of Transportation or officials of the Federal Highway Administration until authorized by State officials to do so, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified to such findings;

That my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The appraiser has considered access damages in accordance with Section 21.042(d) of the Texas Property Code, as amended by SB18 of the Texas 82nd Regular Legislative Session and finds as follows:

1. Is there a denial of direct access on this parcel? no denial of access for a highway improvement project (yes or no)
2. If so, is the denial of direct access material? not applicable (yes, no, or not applicable)
3. The lack of any access denial or the material impairment of direct access on or off the remaining property affects the market value of the remaining property in the sum of. \$0

I certify to the best of my knowledge and belief:

That the statements of fact contained in this report are true and correct;

That the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions;

That I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved;

That my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the appropriate State laws, regulations, and policies and procedures applicable to the appraisal of right of way for such purposes, and that to the best of my knowledge no portion of the value assigned to such property consists of items which are noncompensable under the established law of said State, and any decrease or increase in the fair market value of subject real property prior to the date of valuation caused by the public improvement for which such property is to be acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to the physical deterioration within the reasonable control of the owner, has been disregarded in estimating the compensation for the property.



Appraiser Signature
John H. Malcom, Jr., MAI, AI-GRS, SRWA
Certification Number 1320239-G
March 29, 2019
Date

To the best of my knowledge, the value does not include any items which are not compensable under State law.

Reviewing Appraiser

Date

Table of Contents

1	REAL ESTATE APPRAISAL REPORT - TEXAS DEPARTMENT OF TRANSPORTATION	1-0
	USPAP REQUIREMENTS AND EXECUTIVE SUMMARY	1-2
	SCOPE OF WORK	1-2
	VALUATION METHODS	1-3
	HYPOTHETICAL CONDITIONS	1-4
	EXTRAORDINARY ASSUMPTIONS	1-4
	JURISDICTIONAL EXCEPTIONS	1-5
	SALES HISTORY	1-5
2	PHOTOGRAPHS OF SUBJECT PROPERTY.....	2-0
	PROPERTY DESCRIPTIONS	2-16
	SITE DESCRIPTION – WHOLE PROPERTY	2-17
	SITE DESCRIPTION – PART TO BE ACQUIRED	2-23
	SITE DESCRIPTION– REMAINDER PROPERTY	2-32
3	PROPERTY VALUATION SUMMARY.....	3-0
	HIGHEST AND BEST USE – WHOLE PROPERTY	3-1
	SALES COMPARISON APPROACH	3-3
	SALES COMPARISON APPROACH CONCLUSION – LAND VALUATION	3-13
	COST APPROACH	3-14
	INCOME APPROACH.....	3-15
4	PART TO BE ACQUIRED & REMAINDER BEFORE.....	4-0
	HIGHEST AND BEST USE – PART TO BE ACQUIRED.....	4-1
	COST APPROACH	4-2
5	PROPERTY VALUATION SUMMARY.....	5-0
	SALES COMPARISON APPROACH	5-1
	SALES COMPARISON APPROACH CONCLUSION – REMAINDER AFTER	5-4
	SALES COMPARISON APPROACH – LAND VALUE	5-4
	COST APPROACH	5-5
	INCOME APPROACH.....	5-6
6	EXPLANATION OF DAMAGES (IF ANY)	6-0
	COMPENSATION SUMMARY	6-0
	COST TO CURE	6-1
7	ADDENDUM.....	7
	LIMITING CONDITIONS AND ASSUMPTIONS	7
	CERTIFICATION	9
	APPRAISER QUALIFICATIONS	10
	CONTACT LETTER	12
	LEGAL DESCRIPTION, WHOLE PROPERTY	13

USPAP REQUIREMENTS AND EXECUTIVE SUMMARY

Scope of Work

Scope of Work defined: Scope of Work is defined as the type and extent of research and analysis in an assignment.¹

The Scope of Work Rule requires an appraiser to complete the following three elements in performing and communicating the results of an appraisal:

- Identify the problem to be solved
- Determine and perform the scope of work necessary to develop credible assignment results, and
- Disclose the scope of work in the report.

Scope of work includes, but is not limited to the following considerations:

- The extent to which the property is identified,
- The extent to which tangible property is inspected,
- The type and extent of data researched, and
- The type and extent of analysis applied to arrive at opinions and conclusion.

This appraisal is prepared for Hidalgo County Precinct 2. The problem to be solved is to estimate the total compensation for a right of way acquisition. The intended use is to acquire additional land to extend Arena Drive east from SH 336. This appraisal is intended for the use of the client, Hidalgo County Precinct #2, their authorized advisors and persons authorized in the review and acquisition process. Use of the report by others, for any reason, is not intended.

Scope of Work

Report Type:

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(A). This format provides a summary or a description of the appraisal process, subject and market data and valuation analyses.

Property Identification:

The subject has been identified by legal description and an overall parcel map. The part to be acquired is described by metes and bounds and a survey prepared by Kurt Schumacher, R.P.L.S. The survey date is January 22, 2019.

¹ Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition. *The Appraisal Foundation*.

Site Inspection:

The appraised property is a partial acquisition of an unimproved tract. I have observed and photographed the subject property. On February 18, 2019 I walked and drove along SH 336 and the extension of Arena Drive and photographed portions of the acquisition and remainder property. A representative of the property owner was not present.

Market Area and Analysis of Market Conditions:

A complete analysis of market conditions has been made. The applicable market area includes the Hidalgo/McAllen area of Hidalgo County which is part of the McAllen/Edinburg/Mission MSA. Comparable data including sales and listings relevant to this analysis has been analyzed and the most comparable data selected to include in the appraisal report.

Highest and Best Use Analysis:

A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

Valuation Methods**Cost Approach:**

A cost approach was not applied. Since the property is unimproved, the cost approach is not applicable.

Sales Comparison Approach:

A sales comparison approach was applied. For unimproved land, the sales comparison approach is the primary valuation method. It represents the actions of market participants and is considered the most reliable method to value unimproved land. The sales comparison approach is utilized to value the whole property and the remainder after the acquisition.

Income Approach:

An income approach was not applied. An income approach has not been included to value the land. In this market area, land capitalization is not a reliable valuation method to value unimproved land.

***Hypothetical
Conditions:***

A Hypothetical Condition is “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 purposes of analysis. *The Appraisal Foundation, USPAP, 2018-2019*

The appraisal of the remainder property assumes that the proposed improvements are complete as of the effective date of appraisal, when in fact it is known that they are not. This use of a hypothetical condition is derived from public policy and case law and does not result in a process that is limited or that renders the results no longer credible. No other hypothetical conditions are utilized in this assignment.

***Extraordinary
Assumptions:***

An Extraordinary Assumption is “an assumption directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser’s opinions or conclusions.” *The appraisal Foundation, USPAP, 2018-2019*

Use of a hypothetical condition or extraordinary assumption might have affected assignment results.

There are no extraordinary assumptions for this appraisal.

Jurisdictional Exceptions

A Jurisdictional Exception is “an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.”

In the value of the property for eminent domain, the Jurisdictional Exception applies to Standards Rule 1-4, which states that “an appraiser must collect, verify, and analyze all information applicable to the appraisal problem, given the scope of work identified in the assignment”. Standards Rule 1-4 (f) states, “when analyzing anticipated public or private improvements, located on or off the site, an appraiser must analyze the effect on value, if any, of such anticipated improvements to the extent they are reflected in market actions”.

In the appraisal of property for eminent domain, numerous court cases, have established that project influence (both positive and negative) should be disregarded when formulating an opinion of value for the whole property.

Certain elements of damage cannot be considered in the appraisal of the remainder although these elements may reduce the value of the remainder tract. The appraisal of the Remainder considered all factors willing, knowledgeable buyers and sellers would consider in negotiating the purchase price of the property including the use to which the part taken is to be put and the effects of the condemnation but excluded the effects of all non-compensable elements. This is in accordance with court rulings that damages due to diversion of traffic, circuitry of travel, increased noise, reduced visibility to passers byes, and inconvenience due to construction activities are non-compensable.

Therefore, departure from SR 1-4 and 1-4 (f) has been invoked.

Sales History

A title commitment dated October 31, 2018 indicates the property is under the ownership of Arnolando Garza and Delia Lubin. It was conveyed from Eutimio Garza and Anselmo Garza by a Warranty Deed dated 8/01/2002 and recorded in Document 1130088 of the Official Records of Hidalgo County, Texas. Consideration was Ten Dollars and other good and valuable consideration. The property is not currently offered for sale. No other offers to purchase or sell the property are known to the appraiser within the 5 year period preceding the date of appraisal.

2 PHOTOGRAPHS OF SUBJECT PROPERTY

Include Each Major Improvement

Parcel No.: 3

Date Taken: February 18, 2019

1. Point from which taken: SH 336, west side

Local Address: 2600 Block N. State Highway 336

Taken By: John H. Malcom, Jr.

Looking: View north along SH 336, the subject is on the left



2. Point from which taken: the west side of SH 336

Looking: Street view. View east across SH 336. Front view of subject property.



Parcel No.: 3
Date Taken: February 18, 2019
3. Point from which taken: The extension of Arena Drive near the NWC of Parcel 3

Local Address: 2600 Block N. State Highway 336
Taken By: John H. Malcom, Jr.
Looking: View south across the west boundary of parcel 3



4. Point from which taken: Parcel 3 near the NWC

Looking: View east along the north boundary and the part to be acquired



Parcel No.: 3
Date Taken: February 18, 2019
5. Point from which taken: North side of the property from the extension of Arena Drive.

Local Address: 2600 Block N. State Highway 336
Taken By: John H. Malcom, Jr.
Looking: Southerly view across the part to be acquired and the remainder.



6. Point from which taken: East of Parcel 3 near the NEC.

Looking: Westerly view along the part to be acquired



Market Area Analysis

A market area can be a portion of a larger community in which there is a homogenous group of inhabitants, buildings, and business enterprises in which inhabitants may have a common community interest and a similarity of economic levels or cultural backgrounds. Market area boundaries may consist of well-defined natural or man-made barriers or they can be more or less well defined such as by a district or a change in land use. They may be devoted to such uses as residential, commercial, agricultural, or a mix of uses. Analysis of the market area in which a particular property is located is important due to the fact that the various economic, social, political, and physical forces which affect that market area also directly affect the individual properties within it.

Market Area Location, Boundaries, and Transportation

For the purpose of this appraisal, the subject market area includes the rural and suburban areas of Hidalgo County. It includes the McAllen/Edinburg/Mission MSA which includes all of Hidalgo County.

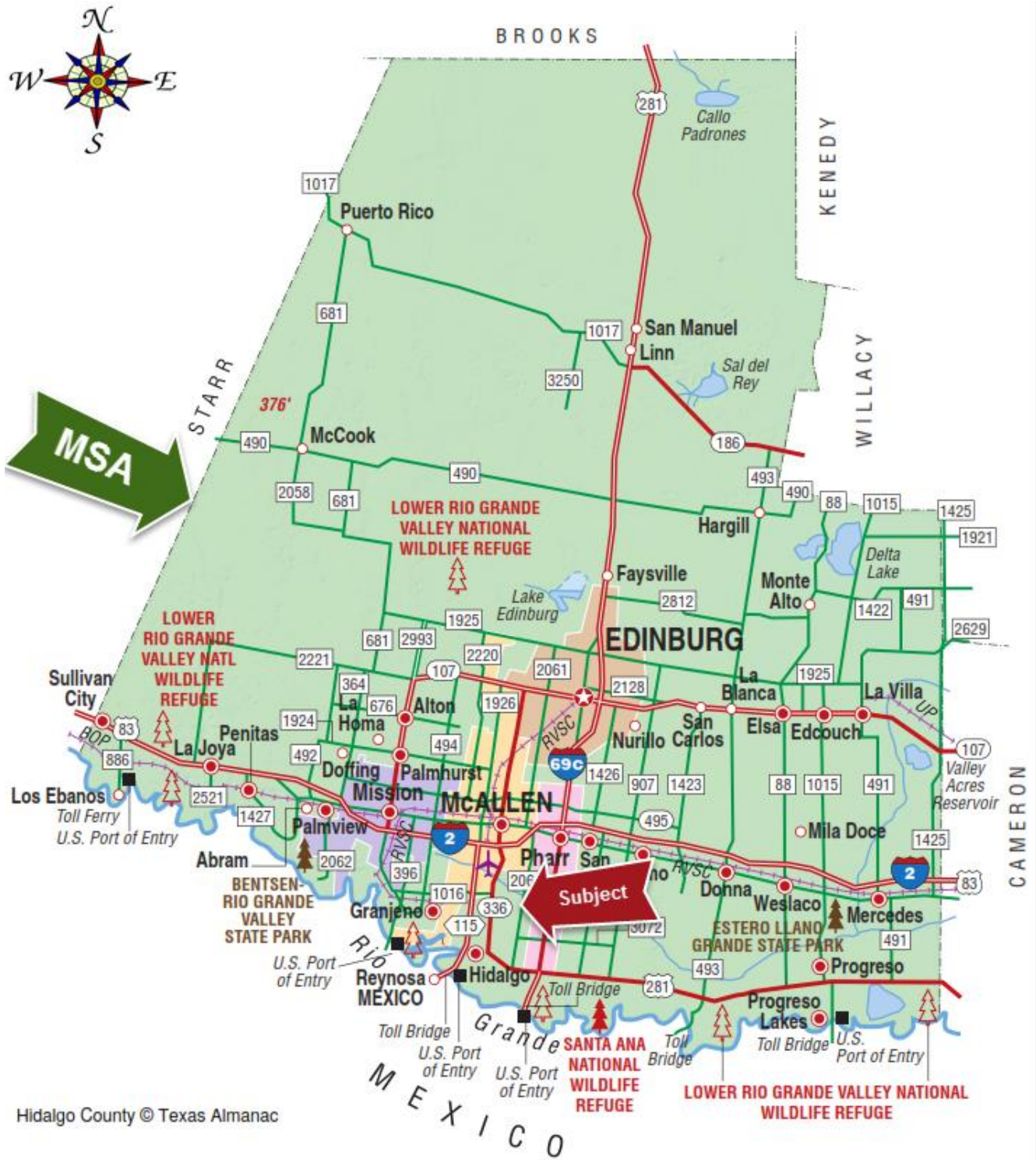
On the north, the market area extends beyond SH 186 and on the south it extends to the Rio Grande River. Within the defined area is US 83/I-2, along which are the communities of Sullivan City, La Joya, Palmview, Mission, McAllen, Pharr, San Juan, Alamo, Donna, Weslaco, and Mercedes. Traffic flow within the area is enhanced by a good system of paved all-weather roads. Primary east/west traffic arteries in the southern portion include Military Highway (US 281), Business Highway 83, and US 83/I-2. SH 107 provides east/west travel through the central portion of the area and FM 490 and SH 186 provide east/west traffic flow in the northern portion of the area. The primary north/south artery is US 281 which extends north through Pharr and Edinburg, and provides access to points north of the Rio Grande Valley. Numerous Farm-to-Market (FM) roads support north/south travel. These include FM 491, FM 1015, FM 88, FM 493, FM 907, and FM 1426 located east of I 60-C and FM 2061, FM 1926, FM 2220, FM 494, SH 107, FM 494, and FM 2221 west of I 69-C.

Currently in the initial planning and acquisition stages in Hidalgo County are several toll and non-toll road projects designed to facilitate more efficient transportation of goods and services, alleviate existing bottlenecks, and aid in community development. The Hidalgo County Regional Mobility Authority (HCRMA) and the Texas Department of Transportation (TxDOT) Pharr District are planning nearly 50 miles of roadway improvements, including toll and non-toll road and frontage road improvements.

The projects considered to be the most eminent include the following:

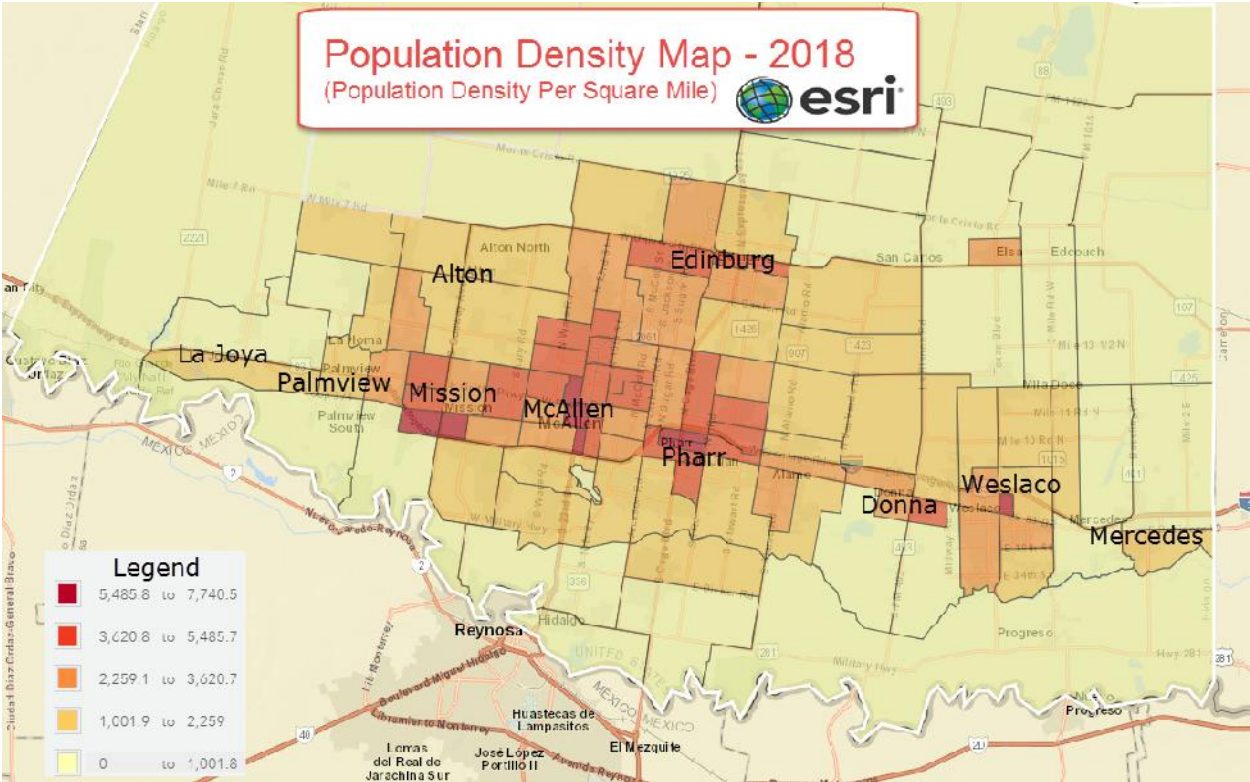
- J **State Highway 365 (SH 365)** consists of four segments of improvements from FM 396/Anzalduas Highway to US 281/Military Highway for a project length of 17.4 miles. Construction will include both toll and non-toll roadways.
- J **International Bridge Trade Corridor (IBTC)** comprises 3 segments with a project length of 13.2 miles to be constructed in two phases. Segments 1 and 2 include toll improvements from an interchange with SH 365 (near FM 3072/Dicker Road) to I-2/US 83. Segment 3 will extend southerly from the Valley View Road interchange to FM 493.
- J **US 83 Relief Route** will consist of two phases of construction to build a bypass around La Joya in western Hidalgo County. The total project length is approximately 8.9 miles and Phase 1 will consist of frontage roads while Phase 2 (to be undertaken by the HCRMA at a later time) to construct tolled main lanes.
- J **State Highway 68 (SH 68)** is a 22-mile new road that will connect I-2/US 83 to I-69C/US 281. The proposed road will connect with I-2/US 83 at the northern end of IBTC between Alamo and Donna and extend north to I-69C/US 281 near FM 490, north of Edinburg. Frontage roads will not be tolled; but the main lanes will be.

Market Area Map



Market Area and Property Characteristics

The McAllen/Edinburg/Mission MSA includes the agricultural and rural area where the predominant land uses tend to be agricultural including irrigated farming, dry land farming, and pasture uses. The heaviest development is in the southern and central portion of the area between I-2/US Expressway 83 and FM 1925/Monte Cristo Road. Population density varies within the area with the higher density development closer to US Expressway 83/I-2 and US 281/I-69C.



Demographics

The market area represents a fast-growing area of the Rio Grande Valley. Select demographics within the market area are summarized in the following table. The figures for the State of Texas, Hidalgo County, and the City of McAllen are included for comparison purposes.

Demographic Comparison	Texas	Hidalgo County	City McAllen
Population			
2018 Total Population	28,954,616	884,144	146,067
2023 Total Population	31,430,767	955,377	156,232
2018-2023 Population: Annual Growth Rate	1.65%	1.56%	1.35%
Income			
2018 Median Household Income	\$57,286	\$38,322	\$46,495
2018 Average Household Income	\$82,927	\$56,150	\$70,323
2018 Per Capita Income	\$29,707	\$15,812	\$22,741
Households			
2018 Total Households	10,211,287	245,085	46,480
2018 Average Household Size	2.78	3.58	3.12
2023 Total Households	11,065,229	264,141	49,621
Housing			
2018 Total Housing Units	11,236,543	281,335	51,454
2018 Owner Occupied Housing Units	6,286,745	167,186	27,497
2018 Vacant Housing Units	1,025,256	36,250	4,974
2018 Median Home Value	\$173,734	\$92,214	\$148,151

The demographics indicate that the subject area is growing in population and income. The rate of growth for Hidalgo County and the City of McAllen is indicated to be slightly below the rate of growth for the State.

Employment and Labor Statistics

The subject property is located within the McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA). According to the Texas Workforce Commission, the MSA has a February 2019 unemployment rate of 6.6% as illustrated in the following table.

February 2019				
MSA Labor Force Statistics				
	Feb-19	Jan-19	Feb-18	Yearly Change
Civilian Labor Force	355,854	355,842	351,358	4,496
Employed	332,192	328,884	326,478	5,714
Unemployed	23,662	26,958	24,880	-1,218
Unemployment Rate	6.6%	7.6%	7.1%	-0.5%
Texas Labor Force Statistics				
	Feb-19	Jan-19	Feb-18	Yearly Change
Civilian Labor Force	14,087,254	13,986,073	13,828,682	258,572
Employed	13,538,125	13,396,223	13,255,270	282,855
Unemployed	549,129	589,850	573,412	-24,283
Unemployment Rate	3.9%	4.2%	4.1%	-0.2%
US Labor Force Statistics				
	Feb-19	Jan-19	Feb-18	Yearly Change
Civilian Labor Force	162,793,000	162,104,000	161,494,000	1,299,000
Employed	156,167,000	154,964,000	154,403,000	1,764,000
Unemployed	6,625,000	7,140,000	7,091,000	-466,000
Unemployment Rate	4.1%	4.4%	4.4%	-0.3%

Over the last year, the February unemployment rate decreased from 7.1% to 6.8%. During the same time period, employment increased from 326,478 to 332,192, a gain of 5,714 jobs. The unemployment rate in the MSA has generally been higher than the state and national unemployment rate. The overall employment by industry is shown in the following table:

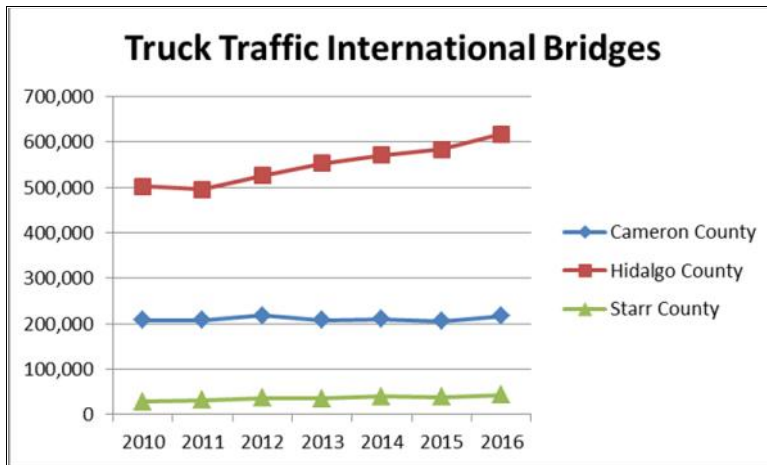
Employment by Industry (February 2019)				Employment by Industry (February 2019)			
Industry	Feb-19	% Monthly Change	% Yearly Change				
Total Nontarm	268,100	0.6%	1.9%				
Mining, Logging and Construction	8,300	0.0%	0.0%				
Manufacturing	7,300	2.8%	1.4%				
Trade, Transportation, and Utilities	53,600	-1.1%	0.9%				
Information	2,800	-3.4%	-3.4%				
Financial Activities	9,000	0.0%	1.1%				
Professional and Business Services	17,400	1.2%	-2.8%				
Education and Health Services	76,800	1.3%	4.6%				
Leisure and Hospitality	25,400	0.0%	1.2%				
Other Services	5,800	0.0%	5.5%				
Government	61,700	1.5%	1.6%				

The largest employment sector is Education and Health Services which is followed by Government and Trade Transportation and Utilities. These three industries comprise 71.6% of the employment in Hidalgo County. Texas economist Ray Perryman is projecting that the MSA will add 29,700 new jobs over the next 5 years, at an annual rate of 2.1%.

Trade

As represented above, trade and transportation are a major economic component of the Rio Grande Valley. Because of the geographic location along the United States/Mexico Border and location to other US metropolitan areas (San Antonio and Houston) the area is ripe with international travel both for retail and trade. The Office of the United States Trade Representative reports 2016 International trade with Mexico in the amount of \$579.7 billion. This included \$262.0 B in exports and \$317.6 B in imports. Mexico was the United States 2nd largest trading partner for imports and exports in 2016.

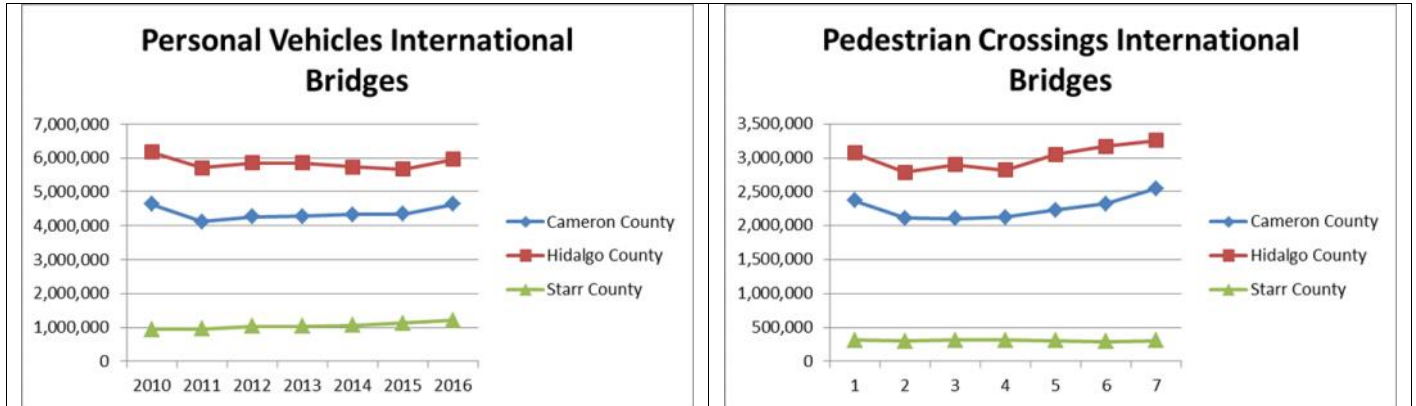
In the Rio Grande Valley, international trade is expressed primarily through the international ports of entry. One measure of commerce is the number of crossings at the Ports of Entry. The following chart represents the yearly crossings for commercial vehicles:



The Rio Grande Valley is home to 12 international bridges with 2 in Starr County and 4 in Cameron County. Hidalgo County has 5 international bridges and a hand operated ferry. The chart has been prepared to show the total truck traffic for each county from 2010 through 2016. Traffic through Starr and Cameron County has been fairly stable over this period which Hidalgo County has demonstrated increasing traffic since 2011. Approximately half of the fresh produce exported from Mexico ships through Texas ports and approximately

65% of the imports through Texas are shipped through Hidalgo County. This position should continue to strengthen as the Rio Grande Valley is seeing more importation of fresh produce and industrial goods from the Mexican interior due to the Durango-Mazatlán Highway shifting trade patterns in its favor. The Center for North American Studies has forecast an increase in truckloads of fresh produce to increase from 221,662 to 349,956 in Texas land ports between 2016 and 2025.

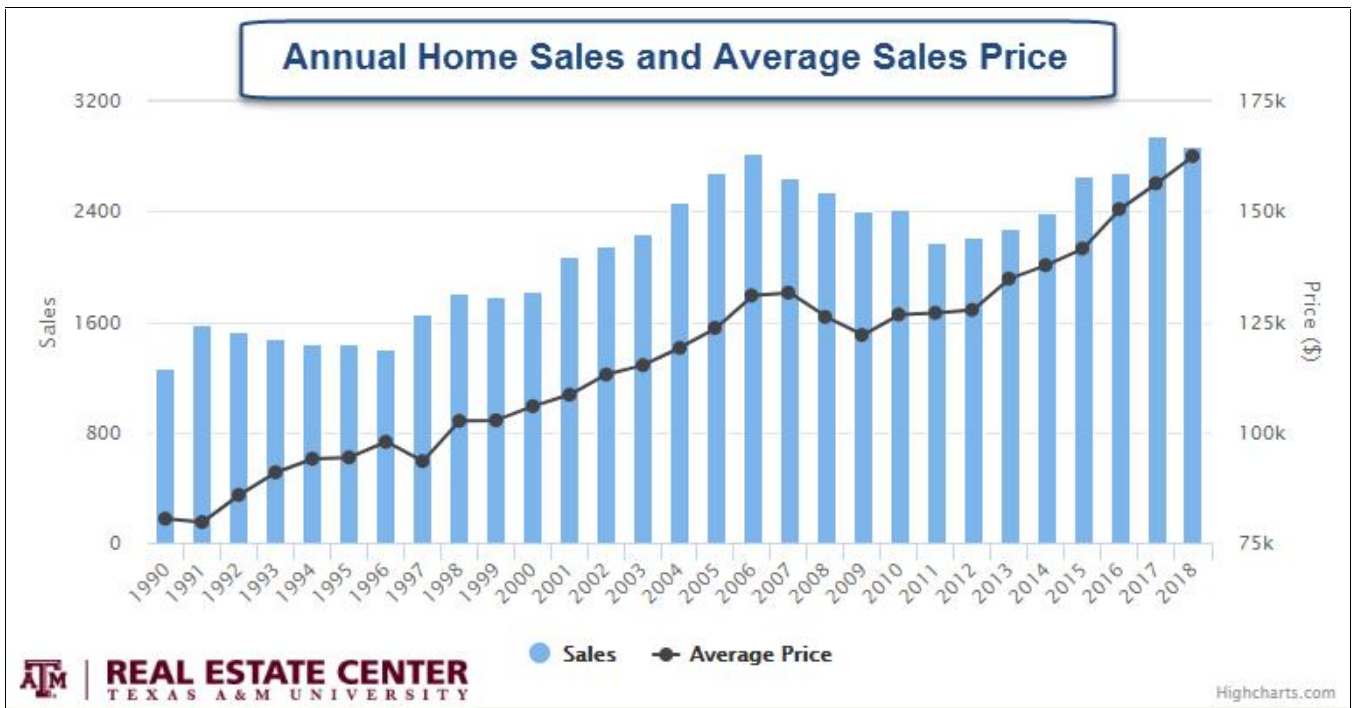
International bridges also carry pedestrian traffic and personal vehicles. The following charts indicate these bridge crossings for the same time period.



Both Personal vehicle crossings and pedestrian crossings show an upward trend for Cameron and Hidalgo Counties.

Housing Prices and Sales Volume

McAllen is the largest city in the McAllen/Edinburg/Mission MSA. Within the MSA, annual sales volume for 2018 was 2,867 houses. The average price reached a new peak at \$162,454. The following table shows the trend from 1990 through 2017.



Sales volume for January-November, 2018 indicate a decrease in sales activity when compared to the same period for 2017 which may have resulted from an increase in mortgage interest rates. Sales volume decreased 2.58% reflecting a decrease in sales volume of housing units. The dollar volume increased 1.26% over the same period representing an increase in the average home price 3.95%.

Educational Attainment

Higher education is obtained from multiple colleges and universities in the Rio Grande Valley. The University of Texas-Rio Grande Valley, a comprehensive regional institution serving the Rio Grande Valley is located in both Edinburg and Brownsville. UTRGV is the fourth largest university in the University of Texas System and the 9th largest in the state with a current enrollment in excess of 28,000 students. There are eleven academic divisions offering over forty bachelor’s degrees and over forty master’s degrees in more than fifty fields of the sciences, business, arts and humanities, education and social and behavioral sciences. The University of Texas Rio Grande Valley was created by the Texas Legislature in 2013 and combined the resources and assets of the University of Texas at Brownsville and the University of Texas-Pan American. The combined universities will benefit from the Permanent University Fund - a public endowment contributing support to the University of Texas System and the Texas A&M University System. The inaugural class of first year students began during the fall 2015 semester.

Educational Attainment	Texas	Hidalgo County	City McAllen
2018 Education: Less than 9th Grade	8.4%	21.9%	14.7%
2018 Education: 9-12th Grade/No Diploma	8.3%	13.5%	9.6%
2018 Education: GED/Alternative Credential	4.3%	4.0%	3.9%
2018 Education: Some College/No Degree	21.6%	17.6%	19.5%
2018 Education: Associate's Degree	7.2%	5.0%	6.5%
2018 Education: High School Diploma	20.8%	19.6%	16.2%
2018 Education: Bachelor's Degree	19.2%	13.0%	20.7%
2018 Education: Graduate/Professional Degree	10.2%	5.5%	9.0%
2018 Educational Attainment Base	100.0%	100.0%	100.0%

Although educational attainment is improving across the Rio Grande Valley, it still lags the educational attainment level for the State of Texas.

Market Area Conclusion

Hidalgo County, with its numerous ports of entry, is one of the United States’ most important import links with Mexico. This position should continue to strengthen as the Rio Grande Valley is seeing more importation of fresh produce and industrial goods from the Mexican interior due the Durango-Mazatlán Highway shifting trade patterns in its favor. Uncertainty regarding the North American Free Trade Agreement has been abated with the USMCA (United States Mexico and Canada) trade agreement. Although terms have been agreed, it will not take effect until 2020 pending approval by the US Congress and legislatures in Mexico and Canada.

The market area as defined herein should experience continued growth. There is a large amount of land available for development and sufficient infrastructure to accommodate development for many years. As the residential population base expands in the area, additional commercial development can be anticipated to follow.

Sub Market Area

The sub market is the City of Hidalgo extending south of McAllen along and off of SH 336. The City of Hidalgo is a the home of the McAllen-Hidalgo International Bridge connecting to the neighboring City of Reynosa, Mexico. The international bridge handles more than 2.8 million vehicle crossings and 1.5 million pedestrian crossings each year. Reynosa is the largest city in the Mexican State of Tamaulipas and has a population just under 1,000,000. Reynosa and Hidalgo County both have industrial parks and many US and International companies have manufacturing and/or warehouse facilities on both sides of the US/Mexico border.

One of the more significant developments in the City of Hidalgo is the State Farm Arena, an approximate 186,000 square foot sports and entertainment facility constructed in 2003. The arena is home to the RGV Barracudas soccer team and the RGV Dorados, an arena football team. In addition to sports, it provides various types of music and other entertainment events.

Demographic information has been obtained from the Site to Do Business through ESRI for Hidalgo County, McAllen, and the City of Hidalgo. The information is presented as follows:

Demographic Comparison	Hidalgo County		City of McAllen		City of Hidalgo	
Population						
2018 Total Population	884,144		146,067		13,601	
2023 Total Population	955,377		156,232		14,663	
2018-2023 Population: Annual Growth Rate	1.56%		1.35%		1.52%	
Income						
2018 Median Household Income	\$38,322		\$46,495		\$35,904	
2018 Average Household Income	\$56,150		\$70,323		\$49,768	
2018 Per Capita Income	\$15,812		\$22,741		\$12,353	
Households						
2018 Total Households	245,085		46,480		3,366	
2018 Average Household Size	3.58		3.12		4.04	
2023 Total Households	264,141	7.8%	49,621	6.8%	3,621	7.6%

Population and income data indicates the City of Hidalgo is anticipated to experience population growth of 1.52% per year over the next 5 years and a total increase of 7.6% in the number of households.

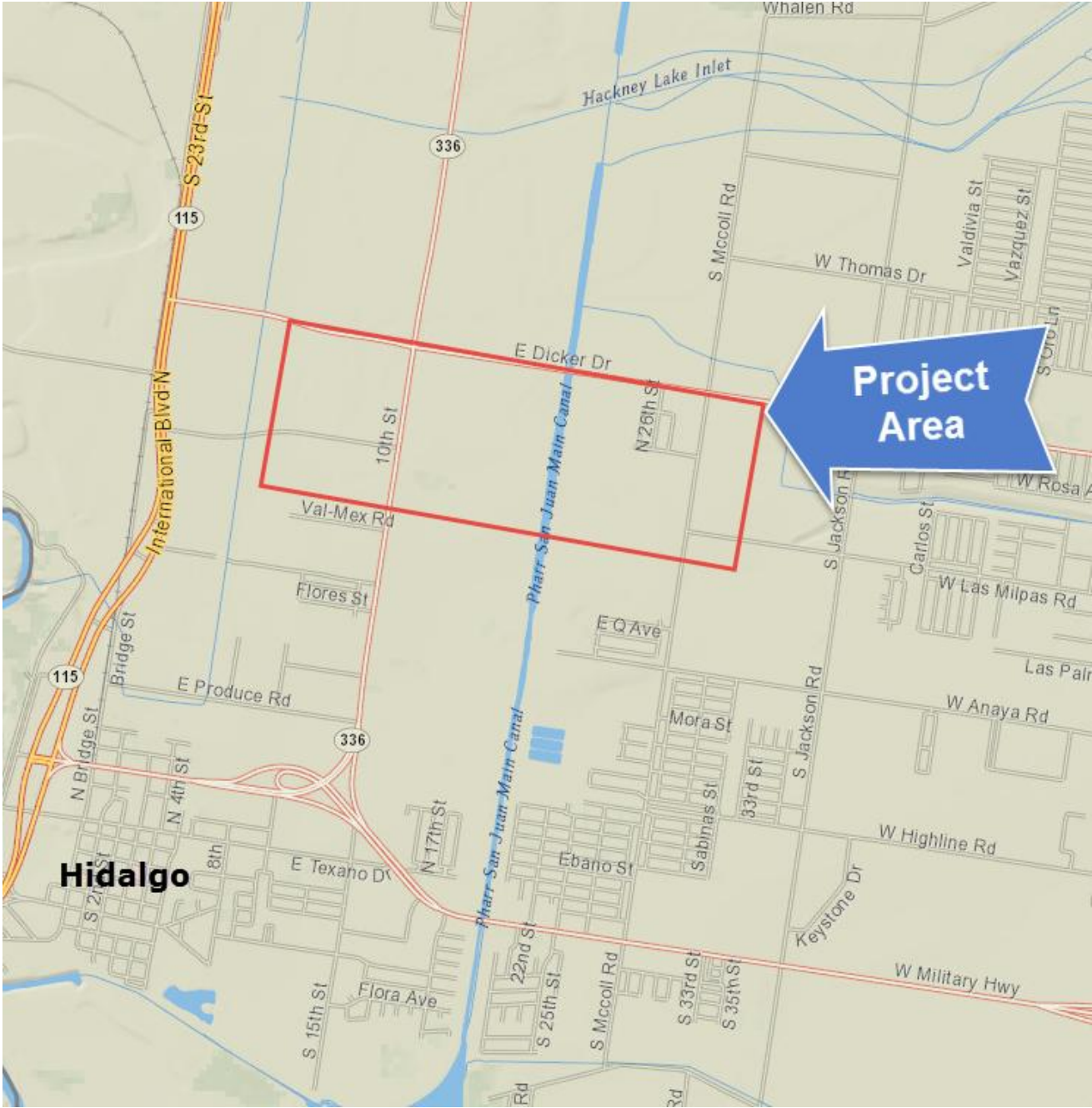
Businesses			
2018 Total (SIC01-99) Businesses	17,627	5,938	372
2018 Total (SIC01-99) Employees	227,129	71,373	3,760
2018 Total (SIC01-99) Sales	\$32,074,892	\$11,111,755	\$992,734
Employment & Unemployment			
2018 Employed Civilian Population Age 16+	324,077	61,139	5,112
2018 Unemployed Population Age 16+	20,971	2,881	278
2018 Unemployment Rate	6.1%	4.5%	5.2%
Retail Sales and Leakage			
2017 Total Retail Sales	\$9,768,135,286	\$3,279,630,885	\$171,134,780
2017 Total Retail Sales Potential	\$6,499,864,876	\$1,514,059,647	\$81,981,384
2017 Leakage/Surplus Factor: Total Retail	-20.1	-36.8	-35.2

The businesses in the City of Hidalgo had 2018 sales of \$992,734 and a City unemployment rate of 5.2%. The data indicates 35.2% of retail sales results from sales outside the population of the City of Hidalgo.

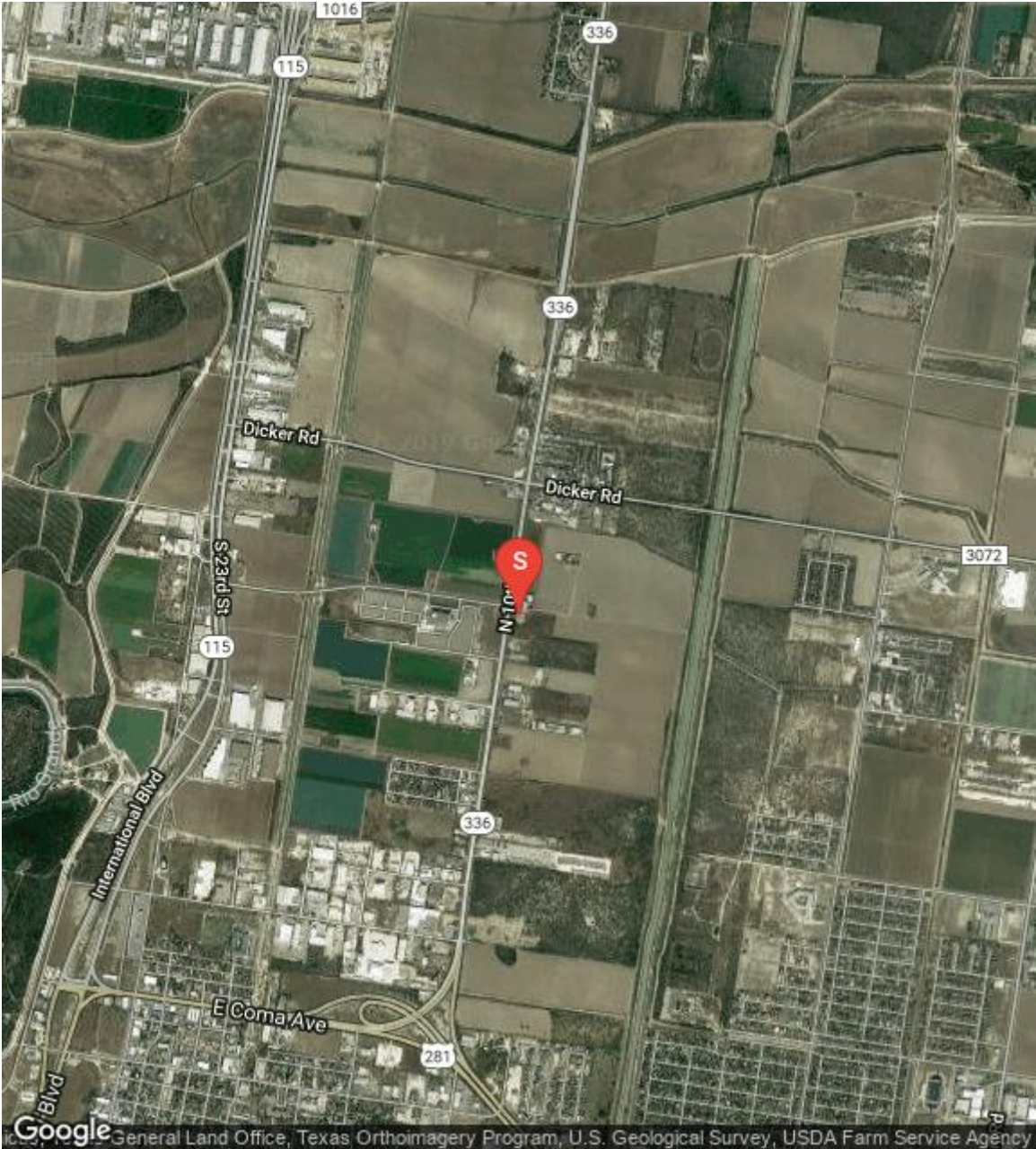
Conclusion-Market Analysis

The demographics indicate a gradually expanding population with stable employment. In general, it appears that the local economy enjoys sales from outside of the City that enhance the retail sales, sales taxes, and employment. Continued growth and increased density of development is anticipated in this market area.

Project Area Location Map



Subject location Map – Parcel 3



Property Descriptions

The appraised property is located in the City of Hidalgo in Hidalgo County, Texas. It is within an area where right of way is required in order to construct a roadway known as the Arena Drive/Las Milpas Road project. The project will include an 80 foot wide right of way that will extend from Arena Drive in Hidalgo to Las Milpas Road at McColl Road.

As part of the proposed road project, it will be necessary to acquire 28,729 square feet or 0.6595 acres of land from the subject property. The property descriptions will include a description of the whole property which is included as an economic unit of 5.850 acres, the part to be acquired and the remainder property. The three areas are summarized in the following table.

Land Summary						
Parcel ID	Gross Land Area (Acres)	Topography	Shape	Flood Zone	Frontage - Primary Street (Feet)	Location
Economic Unit	5.850	Near level	Rectangular	Zone B or X-500	340	The property is located along the southeast corner of N. State Highway 336 and Arena Drive (Las Milpas Road extended) in the City of Hidalgo, Texas.
Part to be Acquired	0.660	Near level	Irregular	Zone B or X-500	42	The part to be acquired is a tract of 0.6595 acres. It extends along the west side of SH 336 and the south side of the extension of Arena Drive.
Remainder Property	5.190	Near level	Slightly irregular	Zone B or X-500	270	The property is located along the southeast corner of N. State Highway 336 and Arena Drive (Las Milpas Road extended) in the City of Hidalgo, Texas.

SITE DESCRIPTION – WHOLE PROPERTY

Location:	The property is located along the southeast corner of N. State Highway 336 and Arena Drive (Las Milpas Road extended) in the City of Hidalgo, Texas. .
Site Comments and Economic Unit	The economic unit includes a tract of 5.52 net acres that extends 340.0' along SH 336 and 707' along the extension of Arena Drive. The proposed acquisition is 0.6595 acres that will extend 707' along the north boundary of the property leaving a remainder of 4.8605 acres. The economic unit selected for valuation is the whole property of 5.52 acres excluding the existing road right of way.
Current Use of the Property:	Commercial
Site Size:	Total: 5.850 acres Usable: 5.520 acres The 5.52 acre economic unit excludes the north 20' which is existing road right of way.
Shape:	The outline of the property is rectangular. The dimensions are estimated to include 340.0' along State Highway 336 and 707' along the north boundary (Arena Drive). Please refer to the site sketch for a visual representation of the tract.
Frontage/Access:	Access is provided along: SH 336 & Arena Drive. Frontage includes: J N. SH 336: 340.00 feet J Arena Drive, dedicated but not constructed road: 707.00 feet The site has a total depth of 707.00 feet. It is a corner site.
Visibility:	Visibility is average
Topography:	Based on a visual observation, topography is near level.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.

Utilities: Electric: Public electric is available.
Sewer: Sanitary sewer service is available and extended along the east side of SH 336 just south of Arena Drive.
Water: Public water is available and extended along both sides of SH 336.
Adequacy: Water, sewer and electric service is available and extended along SH 336. Please refer to underlying assumptions and limiting conditions.

Site Improvements:) Street lights
) no sidewalks
) no curb/gutter
) Landscape: The site has no cultivated landscaping.

Flood Zone: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood Zone B or X-500. Zone B or X-500 is not classified as a flood hazard area.
FEMA Map Number: 482150475B
FEMA Map Date: January 2, 1981

Zone X-500 or B are areas of moderate flood hazard from the principal source of flood in the area, determined to be within the limits of 1% and 0.2% annual chance floodplain.

Environmental Issues: The appraiser is not aware of any adverse environmental issues. Please refer to underlying assumptions and limiting conditions.

Encumbrance Easements: There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Legal Description 5.84 acres out of Lot 2, Block 2, Hidalgo Canal Company Subdivision, Volume 'Q', Page 177, Hidalgo County Deed Records, City of Hidalgo, Hidalgo County, Texas; as conveyed from Eutimio Garza and Anselmo Garza to Arnoldo Garza and Delia Lubin, as recorded in Document 1130088 of the Official Records of Hidalgo County, Texas.

Flood Map



2600 N STATE HIGHWAY 336 HIDALGO, TX 78557

LOCATION ACCURACY: *User-defined location*

Flood Zone Determination Report

Flood Zone Determination: **OUT**

PANEL DATE	January 02, 1981	MAP NUMBER	482150475B
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Assessment and Taxes

Tax information is based on current assessed value obtained from the County Appraisal District for 2018.

Taxing Authority City of Hidalgo, Drainage District #1, Hidalgo County, South Texas College, South Texas School, Valley View ISD

Assessment Year 2019

Comments The assessed value for the land was increased for 2019 from \$168,759 to \$201,175. The appraisal district indicates a total of 4.72 acres assessed at a price of \$42,622/acre.

Real Estate Assessment and Taxes					
Tax ID	Land	Improvements	Total	Tax Rate	Taxes
H2550-01-002-0002-	\$142,181	\$0	\$142,181	\$2.530700	\$3,598
Totals	\$201,175	\$0	\$201,175		\$5,091

Zoning

LAND USE CONTROLS

Zoning Code	C-1 Central Business District (for the land within the City limits).
Zoning Description	The C-1 district provides for a central retail commercial area within the city offering a wide range of services. Permitted uses include retail and service outlets, medical clinics, restaurants, public buildings, offices, banks, financial institutional uses, hotels and motels.
Actual Density of Use	The property is unimproved
Current Use Legally Conforming	The subject is a legal and conforming use.
Zoning Change Likely	A zoning change will be considered if requested.
Zoning Change Description	N/A, none known
Set Back Distance	N/A
Side Yard Distance	N/A
Zoning Comments	The western portion of the property is within the City Limits of the City of Hidalgo. Land along State Highway 336 is zoned C-1, Central Business District. This zoning is consistently applied for most of the land from Dicker Road (FM 3072) on the north to Spur 281 on the south. The only exception is for 3 lots located in an industrial park that were preexisting uses.

Description of Improvements

Not applicable. There are no building improvements and no site improvements.

SITE DESCRIPTION – PART TO BE ACQUIRED

Location:	The part to be acquired is a tract of 0.6595 acres. It extends along the west side of SH 336 and the south side of the extension of Arena Drive.
Current Use of the Property:	The part to be acquired is unimproved land that is utilized as part of the economic unit.
Site Size:	Gross: 0.6595 acres or 28,729 square feet Net: 0.6595 acres or 28,729 square feet The part to be acquired is useable land as part of the economic unit.
Shape:	The proposed acquisition is a 40.0' wide by 707' deep strip to be used for road right of way. It also includes a 30' corner cut back at the intersection of SH 336. The dimension along Ramsey Road is 130.0'. The acquisition extends the depth of the property.
Frontage/Access:	SH 336 and Arena Drive. Road frontage is indicated as follows:) N. SH 336: 42.43 feet.) Arena Drive: 707.00 feet The part to be acquired is a 707.00 wide strip extending along Ramsey Road. It is a corner site. It does have independent access.
Visibility:	Visibility is average
Topography:	Topography appears to be near level.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	Electricity: Electric service is available. Sewer: Sanitary sewer service is available but not extended to the property. Water: Potable water is available. Adequacy: Water, sewer and electric service is extended along SH 336.

Site Improvements:	) Street lights) no sidewalks) no curb/gutter) Landscape: The site has no cultivated landscaping.
Flood Zone:	The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood Zone B or X-500. Zone B or X-500 is not classified as a flood hazard area. FEMA Map Number: 482150475B FEMA Map Date: January 2, 1981 The property is not located in a special flood hazard area.
Environmental Issues:	There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.
Encumbrance/ Easements:	There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.
Site Comments:	The appraised property includes a proposed fee acquisition of 0.6595 acres. It includes a 40' wide strip extending 707' along Arena Drive and a 30' corner cut back at the intersection of SH 336. The acquisition will be used to widen Arena Drive extending east from SH 336. There are no improvements within the part to be acquired.
Highest and Best Use	The part to be acquired does have independent access but lacks sufficient size and suitable shape to be utilized as a separate tract. Highest and best use is as part of the economic unit of 5.52 acres.
Legal Description	The part to be acquired is described in a metes and bounds description and survey which is included as an exhibit to the appraisal report.

Survey Description - Part to be Acquired – Parcel 3, page 1 of 7

Revised January 16, 2019
Revised October 4, 2018
September 28, 2018
Parcel 3
1 of 6 Pages

County: Hidalgo
HIGHWAY: Las Milpas Road
LIMITS: S.H. 336 to McColl Road

Exhibit: ____
FIELD NOTES FOR PARCEL 3

Being a 28,729 square foot or 0.6595 acre tract of land situated in the City of Hidalgo, Hidalgo County, Texas, out of Lot 2, Block 2, Hidalgo Canal Company Subdivision, as recorded in Volume Q, Page 177, of the Deed Records, Hidalgo County, Texas, and being out of a called 5.84 acre tract of land, conveyed by a Warranty Deed, dated August 1, 2002 from Eutimio Garza and Anselmo Garza to Arnaldo Garza and Delia Lubin, as recorded in Document No. 1130088, of the Official Records, Hidalgo County, Texas, said 28,729 square foot or 0.6595 of an acre tract being more particularly described by metes and bounds as follows:

Commencing at a 5/8" iron pin with plastic cap stamped "ROWSS PROP COR" set for the Southeast corner of said called 5.84 acre tract of land, in the North line of a tract of land conveyed by a General Warranty Deed, dated January 1, 2018 from Gerald E. Mann and wife, Margaret Mann to Gem Enterprises, LLC, as recorded in Document No. 2905781, of the Official Records, Hidalgo County, Texas, and for an exterior corner of a remainder of a 111.454 acre tract of land, conveyed by a Correction Special Warranty Deed with Vendors Lien with Assumption, dated June 22, 2009 but effective March 1, 2009, from Ilan Israely (having an undivided 75% interest in the property) and Cash & Carry Office Products, Inc., a California Corporation (having an undivided 25% interest in the property) to 111 Hidalgo, LLC, a Texas Limited Liability Company, as recorded in Document No. 2019502, of the Official Records, Hidalgo County, Texas;

Thence, with the common line of said called 5.84 acre tract of land and said remainder of a 111.454 acre tract of land, North 08°38'22" East, a distance of 300.00 feet to a 5/8" iron pin (N=16,571,161.6530, E=1,069,187.2508) with plastic cap stamped "ROWSS PROP COR" set 40.00 feet right to centerline station 120+54.68, on the proposed South Right of Way line of Arena Drive, for a right of way corner, the Southeast corner, and **Point of Beginning** of this herein described tract of land;

1. **Thence**, continuing with the proposed South Right of Way line of Arena Drive, across and through said called 5.84 acre tract of land, North 81°21'38" West a distance of 677.00 feet to a 5/8" iron pin with plastic cap stamped "ROWSS PROP COR" set for a proposed right of way cutback corner, and for an interior corner of this herein described tract of land;
2. **Thence**, continuing with the proposed South Right of Way line of Arena Drive and with a proposed right of way cutback line, South 53°38'22" West a distance of 42.43 feet to a 5/8" iron pin with plastic cap stamped "ROWSS PROP COR" set on the existing East Right of Way line of S.H. 336, for a right of way corner, and the Southwest corner of this herein described tract of land;

Survey Description –Part to be Acquired – Parcel 3, page 2 of 7

Revised January 16, 2019
Revised October 4, 2018
September 28, 2018
Parcel 3
2 of 6 Pages

3. **Thence**, departing the proposed South Right of Way line of Arena Drive with the existing East Right of Way line of S.H. 336, North 08°38'22" East a distance of 70.00 feet to a 1/2" iron pin found on the existing South Right of Way line of Arena Drive, for the Northwest corner of this herein described tract of land;
4. **Thence**, departing the existing East Right of Way line of S.H. 336 with the existing South Right of Way line of Arena Drive, South 81°21'38" East a distance of 707.00 feet to a 1/2" iron pin found in the East line of said called 5.84 acre tract of land, for the Northeast corner of this herein described tract of land;
5. **Thence**, departing the existing South Right of Way line of Arena Drive with the East line of said called 5.84 acre tract of land and the West line of said remainder of a 111.454 acre tract of land, South 08°38'22" West a distance of 40.00 feet to the **Point of Beginning** and being a 28,729 square foot or 0.6595 of an acre tract of land.

Bearings based on the Texas Coordinate System, South Zone, NAD83 (NA2011), adjusted to surface using a grid to surface adjustment factor of 1.00004.

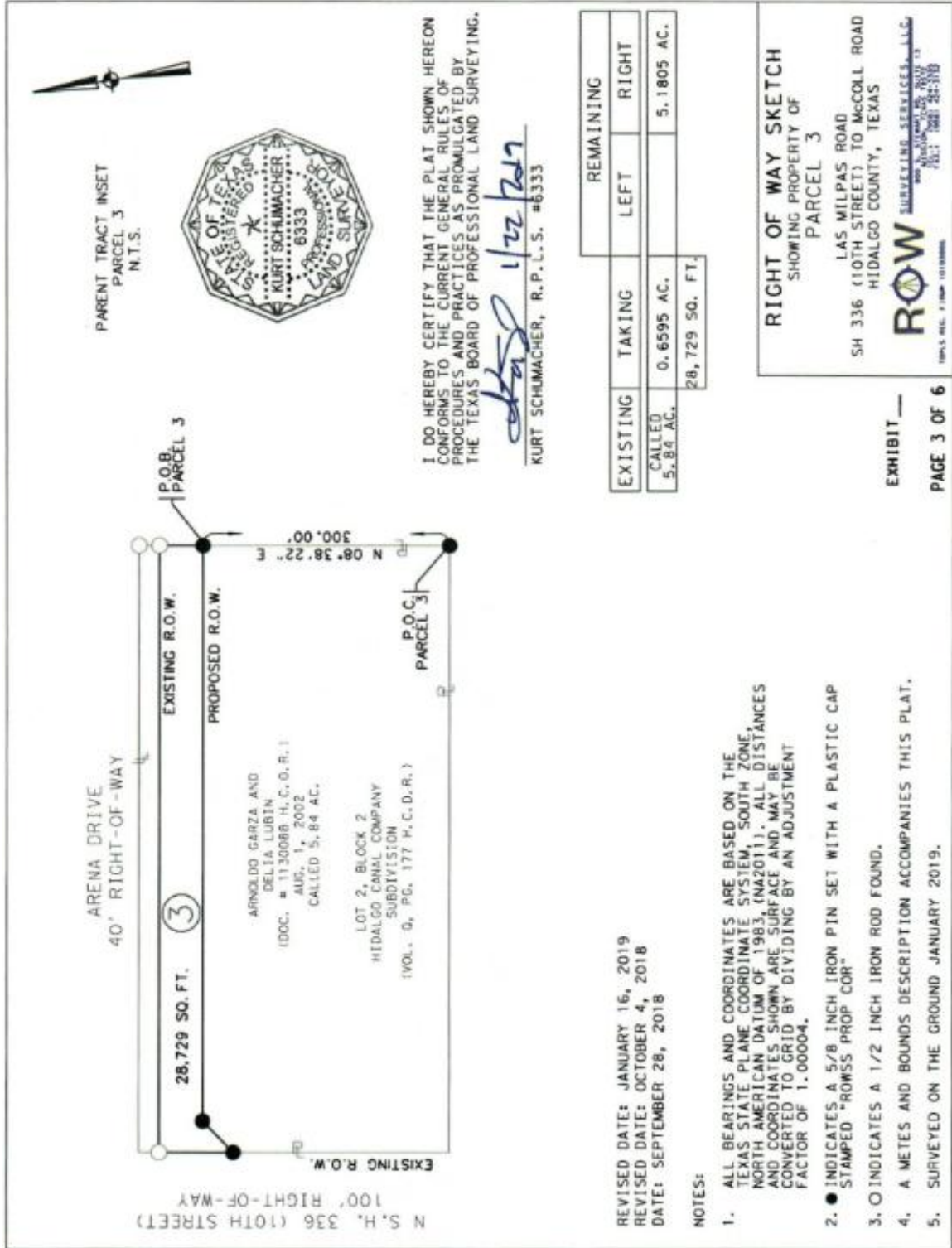
A plat of even survey date herewith accompanies this description.

I, Kurt Schumacher, a Registered Professional Land Surveyor, hereby certify that the legal description hereon and the accompanying plat represent an actual survey made on the ground under my supervision.

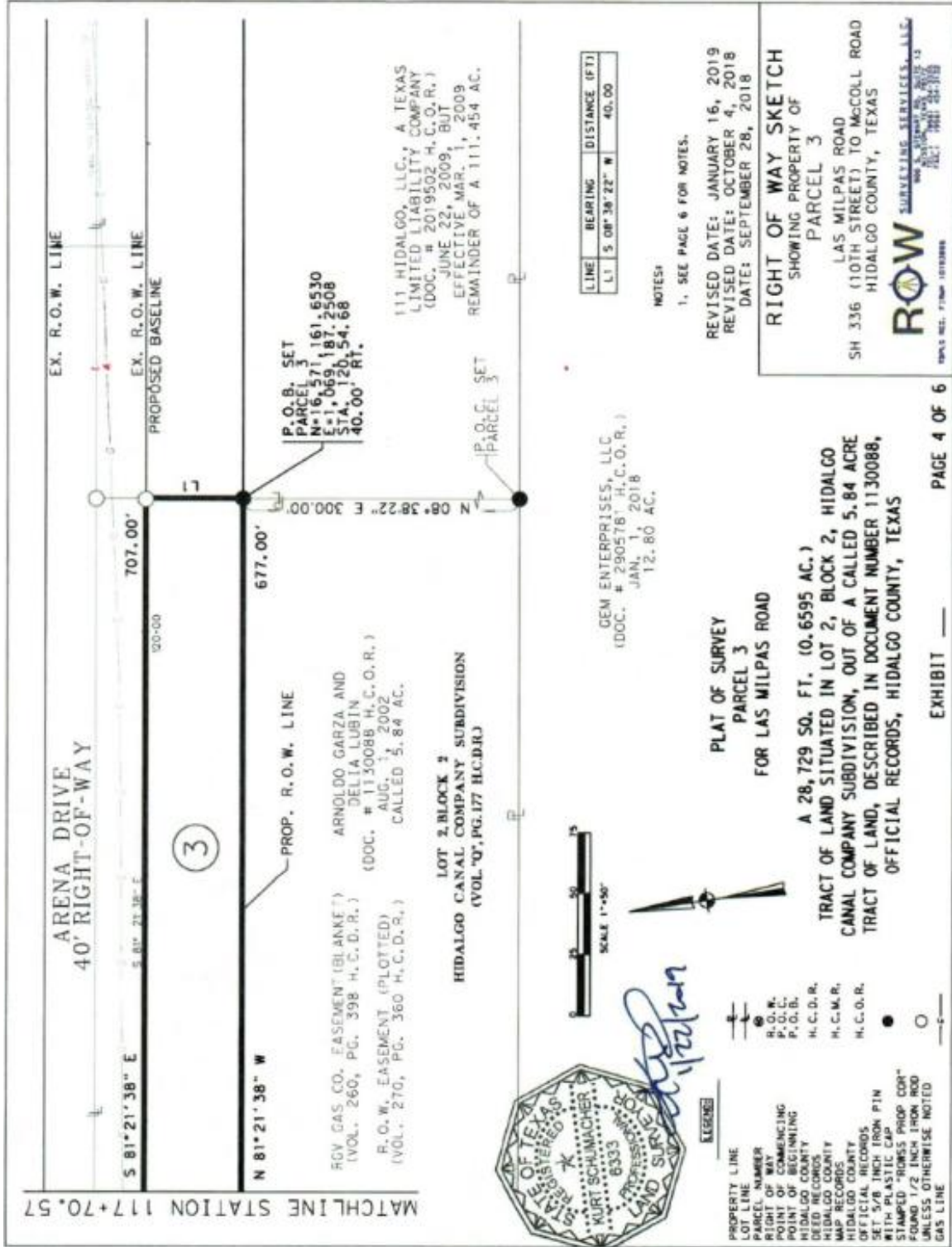

Kurt Schumacher
Registered Professional Land Surveyor
Texas Registration No. 6333



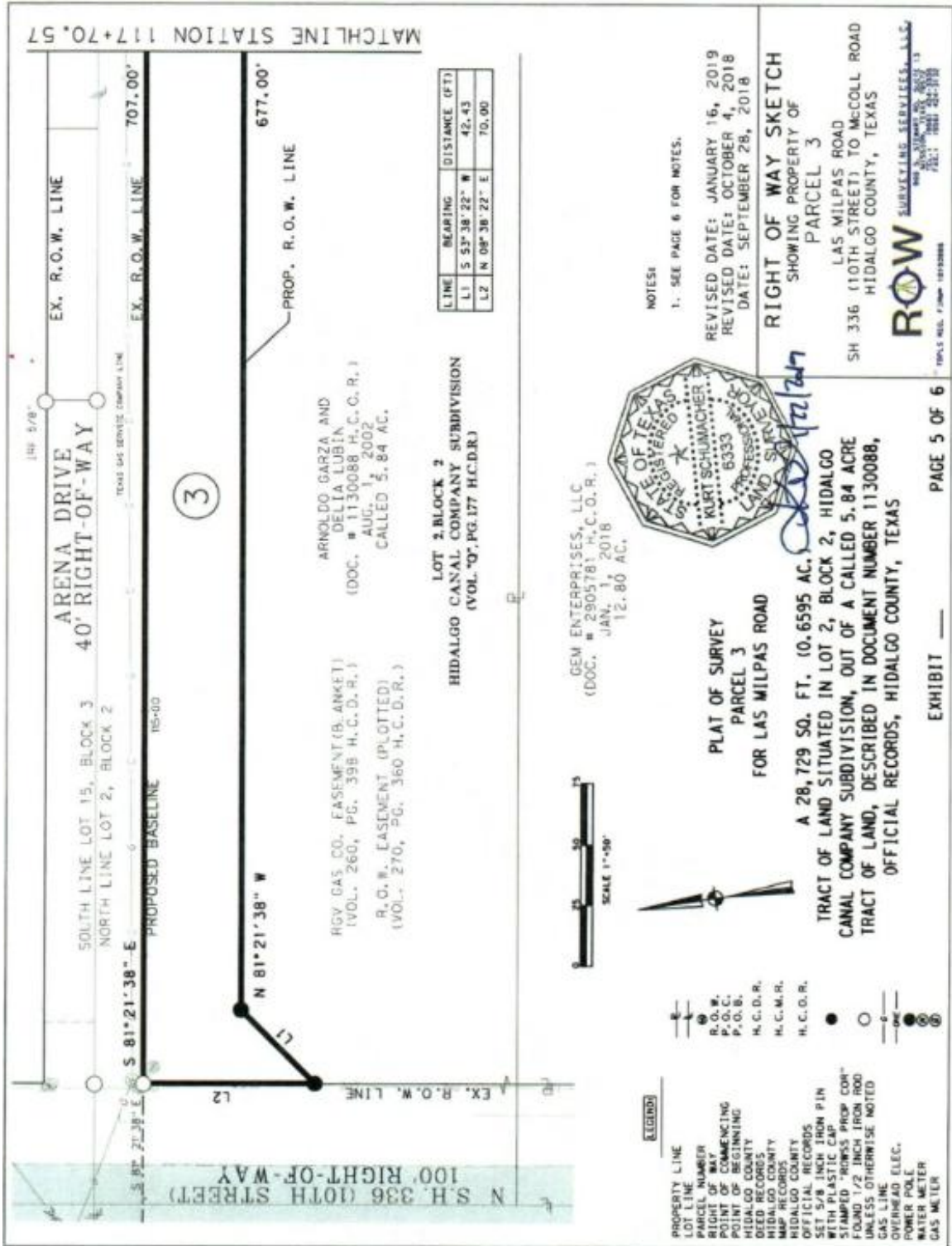
Survey– Parcel 3, page 3 of 7



Survey– Parcel 3, page 4 of 7



Survey– Parcel 3, page 5 of 7



Survey– Parcel 3, page 6 of 7

NOTES:

1. ALL BEARINGS AND COORDINATES ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE, NORTH AMERICAN DATUM OF 1983, (NAD83), (NAD2011). ALL DISTANCES AND COORDINATES SHOWN ARE SURFACE AND MAY BE CONVERTED TO GRID BY DIVIDING BY AN ADJUSTMENT FACTOR OF 1.00004.
2. A METES AND BOUNDS DESCRIPTION ACCOMPANIES THIS PLAT.
3. SURVEYED ON THE GROUND JANUARY 2018.
4. UTILITY LINES SHOWN HEREON BASED ON TEXAS 811 LOCATOR MARKINGS. THE SURVEYOR HAS MADE NO ATTEMPT IN VERIFYING UNDERGROUND LOCATIONS.
5. EASEMENTS AND RESERVATIONS AS MAY APPEAR UPON THE RECORDED MAP OF SAID HIDALGO CANAL COMPANY SUBDIVISION, HIDALGO COUNTY, TEXAS ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME "0", PAGE 175-177 DEED RECORDS OF HIDALGO COUNTY, TEXAS.
6. SUBJECT TO ANY PORTION OF THE PROPERTY DESCRIBED HEREIN WITHIN THE LIMITS OR BOUNDARIES OF ANY PUBLIC OR PRIVATE ROADWAY AND/OR HIGHWAY AND THE RIGHTS OF THE PUBLIC THEREON.
7. BLANKET EASEMENTS RULES, REGULATIONS AND RIGHTS IN FAVOR OF HIDALGO COUNTY IRRIGATION DISTRICT NO. 3 AND EASEMENTS AND RESTRICTIONS AS SHOWN ON THE RECORDED MAP OF THE ABOVE DESCRIBED SUBDIVISION.
8. "BLANKET" RIGHT OF WAY EASEMENT DATED SEPTEMBER 3, 1927, RECORDED IN THE OFFICE OF THE COUNTY CLERK OF HIDALGO COUNTY, TEXAS, VOLUME 260, PAGE 398, DEED RECORDS, HIDALGO COUNTY, TEXAS. (BLANKET)
9. RIGHT OF WAY EASEMENT DATED MARCH 16, 1926, RECORDED IN THE OFFICE OF THE COUNTY CLERK OF HIDALGO COUNTY, TEXAS, VOLUME 270, PAGE 60, DEED RECORDS, HIDALGO COUNTY, TEXAS. (PLOTTED)
10. RIGHT OF WAY EASEMENT DATED DECEMBER 23, 1943, RECORDED IN THE OFFICE OF THE COUNTY CLERK OF HIDALGO COUNTY, TEXAS, VOLUME 1078, PAGE 383, DEED RECORDS, HIDALGO COUNTY, TEXAS. (PLOTTED)
11. VISIBLE AND APPARENT EASEMENTS ACROSS SAID PROPERTY.



REVISED DATE: JANUARY 16, 2019
 REVISED DATE: OCTOBER 4, 2018
 DATE: SEPTEMBER 28, 2018

RIGHT OF WAY SKETCH
 SHOWING PROPERTY OF
PARCEL 3

LAS MILPAS ROAD
 (10TH STREET) TO MCCOLL ROAD
 HIDALGO COUNTY, TEXAS



Survey– Parcel 3, page 7 of 7

Parcel 3

Closure Report

Parcel 3: P9 P10 P11 P12 P13 P9

P9 to P10: N 81 deg. 21 min. 38 sec. W	Dist. 677.00	N: 16571161.6530 and E: 1069187.2508;
P10 to P11: S 53 deg. 38 min. 22 sec. W	Dist. 42.43	N: 16571263.3497 and E: 1068517.9327;
P11 to P12: N 08 deg. 38 min. 22 sec. E	Dist. 70.00	N: 16571238.1966 and E: 1068483.7666;
P12 to P13: S 81 deg. 21 min. 38 sec. E	Dist. 707.00	N: 16571307.4007 and E: 1068494.2815;
P13 to P9: S 08 deg. 38 min. 22 sec. W	Dist. 40.00	N: 16571201.1976 and E: 1069193.2593;

Perimeter: 1536.43
 Area: 28728.9 sq. ft., Acres: 0.65952
 Error North: -0.00 Error East: -0.00
 Error bearing: N 53 deg. 38 min. 22 sec. E Total Dist. Error: 0.00
 Error of Closure: 1:427602

SITE DESCRIPTION- REMAINDER PROPERTY

Location: The property is located along the southeast corner of N. State Highway 336 and Arena Drive (Las Milpas Road extended) in the City of Hidalgo, Texas.

Current Use of the Property: Commercial

Site Size: Total: 5.1905 acres
Usable: 4.860 acres

The useable land for the remainder is 4.860 net acres. The net land area is usable land and excludes existing road right of way.

Shape: The remainder property is slightly irregular in shape and includes approximately 4.8605 acres. The remainder retains adequate size and suitable shape for commercial use and included frontage along paved SH 336 and Arena Drive. Dimensions include 270' plus a 30' corner cut back along SH 336 and 707' of frontage along paved Arena Drive.

Frontage/Access: Access: SH 336 and Arena Drive provides access to the property with frontage as follows:
J N. SH 336: 270.00 feet plus a corner cut back at Arena Drive
J Arena Drive: 707.00 feet
J The remainder has a total depth of 707.00 . It is a corner site.

Visibility: Visibility is average

Topography: Based on visual observation, topography is near level.

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and suitable for agricultural and rural residential use.

Utilities: Electricity: Public electric service is available along SH 336.
Sewer: sewer service is extended along the east side of SH 336 but not extended to the property.
Water: Potable water is extended along both sides of SH 336
Adequacy: Water, sewer and electric service is extended along SH 336. Please refer to underlying assumptions and limiting conditions.

Site Improvements:	<ul style="list-style-type: none">) Street lights) no sidewalks will be installed as part of the initial construction) no curb/gutter is to be installed as part of the initial road construction.) Landscape: The site has no cultivated landscaping.
Flood Zone:	<p>The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood Zone B or X-500. Zone B or X-500 is not classified as a special flood hazard area.</p> <p>FEMA Map Number: 482150475B</p> <p>FEMA Map Date: January 2, 1981</p> <p>The property is not located in a special flood hazard area.</p>
Environmental Issues:	<p>There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.</p>
Encumbrance Easements:	<p>There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.</p>
Highest and Best Use	<p>The remainder property will be similar in size and shape to the before property. The primary difference is Arena Drive will be paved and widened to extend east from SH 336 along the north boundary of the property. Water, sewer and electric service is extended and available to the property. Topography for the remainder is unchanged and the property is not located in a special flood hazard area. The property is within the City Limits of the City of Hidalgo and is zoned for commercial use. Highest and best use, as vacant, is for commercial use.</p>
Highest and Best Use As Improved	<p>N/A, the property is unimproved.</p>
Legal Description	<p>The legal description for the remainder is the same as the description for the larger property, less and except the part to be acquired.</p>
Site Comments:	<p>The remainder property includes a tract of 4.8605 acres. The remainder retains adequate size and suitable shape for commercial use.</p>

3 PROPERTY VALUATION SUMMARY

Whole: Part to be Acquired: Remainder After:

HIGHEST AND BEST USE ANALYSIS: (The *Highest and Best Use* analysis should consider the reasonably probable and legal use of vacant land or improved property considering legally permissible, physically possible, financially feasible, and maximally productive. Use separate page, numbered accordingly, as necessary.)

Please refer to the Highest and Best Use section of the report.

VALUATION APPROACHES						
Insert value estimate, then describe, analyze, and support each approach as required.						
Cost Approach			N/A	(Land & imps.)		
Sales Comparison Approach			\$ 1,322,481	(Land only)		
Income Approach			N/A			
Reconciliation of Approaches to Value: The sales comparison approach is the primary valuation method. The cost approach is included to assign a specific value to the site improvements that will be affected by the acquisition.						
	Contributory Value of Improvements (Itemized)					
	Total Contributory Value of Improvements					\$ -
Fee Land	240,451	acres/sq.ft.	@ \$	5.50	=	\$ 1,322,481
Reconciled Final Value						\$ 1,322,481

Each approach developed follows this page and is sequenced as shown below.

Land Value,	Cost Approach,	Sales Comparison Approach,	Income Approach,
pg	pg	pg	pg

Highest and Best Use – WHOLE PROPERTY

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

Physically Possible: The appraised property offers approximately 5.520 acres of land. The property is located along the southeast corner of N. State Highway 336 and Arena Drive (Las Milpas Road extended) in the City of Hidalgo, Texas. The site is located in a Zone B or X-500 Flood Insurance Rate area. Zone B or X-500 is not a special flood hazard area and flood insurance is not required. Water, sewer and electric service is available and extended along SH 336. Please refer to underlying assumptions and limiting conditions.

The outline of the property is rectangular. The dimensions are estimated to include 340.0' along State Highway 336 and 707' along the north boundary (Arena Drive). Please refer to the site sketch for a visual representation of the tract.

Based on a visual observation, topography is near level. Topography and tract shape are not adverse. Physically possible uses include single or multi-family use along with various commercial and light industrial uses. Land uses in the area include agricultural, commercial and light industrial uses.

Legally Permissible: The property is partially within the City of Hidalgo City limits. It is subject to city zoning requirements.

There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Financially Feasible: Financially feasible uses are limited to considerations that are both physically possible and legally permissible. These uses include rural residential and agricultural uses.

Maximally Productive: The maximally productive use for the site is that which develops the greatest sustainable value for the land.

Highest and Best Use of the Site

The economic unit is a tract of approximately 5.52 net acres located along the east side of North State Highway 336 and the south side of the extensions of Arena Drive, in the City of Hidalgo, Hidalgo County, Texas. The subject and surrounding properties include tracts that are utilized for commercial, light industrial, and agricultural use. Property dimensions for the economic unit include 340.0' along SH 336 (Tenth Street) and 707' of depth. Tract shape is rectangular. SH 336 is a 5-lane highway with paved shoulders, 2 north bound lanes, 2 south bound lanes and a continuous left turn lane. Arena Drive, west of SH 336 has 60' of right of way and extends from SH 336 on the east to Spur 115 (23rd Street) on the west. East of SH 336, it is a dirt road that most closely alligns with Las Milpas Road as constructed east of McColl Road. Utilities available to the subject include water, sewer and electricity. Topography appears to be near level. It is not located in a special flood hazard area. The west portion of the property lies inside the City of Hidalgo City Limits and is subject to city zoning. Current zoning is C-1, Central Business District. As unimproved, highest and best use is for commercial use.

The highest and best use of the site, as vacant is: Commercial.

Highest and Best Use as Improved

The highest and best use of the subject as improved: N/A, the property is unimproved.



SALES COMPARISON APPROACH Whole: Part to be Acquired: Remainder After:
 Land: Improved:

Please refer to the following pages for
the sales comparison approach for the
subject site

VALUATION GRID

Representative Comparable Sales

	Subject	Comp. No.	Comp. No.	Comp. No.
Grantor				
Grantee				
Date of Sale				
Unit Price				
Relative Location				
Financing				
Conditions of Sale				
Market Conditions				
Physical Characteristics				
	Indicated	\$	\$	\$
Estimated Unit Value				\$

Estimated Value by Sales Comparison Approach \$

Explanation of Adjustments with Reconciliation (*Attach Comparable Data Supplement and Map; use separate page, numbered accordingly, as necessary.*):

VALUATION OF WHOLE PROPERTY – LAND COMPONENT

SITE VALUATION – SALES COMPARISON APPROACH

In site valuation, the Sales Comparison Method of valuation is preferred. This method calls for the comparing, weighing and relating of known land sales with the site under appraisal. Elements of comparison include property rights conveyed, financing terms, conditions of sale, date of sale, location, and physical characteristics as needed.

In the sales comparison approach, a direct comparison method of valuation will be utilized. The direct comparison will rely on abstraction or allocation of individual adjustments to reconcile differences between the appraised property and the comparable sales. Adjustments will be considered for location and various physical conditions and an adjusted value developed for comparison with the subject.

The following represents a presentation and discussion of data and resultant value conclusion for the property.

Land Comparable Sales

I have researched five comparable sales for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address	Date	Acres	Shape	Utilities	Flood Zone
Comp	City	Price	Price per Land SF	Topography	Road Frontage	Distance
1	S Cage at Lauck Street Pharr	2/7/2019 \$260,000	1.545 \$3.86	"L" Level	Full City 80.00	X500 Zone 5.55
2	SH 336 S/FM 3072 McAllen	7/12/2018 \$475,000	1.684 \$6.47	Rectangular Level	Water, Septic sewer, electric 152.00	X500 0.69
3	9600 N 10th Street McAllen	11/28/2017 \$1,530,000	4.680 \$7.51	Rectangular Near level	Water, sewer 737.22	Zone A 11.26
4	1401 E. Nolana McAllen	7/6/2017 \$575,000	1.664 \$7.93	Near rectangular Level	City water & sewer 180.00	B 8.23

Section 3 – Whole Property Value

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	2600 Block N. State Highway 336	S Cage at Lauck Street	SH 336 S/FM 3072	9600 N 10th Street	1401 E. Nolana	N. 10th & Wisconsin (NWC)
City	Hidalgo	Pharr	McAllen	McAllen	McAllen	McAllen
County	Hidalgo	Hidalgo	Hidalgo	Hidalgo	Hidalgo	Hidalgo
Date	2/18/2019	2/7/2019	7/12/2018	11/28/2017	7/6/2017	8/26/2016
Price		\$260,000	\$475,000	\$1,530,000	\$575,000	\$4,850,000
Price Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Price	\$0	\$260,000	\$475,000	\$1,530,000	\$575,000	\$4,850,000
Land SF	240,451	67,309	73,364	203,861	72,466	614,196
Land SF Unit Price	\$0.00	\$3.86	\$6.47	\$7.51	\$7.93	\$7.90
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%	Fee Simple 0.0%
Financing	Cash	Cash 0.0%	Bank 0.0%	Cash 0.0%	Cash 0.0%	Bank 0.0%
Conditions of Sale	Normal	Normal 0.0%	Normal 0.0%	Normal 0.0%	Arms Length 0.0%	Normal 0.0%
Adjusted Land SF Unit Price		\$3.86	\$6.47	\$7.51	\$7.93	\$7.90
Market Trends Through	2/18/2019 0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Location/Access	2600 Block N. State Highway 336	Subject is Superior	Similar	Subject is Inferior	Subject is Inferior	Subject is Inferior
% Adjustment		20%	0%	-10%	-10%	-20%
\$ Adjustment		\$0.77	\$0.00	-\$0.75	-\$0.79	-\$1.58
Acres	5.520	1.545	1.684	4.680	1.664	14.100
% Adjustment		-10%	-10%	0%	-10%	5%
\$ Adjustment		-\$0.39	-\$0.65	\$0.00	-\$0.79	\$0.39
Flood Zone	Zone B or X-500	X500 Zone	X500	Zone A	B	Zone X
% Adjustment		0%	0%	5%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.38	\$0.00	\$0.00
Shape	Rectangular	"L"	Rectangular	Rectangular	Near rectangular	Near rectangular
% Adjustment		20%	0%	0%	0%	0%
\$ Adjustment		\$0.77	\$0.00	\$0.00	\$0.00	\$0.00
Depth	707.0	400.1	331.7	291.0	362.0	1,219.3
% Adjustment		-10%	-10%	-10%	-10%	10%
\$ Adjustment		-\$0.39	-\$0.65	-\$0.75	-\$0.79	\$0.79
Utilities	electric, water, sewer,	Full City	Water, Septic sewer, electric	Water, sewer	City water & sewer	Water
% Adjustment		0%	10%	0%	0%	5%
\$ Adjustment		\$0.00	\$0.65	\$0.00	\$0.00	\$0.39
Corner Influence	SH 336 & Arena Not constructed	S. Cage & Lauck	SH 336 S/FM 3072	N 10th, Hobbs, Northgate	Nolana & N. "M"	N. 10th & Auburn
% Adjustment		-10%	-10%	-10%	-10%	-10%
\$ Adjustment		-\$0.39	-\$0.65	-\$0.75	-\$0.79	-\$0.79
Adjusted Land SF Unit Price		\$4.25	\$5.18	\$5.63	\$4.76	\$7.11
Net Adjustments		10.0%	-20.0%	-25.0%	-40.0%	-10.0%
Gross Adjustments		70.0%	40.0%	35.0%	40.0%	50.0%



COMPARABLE DATA SUPPLEMENT

District: Pharr
County: Hidalgo

Parcel No.: 3
ROW CSJ: SH 336 to McColl Road

Highway: US 77/83 South Parallel Corridor

Land Sale 1

Improved Sale

Rental Data

COMPARABLE DATA SUPPLEMENT FOR LAND SALE #1 PLEASE REFER TO THE FOLLOWING PAGES FOR THE COMPARABLE SALES

Grantor/Lessor:

Grantee/Lessee:

Date:

Recording Information:

Key Map:

Address:

Zip Code:

Legal Description:

Confirmed Price \$:

Verified with:

Terms and Conditions of Sale:

Rental Data:

Land Size:

Unit Price as Vacant \$:

Type Street:

Utilities:

Improvement(s) Description:

Improvement(s) Size: (GBA) (NRA)

Unit Price as Improved \$:

Condition and Functional Design:

Current Use:

Highest & Best Use:

Date of Inspection: March 29, 2019 and other dates

Zoning:

Flood Plain:

Attach additional information as necessary.

Appraiser: John H. Malcom, Jr, MAI, CCIM, SR/WA
(Typed, not signed)

Date March 29, 2019

Land Comparable 1



Transaction

ID	2102	Date	2/7/2019
Address	S Cage at Lauck Street	Price	\$260,000
City	Pharr	Price per Land SF	\$3.86
County	Hidalgo	Financing	Cash
Tax ID	D1753-00-000-0002-00	Property Rights	Fee Simple
Grantor	Selegna Investments, LLC, a Texas Limited Liability Corporation	Days on Market	64
Grantee	Juvera Properties, LTD, LLP	Verification Source	Broker - H Guerra
Legal Description	Lot Two (2), De Alba Subdivision an addition to the City of Pharr, Hidalgo County, Texas, as per map or plat recorded under Document Number 2640819, Map Records of Hidalgo County, Texas.		

Site

Acres	1.545	Topography	Level
Land SF	67,309	Zoning	Commercial
Highest & Best Use	Commercial	Flood Zone	X500 Zone
Road Frontage	80	Encumbrance or Easement	No adverse
Utilities	Full City	Highest & Best Use	Commercial
Shape	"L"		

Comments

The sale is located on Cage Boulevard at Lauck Avenue, Pharr. It has 80' of frontage along Cage, 400' along Lauck Avenue and an additional 168' along Leslie Avenue. The selling broker said that the purchaser owned the apartments to the west and that he was going to build more on this tract and maybe some commercial along the Cage frontage.

Land Comparable 2



Transaction			
ID	2105	Date	7/12/2018
Address	SH 336 S/FM 3072	Price	\$475,000
City	McAllen	Price per Land SF	\$6.47
County	Hidalgo	Financing	Bank
Tax ID	L3361-01-000-001A-00	Property Rights	Fee Simple
Grantor	RTE Investments, LLC, a Texas limited liability partnership	Days on Market	Unknown
Grantee	Vantage Ventures, LTD, a Texas limited partnership	Verification Source	Grantor - T. Tudor
Legal Description	Lot One (1), Las Palmas Industrial Park, Phase I, an addition to the City of McAllen, Hidalgo County, Texas, as per map or plat thereof recorded under Instrument No. 2902049, Map Records of Hidalgo County, Texas		

Site			
Acres	1.684	Topography	Level
Land SF	73,364	Zoning	Industrial
Highest & Best Use	Commercial	Flood Zone	X500
Road Frontage	152	Encumbrance or Easement	No adverse
Utilities	Water, Septic sewer, electric	Highest & Best Use	Commercial
Shape	Rectangular		

Comments
 The sale is located along the east side of 10th St/SH-336, 1.22 mile south of FM-1016, McAllen. Financing was by a \$1,808,192 loan from Texas Regional Bank of which \$349,500 represented a portion of the selling price. Grantor said that there is no sewer service yet. Disposal is by septic system although the subdivision has infrastructure in place awaiting the arrival of city sewer from McAllen. The utilities department indicated extension of sewer could be in 2020.

Land Comparable 3



Transaction			
ID	1940	Date	11/28/2017
Address	9600 N 10th Street	Price	\$1,530,000
City	McAllen	Price per Land SF	\$7.51
County	Hidalgo	Financing	Cash
Tax ID	E2300-00-001-0006-01	Property Rights	Fee Simple
Grantor	Irma L. Salinas, a single woman, Alberto L. Salinas, a married man	Days on Market	1241
Grantee	Navy Army Community Credit Union	Verification Source	Seller - A. Salinas
Legal Description	A tract of land containing 5.27 acres, situated in Hidalgo County, Texas and also being a part or portion of Lot 6, Ebony Heights Citrus Groves Unit No. One, map reference: Volume 5, Page 39, H.C.M.R.. (A metes and bounds description is contained in the appraisers files)		

Site			
Acres	4.680	Topography	Near level
Land SF	203,861	Zoning	Commercial
Highest & Best Use	Commercial	Flood Zone	Zone A
Road Frontage	737.22	Encumbrance or Easement	No adverse
Utilities	Water, sewer	Highest & Best Use	Commercial
Shape	Rectangular		

Comments

The property is located along the east side of North 10th Street and extends from Hobbs Drive to Northgate Lane in McAllen, Hidalgo County, Texas. The tract is rectangularly shaped with 698.2 feet of frontage along North 10th Street and a depth of 291.8 feet along Northgate Lane and 291.53 feet along Hobbs Drive. The net land area after deducting existing road right of way is 4.68 acres. Utilities include water, sewer, electric, and phone. Financing was cash. The property was on the market for more than 3 years at a price of \$1,700,000. The City of McAllen was in the process of acquiring utility easements to connect sewer service between Northgate Drive and Wisconsin Road at the time of sale. In this area, a median separates the north and south bound traffic along North Tenth Street. A cross over is provided at the intersections of 10th Street with Northgate Lane which is a signalized intersection. The next crossover from north to south is 0.2 miles north of Hobbs Drive. The seller said the buyer's plans are to use the south 1/2 as a bank/credit union office and to hold the north 1/2 for a serious buyer or maybe develop the site.

Land Comparable 4



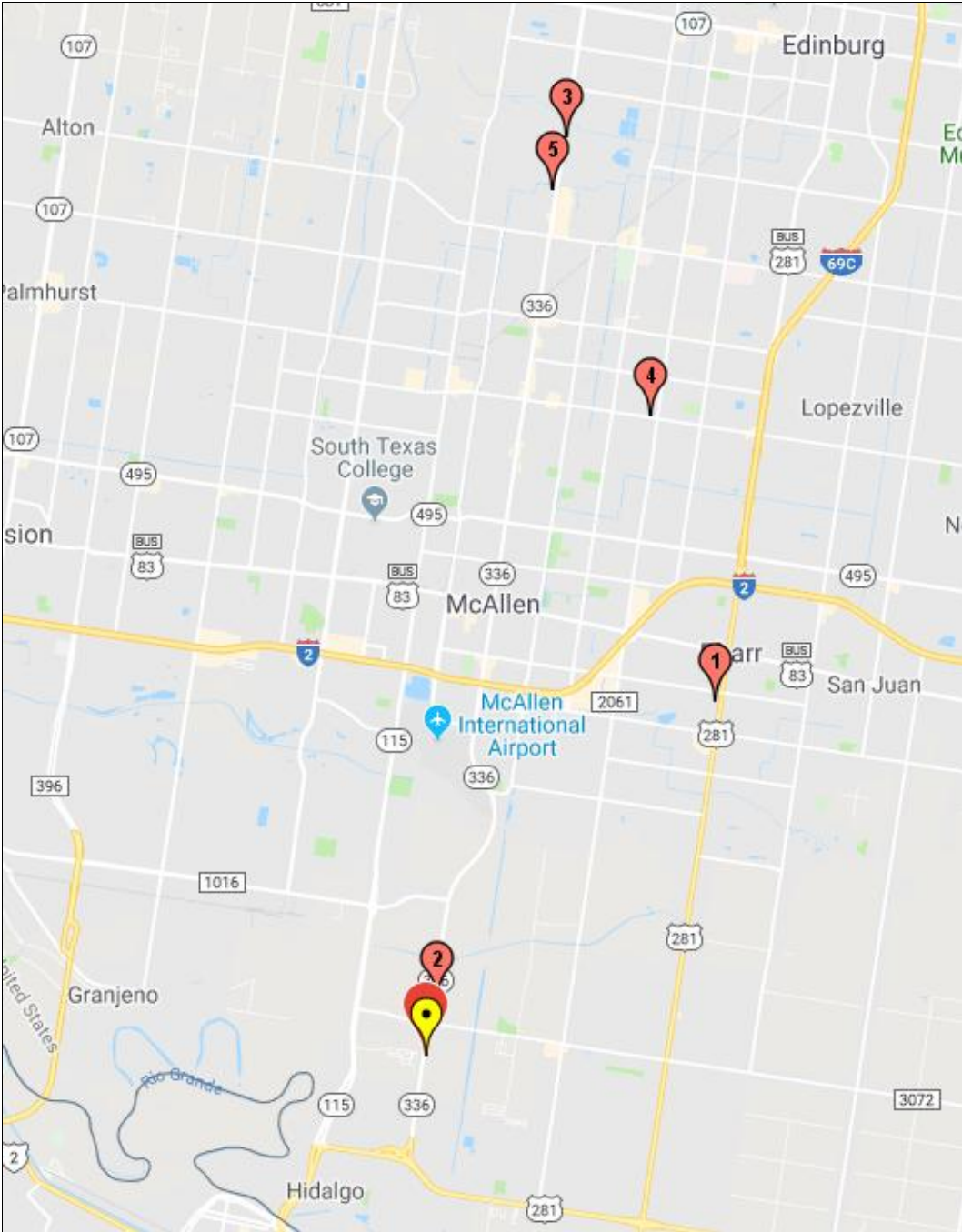
Transaction			
ID	1974	Date	7/6/2017
Address	1401 E. Nolana	Price	\$575,000
City	McAllen	Price per Land SF	\$7.93
County	Hidalgo	Financing	Cash
Tax ID	I2057-01-000-0031-00	Property Rights	Fee Simple
Grantor	JCJI Ltd	Days on Market	Unknown
Grantee	Viva La Paz LLC	Verification Source	Broker Assistant - Vickie
Legal Description	Lot 31, Igoa Business Park, McAllen, Hidalgo County, Texas.		

Site			
Acres	1.664	Topography	Level
Land SF	72,466	Zoning	Commercial
Highest & Best Use	Commercial	Flood Zone	B
Road Frontage	180	Encumbrance or Easement	No adverse noted
Utilities	City water & sewer	Highest & Best Use	Commercial
Shape	Near rectangular		

Comments

This sale is located along the northeast corner of Nolana Loop and North M Street in eastern McAllen. This is a developing area with newer commercial and residential developments noted. This lot is located in a developed subdivision with paved alleys on the north and east sides. It has an approved drainage plan that is held in common with other owners of lots in the subdivision. Lot lines extend to the center of the alley on the north and east but not into the road right of way. Overall dimensions are 201.34' (east/west) and 362.0' (north/south). Typical utility easements are located along the perimeter of the site.

Comparable Sales Map – Whole Property



Analysis Grid

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Sales Price Adjustment
- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

Explanation of Adjustments with Reconciliation:

Price Adjustment

Price adjustment relates to characteristics of the comparable sale that will be excluded before applying adjustments in the comparison grid. This can include required expenditures before or after purchase or improvements that will be added or deducted before calculating land value. No price adjustment is included for the comparable sales.

Property Rights

All comparable sales were conveyed based on a fee simple surface estate subject to conventional existing easements. No adjustment is required for property rights conveyed.

Financing

All of the comparable sales are cash equivalent sales. The sales include three cash sales and two sales purchased with bank financing. No adjustment is included for financing terms.

Conditions of Sale

All sales are arm's length, third party transactions. No adjustment is included for conditions of sale.

Economic Trends

The comparable land sales were conveyed between August 2016 and February 2019. The date of the current appraisal is February 2019. The real estate market in this area appears to be stable. Sales volume appears to be increasing although no increase in unit value has been observed. Economic trends do not support a change in market conditions for the period covered by the comparable sales.

Location and Access

The appraised property is located along SH 336 at the extension of Arena Drive and across from the State Farm Arena in the City of Hidalgo. Comparable sales have been selected in competing areas of McAllen, Hidalgo, and Pharr.

The comparable sales are adjusted to reflect differences in location and access with a range of adjustment from 20% to -20%. A minus adjustment indicates that the subject property is inferior for location in comparison to the comparable. A plus adjustment indicates the subject is superior for location.

Size

The element of size is considered to be a necessary adjustment in this market area. The land areas for the comparable sales range from 1.545 acres to 14.10 acres while the land area for the subject is 5.520 acres. The size adjustment is based on the observation that smaller sized tracts generally command higher unit values than otherwise similar, larger tracts. The size adjustment will be based on a doubling method utilizing an adjustment of approximately 5% for each doubling or halving in size. Size adjustments range from 5% for sale #5 to -10% for land sales #1, 2 and 4.

Physical Characteristics

The remaining adjustments to consider under physical characteristics include the elements of flood zone, tract shape, depth, utilities, and corner influence. The subject property is located within a Zone B or X-500 area. Land sale #3 is located in Zone A which is a special flood hazard area. Since property has been successfully developed in this area for properties in the same flood zone, a nominal adjustment of 5% is included for this sale. The remaining sales are located in Zone x or X-500 or equivalent zones and no adjustment is required for these sales.

Tract shape for the subject is rectangular. Land sale #1 is irregular in shape and the subject is superior. Sale 1 is adjusted upward in the comparison grid. The remaining sales are similar in shape with no adjustment required.

Depth for the subject property is approximately 707.00 feet and depth for the comparable sales ranges from 291.0' to 1,219.3'. Land sales #1- 4 have significantly less depth and the appraised property is inferior. Land sale #5 has significantly greater depth and is adjusted upward in the comparison grid.

The appraised property has access to water, sewer and electric service. Utility availability for land sales #1, 3, and 4 is similar with no adjustment required. Land sale #2 was developed with infrastructure for sewer service but it was not available at the time of sale. The McAllen utility department indicates sewer may be extended to the site in 2020. Land sale #5 is located in an area where sewer service was not yet extended but would be available in a relatively short period of time.

Corner Influence – The subject property is located along SH 336 and a dedicated but not constructed road. All of the sales have 2 or more paved road frontages. Each sales is adjusted downward for corner influence.

Sales Comparison Approach Conclusion – Land Valuation

The adjusted values of the comparable properties range from \$4.25 to \$7.11; the average is \$5.39. For this appraisal, all of the comparable sales are considered. Although all are considered, primary consideration is accorded land sales #2-5 in arriving at my final reconciled per land sf value of \$5.50. The market value for the whole property, land only, is calculated in the following table.

As Is Market Value – Land Only	
Indicated Value per Land SF:	\$5.50
Subject Size:	240,451
Indicated Value:	\$1,322,481
Rounded:	\$1,322,480
One Million Three Hundred Twenty Two Thousand Four Hundred Eighty Dollars	

COST APPROACH

Whole:

Part to be Acquired:

Remainder After:

Estimated Replacement/Reproduction Cost					
Improvement	Number of sf	\$ per sq ft	Cost New	Depreciation	Value
			\$0	\$0	\$0
			\$0	\$0	\$0
Contributory Value of the Buildings					\$0
Accessory Improvements					
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
Contributory Value of the Accessory Improvements					\$0
Site Improvements					
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
Contributory Value of the Site Improvements					\$0
Contributory Value of all Improvements					\$0
				0	\$0
				0	\$0
				0	\$0
Estimated Value by Cost Approach					\$0

Furnish sources of cost data and support for depreciation factors (physical, frnctional, and economic. Use separate page, numbered accordingly, as necessary)

N/A, the cost approach is not applicable.

INCOME APPROACH

Whole:

Part to be Acquired:

Remainder After:

Not Applicable. The income approach is not applicable and has not been included

Potential Gross Income	.....	\$		
Vacancy	%	\$			
Effective Gross Income	.....				\$
Expenses:					
Fixed Taxes	.....	\$		
Insurance	.....	\$		
Variable Management	.....	\$		
Other		\$			
		\$			
		\$			
Total Expenses	.....				\$
Net Operating Income	.....				\$
Income Capitalized @		%	.....	\$
Plus: Value of Excess Land (if any)			.....	\$
				\$	
Estimated Value by Income Approach			.....	\$

Furnish supporting information/data, justification of gross income estimates, expenses, method of capitalization and capitalization rate (Attach Comparable Rental Data Supplement and Map. Use separate page, numbered accordingly, as necessary.):

4 PART TO BE ACQUIRED & REMAINDER BEFORE

Highest and Best Use (Use separate page, numbered accordingly, as necessary): Please refer to the highest and best use discussion on the following page.

Contributory Value of Improvements (Itemized)							
Total Contributory Value of Improvements						\$	-
Fee Land	28,729.000	ac/sf	@ \$	5.50	=	\$	158,010
Encumbered land		ac/sf	@ \$		=	\$	-
Easement land		ac/sf	@ \$		=	\$	-
Total Land						\$	158,010
TOTAL VALUE AS A UNIT						\$	158,010
REMAINDER BEFORE THE ACQUISITION							
Contributory Value of Improvements (Itemized)							
Total Contributory Value of Improvements						\$	-
Fee Land	211,722.000	ac/sf	@ \$	5.50	=	\$	1,164,471
Encumbered land		ac/sf	@ \$		=	\$	-
Easement land		ac/sf	@ \$		=	\$	-
Total Land						\$	1,164,471
TOTAL VALUE AS A UNIT						\$	1,164,471

Highest and Best Use – Part to be Acquired: Highest and best use is in conjunction with the economic unit. The part to be acquired does have independent access but lacks sufficient size and suitable shape to be utilized as a separate tract. Highest and best use is as part of the economic unit of 5.52 acres.

Fee Acquisition: The appraised property includes a proposed fee acquisition of 0.6595 acres. It includes a 40' wide strip extending 707' along Arena Drive and a 30' corner cut back at the intersection of SH 336. The acquisition will be used to widen Arena Drive extending east from SH 336. There are no improvements within the part to be acquired.

The fee simple acquisition is included based on a pro rata portion of the whole property, or \$5.50/acre. The land value is included in the cost approach on the following page.

COST APPROACH

Whole:

Part to be Acquired:

Remainder After:

Estimated Replacement/Reproduction Cost - Part to be Acquired						
Improvement	Number of sf	\$ per sq ft	Cost New	Depreciation		Value
	-		\$0.00	\$0.00		\$0.00
			\$0.00	\$0.00		\$0.00
Contributory Value of the Buildings						\$0.00
Accessory Improvements						
			\$0.00	\$0.00		\$0.00
			\$0.00	\$0.00		\$0.00
			\$0.00	\$0.00		\$0.00
Contributory Value of the Accessory Improvements						\$0.00
Site Improvements						
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
Contributory Value of the Site Improvements						\$0
Contributory Value of all Improvements						\$0
				0		0
				0		0
				0		0
Estimated Value by Cost Approach						0

Furnish sources of cost data and support for depreciation factors (physical, frnctional, and economic. Use separate page, numbered accordingly, as necessary)

N/A, the Cost Approach is not applicable

5 PROPERTY VALUATION SUMMARY

Whole: Part to be Acquired: Remainder After:

HIGHEST AND BEST USE ANALYSIS: (The *Highest and Best Use* analysis should consider the reasonably probable and legal use of vacant land or improved property considering legally permissible, physically possible, financially feasible, and maximally productive. Use separate page, numbered accordingly, as necessary.)

Please refer to the Highest and Best Use discussion for the part to be acquired.

VALUATION APPROACHES							
Insert value estimate, then describe, analyze, and support each approach as required.							
Cost Approach					N/A	(Land & Imps)	
Sales Comparison Approach					\$1,270,332	(Land only)	
Income Approach					N/A		
Reconciliation of Approaches to Value: The sales comparison approach is the primary valuation method. The cost approach is included to assign a specific value to the site improvements that will be affected by the acquisition.							
	Contributory Value of Improvements (Itemized)						
	Total Contributory Value of Improvements					\$	-
Fee Land	211,722	acres/sq.ft.	@ \$	6.00	=	\$ 1,270,332	
Reconciled Final Value						\$	1,270,332

Each approach developed follows this page and is sequenced as shown below.

Land Value,	Cost Approach,	Sales Comparison Approach,	Income Approach,
pg	pg	pg N/A	pg N/A

Reconciliation – Remainder After the Taking: The remainder property includes a tract of 4.8605 acres. The remainder retains adequate size and suitable shape for commercial use.

The land sales that were utilized to value the whole property are utilized to value the remainder after the taking. The value of the land, after the taking is valued using the sales comparison approach.

SALES COMPARISON APPROACH Whole: Part to be Acquired: Remainder After:
 Land: Improved:

Please refer to the following pages for a presentation of the sales comparison approach

VALUATION GRID

Representative Comparable Sales

	Subject	Comp. No.	Comp. No.	Comp. No.
Grantor				
Grantee				
Date of Sale				
Unit Price				
Relative Location				
Financing				
Conditions of Sale				
Market Conditions				
Physical Characteristics				
	Indicated	\$	\$	\$
Estimated Unit Value				\$

Estimated Value by Sales Comparison Approach\$

Explanation of Adjustments with Reconciliation (*Attach Comparable Data Supplement and Map; use separate page, numbered accordingly, as necessary.*):

Please refer to the following pages for a presentation of the sales comparison approach.

VALUATION OF REMAINDER AFTER THE TAKING – LAND COMPONENT***SITE VALUATION – SALES COMPARISON APPROACH***

In site valuation, the Sales Comparison Method of valuation is preferred. This method calls for the comparing, weighing and relating of known land sales with the site under appraisal. Elements of comparison include property rights conveyed, financing terms, conditions of sale, date of sale, location, and physical characteristics as needed.

In the sales comparison approach, a direct comparison method of valuation will be utilized. The direct comparison will rely on abstraction or allocation of individual adjustments to reconcile differences between the appraised property and the comparable sales. Adjustments will be considered for location and various physical conditions and an adjusted value developed for comparison with the subject.

The same comparable sales that were presented to value the whole property are utilized to value the remainder after the taking. The following represents a presentation and discussion of data and resultant value conclusion for the property.

Land Comparables – Remainder Property

I have researched five comparable sales for this analysis; the same sales that were utilized to value the whole property are utilized to value the remainder left. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address	Date	Acres	Shape	Utilities	Flood Zone
Comp	City	Price	Price per Acre	Topography	Road Frontage	Distance
1	S Cage at Lauck Street Pharr	2/7/2019 \$260,000	1.55 \$168,263	"L" Level	Full City 80.00	X500 Zone 5.55
2	SH 336 S/FM 3072 McAllen	7/12/2018 \$475,000	1.68 \$282,033	Rectangular Level	Water, Septic sewer, electric 152.00	X500 0.69
3	9600 N 10th Street McAllen	11/28/2017 \$1,530,000	4.68 \$326,923	Rectangular Near level	Water, sewer 737.22	Zone A 11.26
4	1401 E. Nolana McAllen	7/6/2017 \$575,000	1.66 \$345,636	Near rectangular Level	City water & sewer 180.00	B 8.23

Comparison Grid – Remainder

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	2600 Block N. State Highway 336	S Cage at Lauck Street	SH 336 S/FM 3072	9600 N 10th Street	1401 E. Nolana	N. 10th & Wisconsin (NWC)
City	Hidalgo	Pharr	McAllen	McAllen	McAllen	McAllen
County	Hidalgo	Hidalgo	Hidalgo	Hidalgo	Hidalgo	Hidalgo
Date	2/18/2019	2/7/2019	7/12/2018	11/28/2017	7/6/2017	8/26/2016
Price		\$260,000	\$475,000	\$1,530,000	\$575,000	\$4,850,000
Price Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Price	\$0	\$260,000	\$475,000	\$1,530,000	\$575,000	\$4,850,000
Land SF	211,722	67,309	73,364	203,861	72,466	614,196
Land SF Unit Price	\$0.00	\$3.86	\$6.47	\$7.51	\$7.93	\$7.90
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple
Financing	Conventional	Cash	0.0%	Bank	0.0%	Cash
Conditions of Sale	Normal	Normal	0.0%	Normal	0.0%	Arms Length
Adjusted Land SF Unit Price		\$3.86	\$6.47	\$7.51	\$7.93	\$7.90
Market Trends Through	2/18/2019	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$3.86	\$6.47	\$7.51	\$7.93	\$7.90
Location	2600 Block N. State Highway 336	Subject is Superior	Similar	Subject is Inferior	Subject is Inferior	Subject is Inferior
% Adjustment		20%	0%	-20%	-10%	-20%
\$ Adjustment		\$0.77	\$0.00	-\$1.50	-\$0.79	-\$1.58
Acres	4.860	1.545	1.684	4.680	1.664	14.100
% Adjustment		-10%	-10%	0%	-10%	5%
\$ Adjustment		-\$0.39	-\$0.65	\$0.00	-\$0.79	\$0.39
Flood Zone	Zone B or X-500	X500 Zone	X500	Zone A	B	Zone X
% Adjustment		0%	0%	5%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.38	\$0.00	\$0.00
Shape	Slightly irregular	"L"	Rectangular	Rectangular	Near rectangular	Near rectangular
% Adjustment		20%	0%	0%	0%	0%
\$ Adjustment		\$0.77	\$0.00	\$0.00	\$0.00	\$0.00
Depth	707	400.10	331.71	291.00	362.00	1,219.27
% Adjustment		-10%	-10%	-10%	-10%	10%
\$ Adjustment		-\$0.39	-\$0.65	-\$0.75	-\$0.79	\$0.79
Utilities	electric, water, sewer,	Full City	Water, Septic sewer, electric	Water, sewer	City water & sewer	Water
% Adjustment		0%	10%	0%	0%	5%
\$ Adjustment		\$0.00	\$0.65	\$0.00	\$0.00	\$0.39
Corner Influence	SH 336 & Arena Drive	S. Cage & Lauck	SH 336 S/FM 3072	N 10th, Hobbs, Northgate	Nolana & N. "M"	N. 10th & Auburn
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Land SF Unit Price		\$4.64	\$5.83	\$5.63	\$5.55	\$7.90
Net Adjustments		20.0%	-10.0%	-25.0%	-30.0%	0.0%
Gross Adjustments		60.0%	30.0%	35.0%	30.0%	40.0%

Explanation of Adjustments – Remainder Property:

For the remainder, the same price adjustment is included for the comparable sales and the adjustment for property rights conveyed, financing terms, conditions of sale, and market conditions are unchanged.

The remainder property retains frontage, visibility, exposure, and access along SH 336 as well as Arena Drive as constructed along the north boundary. The same adjustments are utilized for differences in location for the comparable sales.

Size adjustments are included based on the same premise utilized for the before property. The flood zone is unchanged for the subject and comparable sales and the adjustment basis is the same.

The remainder property is slightly irregular in shape and includes approximately 4.8605 acres. The remainder retains adequate size and suitable shape for commercial use and included frontage along paved SH 336 and Arena Drive. Dimensions include 270' plus a 30' corner cut back along SH 336 and 707' of frontage along paved Arena Drive. Land sale #1 is irregular in shape and the subject is superior. Sale 1 is adjusted upward in the comparison grid. The remaining sales are similar in shape with no adjustment required.

The availability of utilities has not changed for the remainder property and the same adjustments are included for this element of comparison.

The extension and construction of Arena Drive has changed to corner influence for the subject. In the remainder, the subject and comparable sales are all similar for corner influence.

Sales Comparison Approach Conclusion – Remainder After

The adjusted values of the comparable properties range from \$4.64 to \$7.90; the average is \$5.91. For this appraisal, all of the comparable sales are considered in arriving at my final reconciled per acre value of \$6.00. The unit value represents the value for the fee simple interest.

Sales Comparison Approach – Land Value:

The market value for the remainder after the taking is calculated in the following table.

Land Value - Remainder After the Taking						
Fee Land	211,722.000	acres/sq.ft.	@ \$	6.00	=	\$ 1,270,332
Reconciled Final Value						\$ 1,270,332

COST APPROACH

Whole:

Part to be Acquired:

Remainder After:

Estimated Replacement/Reproduction Cost					
Improvement	Number of sf	\$ per sq ft	Cost New	Depreciation	Value
			\$0	\$0	\$0
			\$0	\$0	\$0
Contributory Value of the Buildings					\$0
Accessory Improvements					
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
Contributory Value of the Accessory Improvements					\$0
Site Improvements					
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
			\$0	\$0	\$0
Contributory Value of the Site Improvements					\$0
Contributory Value of all Improvements					\$0
0	0.709	\$34,000		24,106	\$24,106
0				0	\$0
0				0	\$0
Estimated Value by Cost Approach					\$24,106

Furnish sources of cost data and support for depreciation factors (physical, frctional, and economic. Use separate page, numbered accordingly, as necessary)

The Cost Approach is not applicable

INCOME APPROACH

Whole:

Part to be Acquired:

Remainder After:

Not applicable. The income approach is not applicable and has not been included.

Potential Gross Income	.....	\$		
Vacancy	%	\$			
Effective Gross Income	.....				\$
Expenses:					
Fixed Taxes	.....	\$		
Insurance	.....	\$		
Variable Management	.....	\$		
Other		\$			
		\$			
		\$			
Total Expenses	.....				\$
Net Operating Income	.....				\$
Income Capitalized @		%	.....	\$
Plus: Value of Excess Land (if any)			.....	\$
				\$	
Estimated Value by Income Approach			.....	\$

Furnish supporting information/data, justification of gross income estimates, expenses, method of capitalization and capitalization rate (Attach Comparable Rental Data Supplement and Map. Use separate page, numbered accordingly, as necessary.):

NA, not applicable

6 EXPLANATION OF DAMAGES (IF ANY)

The subject property is unimproved land and there are no building or site improvements. There are no damages to the remainder. The extension and construction of Arena Drive has resulted in an enhancement to the remainder. The enhancement does not offset compensation for the part to be acquired. The total compensation is summarized in the following table.

COMPENSATION SUMMARY

WHOLE PROPERTY:		
The market value of the whole property is	\$ 1,322,481	
PART TO BE ACQUIRED:		
Considered as severed land, the fee simple title to the part being acquired for highway purposes (less oil, gas and sulphur and subject to existing easements, if any, which are not to be extinguished) is		\$ 158,010
REMAINING PROPERTY:		
The value of the remainder immediately before the taking is	\$ 1,164,471	
Considering the uses to which the part taken is to be subjected to, the market value of the remainder immediately after the acquisition is	\$ 1,270,332	
NET DAMAGES OR ENHANCEMENTS, if any		-\$105,861
ACCESS:		
The lack of any access denial or the material impairment of direct access on or off the remaining property affects the market value of the remaining property in the sum of		\$0
COST TO CURE:	\$ -	
TOTAL COMPENSATION		\$ 158,010
ROUNDED TO		\$ 158,010

The total compensation includes \$158,010 for the part to be acquired. There are no damages and no cost to cure. The cost to cure is discussed on the following page.

Cost to Cure: The cost to cure is utilized to insure the property owner has sufficient compensation to restore the utility of site improvements that were affected by the acquisition. The cost to cure is calculated as the total cost to replace these items (or replace the utility of the items) less the amount included in the part to be acquired. If the cost to replace these items is more than the compensation in the part to be acquired, it is necessary to include additional compensation to replace them after the taking. This amount is the cost to cure. The acquisition and cost to cure included the following components:

Since there are no improvements, there is no cost to cure.

Cost to Cure	# Units	\$/Unit	Cost New	Paid Above	Cost to Cure
			\$0		\$0
			\$0		\$0
			\$0		\$0
Cost to Cure			\$0	\$0	\$0

7 ADDENDUM

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Professional Appraisal Services, Inc.. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Drawings and exhibits are intended to assist the client in visualizing the property; no other use is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Professional Appraisal Services, Inc.'s regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Professional Appraisal Services, Inc. has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

The appraisal of the Whole Property considered all factors willing, knowledgeable buyers and sellers would consider in negotiating the purchase price of the property except the influence of the proposed project. This exception was made under the Jurisdictional Exception provision of the Uniform Standards of Professional Appraisal Practice.

The appraisal of the Remainder considered all factors willing, knowledgeable buyers and sellers would consider in negotiating the purchase price of the property including the use to which the part taken is to be put and the effects of the condemnation but excluded the effects of all non-compensable elements.

Certification

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

- The statements of fact contained in this report are true and correct.
- 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.
- I have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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 the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- John H. Malcom, Jr. has made an inspection of the subject property.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John H. Malcom, Jr., has completed the continuing education program of the Appraisal Institute.

Respectfully submitted,



Professional Appraisal Services, Inc.
Date of Appraisal - February 18, 2019

Appraiser Qualifications

JOHN H. MALCOM JR, MAI, AI-GRS, SR/WA, CCIM

EDUCATION

College

University of Texas at Austin, B.B.A. Degree Finance

Southwest Texas State University

American Institute of Real Estate Appraisers / Appraisal
Institute

Exam 1A1- Real Estate Appraisal Principles - July 23, 1982

Exam 1A2- Basic Valuation Procedures - January 28, 1983

Exam I410- Standards of Professional Practice, Part A - March 20, 1997

Exam I420- Standards of Professional Practice, Part B - March 22, 1997

Exam 430 - Standards of Professional Practice, Part C - September 17, 2002

Exam 1B-A Capitalization Theory and Techniques Part A - June 08, 1985

Exam 1B-B Capitalization Theory and Techniques Part B - June 15, 1985

Exam 3 - Rural Valuation - March 17, 1986

Exam 2-1 Case Studies - September 26, 1987

Exam 2-2 Report Writing Valuation & Analysis - October 3, 1987

Comprehensive Examination - Passed February 13, 1989

Commercial Investment Real Estate Institute

Exam CI 101 - Fundamentals Real Estate Investment & Taxation - October 4, 1991

Exam CI 201 - Market Analysis for Commercial Real Estate - June 12, 1992

Exam CI 301 - Decision Analysis for Commercial Real Estate - August 7, 1992

Exam CI 402 - Essentials of Marketing Commercial Property & Services - 9/23/1995

Comprehensive Examination - Passed January 28, 1993

International Right of Way Association

Course 100 - Principles of Land Acquisition - 1998

Course 103 - Ethics and the Right of Way Profession - 2000

Course 214 - Skills of Expert Testimony - 2000

Course 401 - Appraisal of Partial Acquisitions - 1999

Course 800 - Principles of Real Estate Law - 2001

Course 803 - Eminent Domain Law Basics / Right of Way Professionals - 2014

Course 900 - Principles of Real Estate Engineering - 2000

Course 215 - Pipeline Right of Way Agents Development Program - Section - Completed October 18, 2001



PROFESSIONAL AFFILIATIONS

Member National Association of Realtors

Member Texas Association of Realtors

Member Greater McAllen Association of Realtors

Licensed Real Estate Broker State of Texas, #305134

Member Appraisal Institute, MAI Certificate #8467, AI-GRS awarded 6/29/2016

Texas General Real Estate Appraiser, Certificate #TX-1320239-G

Commercial Investment Real Estate Institute, CCIM Certificate #4906

Senior Member, International Right of Way Association, SR/WA - Registration #4785

PROFESSIONAL EXPERIENCE: 1981 to Present - Real estate appraiser Professional Appraisal Service, Inc., Rio Grande Valley and South Texas. Experience includes appraisals of single and multi-family residential units, residential & office condominiums, office buildings, retail centers, motels, country clubs and golf courses, marinas, mobile home and recreational vehicle parks, warehouses, packing sheds, unimproved land, farms, ranches, grain elevators, residential, commercial, and industrial subdivisions, right-of-way appraisals, appraisals of partial interests (leased fee, sandwich leases, and leasehold estates). Qualified as expert witness for court testimony. Primary practice area is in right of way appraisal and appraisal review.

1977 - 1981 Account executive with New York Stock Exchange member of Rotan Mosle in McAllen, Texas. Responsible for investment analysis and portfolio management for individual clients.

CONTINUING EDUCATION - SEMINARS

2011 Real Estate Appraisal Operations - Online

2011 Data Verification Methods - Online

2011 Cool Tools: New Technology for Real Estate Appraisers - Online

2013 Comparative Analysis – 7 hours online

2013 Subdivision Valuation – 7 hours online

2013 Forecasting Revenue – 7 hours online

2013 Introduction to Green Buildings: Concepts and Principles

2013 Residential and Commercial Valuation of Solar

2013 Business Practices & Ethics

2015 Review Theory General – 10/26/15 – 10/30/15

2016-2017 National USPAP Update Course – 7 hours

Contact Letter

PROFESSIONAL APPRAISAL
 REAL ESTATE APPRAISERS - CONSULTANTS
 P.O. BOX 3722
 McALLEN, TEXAS 78504
 TELEPHONE (956) 687-5100

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 Adult Signature Restricted Delivery \$0.00

Postage \$0.70

Total \$7.00

Arnoldo Garza
 101 Pelican Ave
 McAllen, TX 78504-1920

02/01/2019

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

November XX, 2018

Arnoldo Garza
 101 Pelican Ave
 McAllen, TX 78504-1920

RE: Arena Drive/Las Milpas Road Extension Project, Parcel #3

Dear Mr. Garza:

I have been selected by Hidalgo County Precinct #2 to prepare an appraisal of the above referenced property.

In order to prepare the appraisal, I am requesting permission to enter your property for the purpose of observing, measuring, and photographing the property. I would also like to offer you the opportunity to meet with me to discuss your property during the site visit. I would like to make a physical inspection of your property on either Monday or Tuesday (February 11 or 12, 2019).

My site observations will be for the purpose of estimating the compensation for the acquisition of the subject property. As part of the appraisal process, it is necessary to research the market for current sales of property in the immediate area. If you know of any recent property sales please let me know and I will attempt to research the information. If your property is currently rented, leased, or subject to a contract for sale, please let me know so that I can make the appropriate contacts for an inspection and valuation of the property.

Questions regarding construction directed to Jaime Cruz at 956-687-5100

Sincerely,

John H. Malcom, Jr.
 John H. Malcom, Jr, MAI, AI-G
 Texas General Real Estate Appraiser
 Certificate-#TX-1320239-G

SENDER - COMPLETE THIS SECTION

1. Article Addressed to:
 Arnoldo Garza
 101 Pelican Ave
 McAllen, TX 78504-1920

2. Article Number (Transfer from service label)
 7018 0360 0001 7104 7887

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Luis H. Trevino* Agent

B. Received by (Printed Name) C-Date of Delivery
 Luis H. Trevino 02-12-19

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Adult Signature
 Adult Signature Restricted Delivery
 Certified Mail®
 Certified Mail Restricted Delivery
 Collect on Delivery
 Collect on Delivery Restricted Delivery
 Insured Mail
 Insured Mail Restricted Delivery (over \$500)

Priority Mail Express®
 Registered Mail™
 Registered Mail Restricted Delivery
 Return Receipt for Merchandise
 Signature Confirmation®
 Signature Confirmation Restricted Delivery

9590 9402 4140 8092 5714 87

PS Form 3811, 1-4-2015 PSN 7530-02-000-9047

Legal Description, Whole Property – Parcel 3

Property (including any improvements):

All of our undivided interest in and to a 5.84 acre tract of land out of the North part of Lot Two (2), Northeast 1/4, Section Two (2), HIDALGO CANAL COMPANY SUBDIVISION of Porciones 64, 65 and 66, Hidalgo County, Texas, as per map or plat thereof recorded in Volume "Q", Page 177, Deed Records, Hidalgo County, Texas, being more particularly described by metes and bounds as follows:

BEGINNING at a point on the East right-of-way line of State Highway No. 336, South 81 degrees 20 minutes 05 seconds East, 50.0 feet from the Northwest corner of Lot 2, for the Northwest corner of the following described tract of land; said point being in the center of 40 foot dedicated (not open) county road;

THENCE, with the North line of Lot 2, in said dedicated (not open) county road, South 81 degrees 20 minutes 05 seconds East, 707.0 feet to a point, for the Northeast corner hereof;

THENCE, parallel to the West line of Lot 2, South 8 degrees 39 minutes 55 seconds West, at 20.0 feet pass an iron rod on the South line of said road and at 360.0 feet an iron rod, for the Southeast corner hereof;

THENCE, parallel to the North line of Lot 2, North 81 degrees 20 minutes 05 seconds West, 707.0 feet to an iron rod on the East right-of-way line of State Highway No. 336, for the Southwest corner hereof;

THENCE, with the East line of said highway, parallel to the West line of Lot 2, North 8 degrees, 39 minutes 55 seconds East, at 340.0 feet pass an iron rod on the South line of dedicated (not open) county road and at 360.0 feet the PLACE OF BEGINNING. Containing 5.84 acres of land, more or less, of which the North 20.0 feet comprising 0.32 acre, lies in dedicated (not open) county road.

Warranty Deed
Page Two of three
8-28-02

Reservations from and Exceptions to Conveyance and Warranty:

- (1) Right of Way Easement granted by Glennweir Ringland to Hidalgo County, by instrument dated September 10, 1926, recorded in Volume 270, Page 60, Deed Records, Hidalgo County, Texas.
- (2) Statutory rights, rules, regulations, easements and liens in favor of Hidalgo County Irrigation District No. 3.
- (3) Right of Way Easement granted to Rio Grande Valley Gas Company, recorded in Volume 260, Page 398, Deed Records, Hidalgo County, Texas.
- (4) Oil and Gas Lease dated October 29, 1949, recorded in Volume 104, Page 623, and Volume 106, Page 239, Oil and Gas Records, Hidalgo County, Texas and unitized in instrument dated August 18, 1967, recorded in Volume 314, Page 112 and Volume 314, Page 119, Oil and Gas Records, Hidalgo County, Texas.
- (5) Oil and Gas Lease dated September 21, 1981, recorded in Volume 408, Page 270, dated January 5, 1982, recorded in Volume 411, Page 119, and dated June 21, 1984, recorded in Volume 2002, Page 765, Oil and Gas Records, Hidalgo County, Texas.
- (6) Taxes for the year 2002 and subsequent years, and subsequent assessments for prior years due to change in land usage or ownership.