



REAL ESTATE APPRAISAL REPORT TEXAS DEPARTMENT OF TRANSPORTATION

Address of Property: Interior Tract, South of Expressway 83,
East of Business 83, Penitas, Texas. District: 21

Property Owner: Tress Enterprises, Inc. ROW CSJ: N/A

Address of Property Owner: 2013 VW CT, McAllen, Texas
78504 Parcel: N/A

Occupant's Name: Vacant Federal Project No: N/A

Whole: Partial: Acquisition Highway: South Basin
Detention Project 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 \$5,897,640 as of May 17, 2019, based upon my independent appraisal and the exercise of my professional judgment; on May 17, 2019, (date)(s), I personally inspected in the field the property herein appraised; I afforded Tress Enterprises, Inc., the property owner or the representative (s) of the property owner, the opportunity to accompany me at the time of the original inspection. The comparables relied upon in making said appraisal were as represented by the photographs contained in the appraisal report and were inspected on May 15, 2019, I have not revealed and will not reveal the findings and results of such appraisal to anyone other than the proper officials of the County of Hidalgo Drainage District, 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; and, 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 of the parcel? No (yes or no)
2. If so, is the denial of direct access material? N/A (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 \$0.00.

I certify to the best of my knowledge and belief that 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, unbiased professional analyses, opinions and conclusions; 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; and, 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 non-compensable 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 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

Leonel Garza III

Certification Number

General Real Estate Appraiser – TX 1328375 G

Date: May 19, 2019

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



CERTIFICATE OF APPRAISAL

This appraisal report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. The subject property was analyzed utilizing the Sales Comparison Approach. This is further explained within each section of the appraisal report.

CLIENT & INTENDED USER

The client for this report is identified as the Hidalgo County Drainage District No. 1 under the direction Raul Sesin, Director located at 902 Doolittle Road, Edinburg, Texas. The intended use of the report is to assist Hidalgo County Drainage District in the determination of the current Fair Market Valuation of the existing water detention facility known as the South Detention Basin. This report is not intended for any other use, unless specified by the client. The client has specified that the report shall be an appraisal report, which is to conform to the ROW A-6 Form Rev. 11/2011. The intended user of the report is defined as the Hidalgo County Drainage District No. 1 and Hidalgo County and may include other governmental entities that may be participating in the project.

SCOPE OF THE ASSIGNMENT

By email confirmation from Director Raul Sesin to proceed with the assignment on May 14, 2019, the Hidalgo County Drainage District No. 1, requested that Leonel Garza Jr. & Associates LLC prepare an appraisal report of the South Detention Basin. The scope of the assignment is to appraise the area as fee simple in its present "as is condition" subject to governmental regulation, and in terms of a cash transaction. In addition, the scope requires the appraiser to make the extraordinary assumption that the subject property is free from contamination, which could affect the overall market value. The scope of the assignment requires that comparable market sales within the area be identified and analyzed for comparability and reliability in determining the estimated market value of the subject property. The sales have been collected, confirmed and analyzed with respect to comparability to the subject property. These comparable sales were gathered through various sources, which included the Multiple Listing Service, local Realtors & Brokers, Real Estate Appraisers, and conversations with various owners along the project. Listings surrounding the project and the surrounding market area were also reviewed in order to determine the current market asking prices for properties along the project. The appraisal report shall indicate the current market value of the subject property as of the date of on-site and/or off-site inspection without project influence, as required by the scope of the assignment. The inspection is limited by the permission granted by the subject property owner as of the date of report.

PURPOSE OF THE APPRAISAL

This appraisal is prepared for the purpose of estimating the current market value of the fee simple estate of the subject property as a whole in order to determine the Fair Market Value of the South Detention Basin to include the value of the site improvements constructed on-site. This appraisal does not include any enhancement in value resulting from items of intangible personal property such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases (mineral and/or ground leases), or operating agreements and project influence (if any exist).

PROPERTY RIGHTS APPRAISED

The property rights being appraised in this report consist of the fee simple estate of the subject property. Fee Simple Estate is defined by the Dictionary of Real Estate Appraisal, 5th Edition, by the Appraisal Institute as being: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." As per scope of the assignment, this is the manner of which the subject property shall be appraised for purposes of this report.

ACCESSIBILITY

As per scope of the assignment, the subject property shall be inspected in order to verify any and all improvements to be included in the body of the report.

LEGAL DESCRIPTION

Being a 75.03 acre tract of land out of a Portion of the Tract 377, Los Ejidos de Reynosa Viejo Grant, Hidalgo County, Texas, Recorded in Volume 7, Page 5-8, of the Map Records, Hidalgo County Texas, Conveyed by Assumption Warranty Deed, Dated October 5, 2005, To Tress Enterprises as Described in Document No. 1440286.

PROPERTY TAX DATA

During the analysis of the subject property, the real property tax information was gathered from the Hidalgo County Appraisal District. The district office is located at 4405 S. Professional Drive in Edinburg, Texas. The following information was verified as per the date of this report thru the districts web site www.hidalgoad.org, which is updated regularly. According to the Hidalgo County Tax Office located at 2804 S. US Highway 281, Edinburg, Texas (956) 318-2157, www.co.hidalgo.tx.us, the subject property does appear to be current with property tax payments. It is noted that the Hidalgo County Appraisal District is currently reviewing and re-assessing property values for Year 2019 as of the date of this report. As such the indicated assessed value may be subject to change as per date of this appraiser due to either, a protest filed on the account and or a change indicated by the appraisal district.

HIDALGO COUNTY APPRAISAL DISTRICT			
TAX IDENTIFICATION No.	689895	APPRAISAL DISTRICT	0.000000
OWNER OF RECORD	Hidalgo County	CITY OF PENITAS	0.556200
LAND AREA	75.00 Acres	DRAINAGE DISTRICT #1	0.095100
LAND ASSESSEMENT	\$ 900,000	HIDALGO COUNTY	0.580000
IMPROVEMENT ASSESSEMENT	\$ -	COUNT-TRANSPORTATION REINVESTMENT ZONE # 2	0.000000
TOTAL ASSESSED VALUE	\$ 900,000	SOUTH TEXAS COMMUNITY COLLEGE	0.178000
HCAD LAND UNIT RATE	\$ 12,000 / Acre	ROAD DISTRICT 01	0.000000
		LA JOYA INDEPENDENT SCHOOL DISTRICT	1.311000
		SOUTH TEXAS SCHOOL	0.049200
		TAX RATE	2.769500

GENERAL SITE ASSESSMENT

This appraiser has made an on-site inspection of the subject property, and no obvious adverse environmental concerns or potentially hazardous materials were observed. This appraiser is not qualified to make a detailed environmental study and highly recommends that an inspection be made by a qualified environmental engineer if any environmental concerns exist. Leonel Garza Jr. & Associates LLC has performed this appraisal report under the hypothetical condition and extraordinary assumption that the subject property has not experienced any adverse environmental concerns which may influence its marketability and or value. Two gas line easements due traverse the subject property, however, for the overall subjects highest and best use, they do not affect market value nor inhibit the construction of the South Detention Basin.

UTILITY SERVICES

The subject property is located in a region which contains potable water, water wells, gas wells and or pipelines, electricity, and phone service, which is typical of the market area. Sewer service is limited and is available for those tracts located within the City limits of Penitas, Texas. This was verified with the Agua Special Utility District.

PERSONAL PROPERTY

As per scope of the assignment, no personal property located within the subject property shall be included in the valuation. Only site improvements included for the development of the South Detention Basin is included.

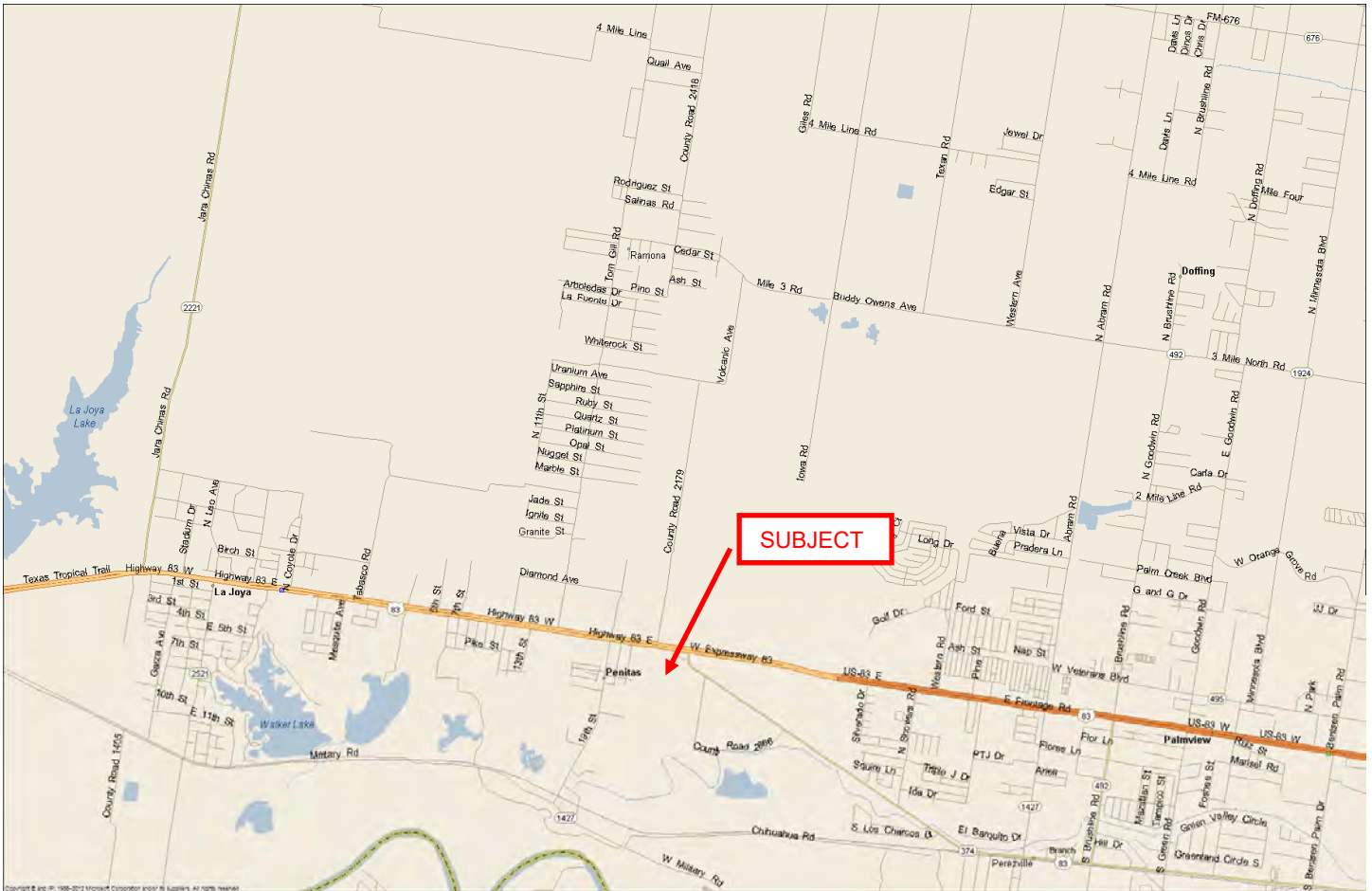
LISTING STATUS

Based on the off-site inspection of the subject property no visible "For Sale" signs were located on-site indicated the subject property listed for sale. Additional research was conducted with local Realtor's® Multiple Listing Services and the subject property was not listed.

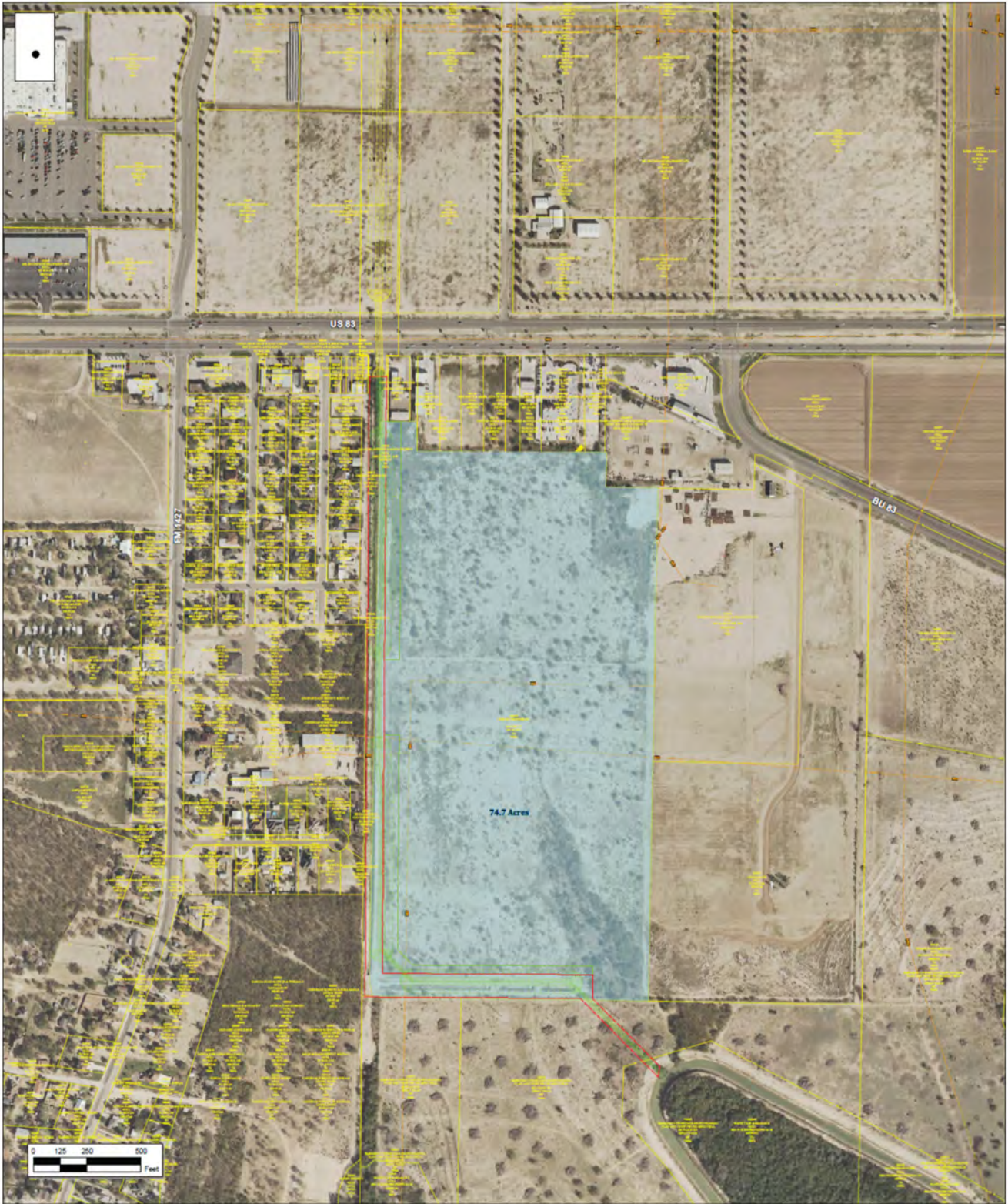
EXPOSURE TIME

Exposure time is defined as the "length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Based on research performed within the market area, an indicated twelve (12) to eighteen (18) months exposure time is indicated for the subject property. This was estimated based on current and past listings located within the market area which were reviewed during our sales search for comparables similar to the subject property.

LOCATION MAP



AERIAL OF SOUTH DETENTION BASIN (SHADED)

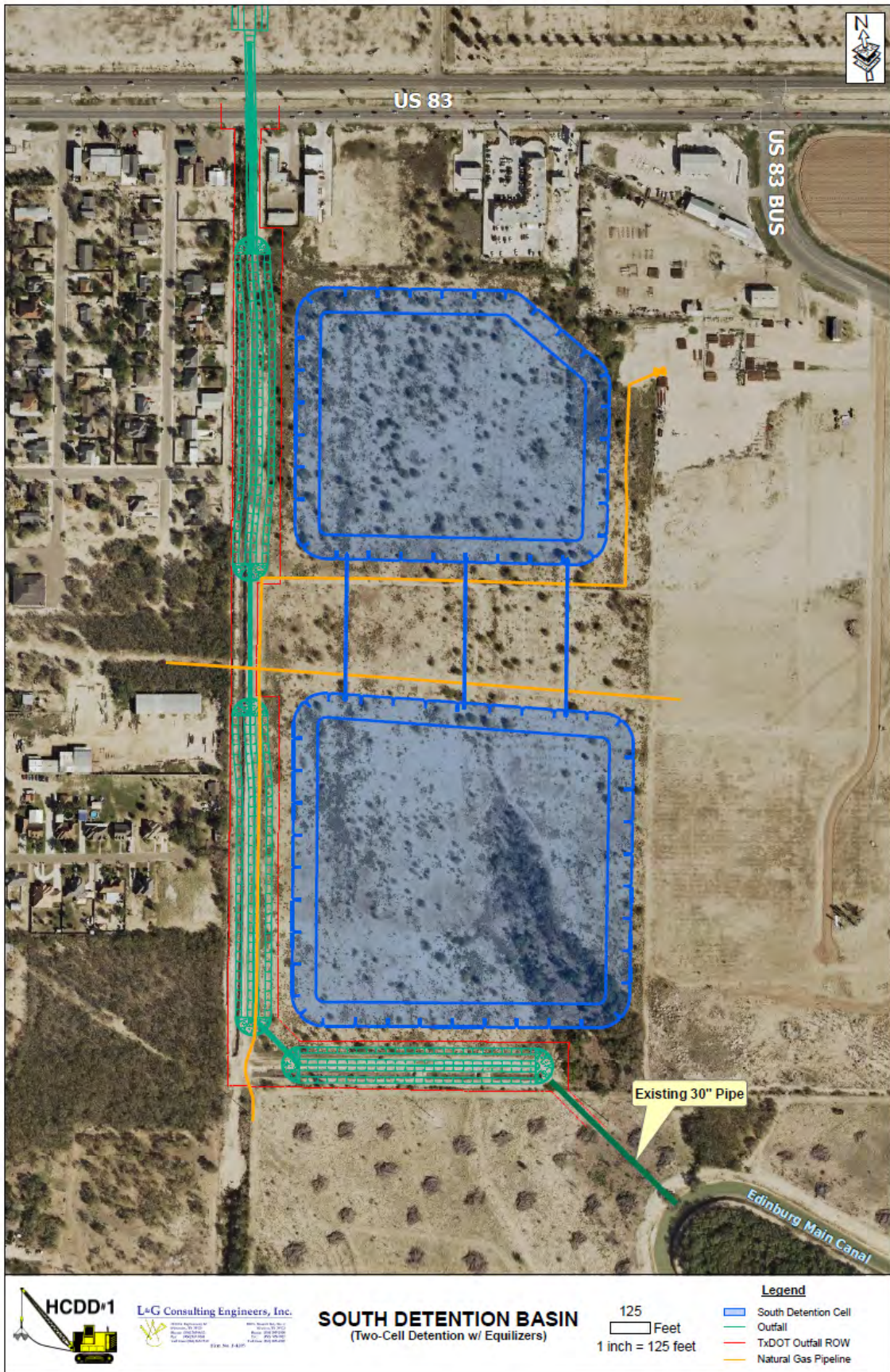


PENITAS BASIN SOUTH PIT EXHIBIT



400 S. Stewart Rd., Ste. 3
McAllen, TX 78572
Phone: (956) 348-1909
Fax: (956) 348-1927
Toll Free: (866) 385-1909

PROPOSED SOUTH DETENTION BASIN PROJECT SCHEMATIC



L+G Consulting Engineers, Inc.
 10000 Katy Road, Suite 100
 Houston, TX 77054
 Phone: (281) 416-1000
 Fax: (281) 416-1001
 www.lgce.com

SOUTH DETENTION BASIN
 (Two-Cell Detention w/ Equilizers)

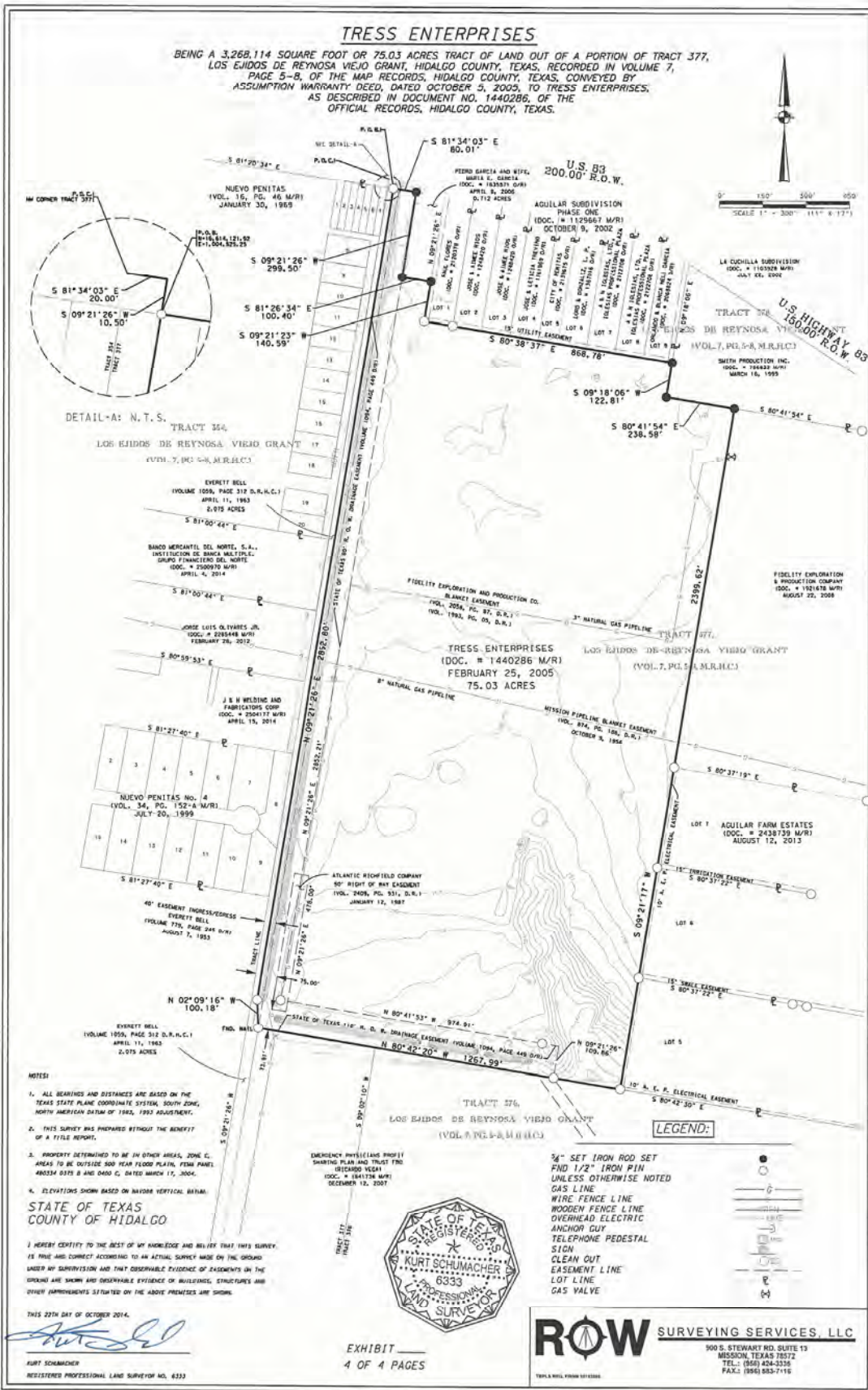
125 Feet
 1 inch = 125 feet

- Legend**
- ▭ South Detention Cell
 - ▭ Outfall
 - ▭ TxDOT Outfall ROW
 - ▭ Natural Gas Pipeline

SURVEY OF SUBJECT

TRESS ENTERPRISES

BEING A 3,268,114 SQUARE FOOT OR 75.03 ACRES TRACT OF LAND OUT OF A PORTION OF TRACT 377, LOS EJIDOS DE REYNOSA VIEJO GRANT, HIDALGO COUNTY, TEXAS, RECORDED IN VOLUME 7, PAGE 5-B, OF THE MAP RECORDS, HIDALGO COUNTY, TEXAS, CONVEYED BY ASSUMPTION WARRANTY DEED, DATED OCTOBER 5, 2005, TO TRESS ENTERPRISES, AS DESCRIBED IN DOCUMENT NO. 1440286, OF THE OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS.



DETAIL-A: N.T.S.
TRACT 384
LOS EJIDOS DE REYNOSA VIEJO GRANT
(VOL. 7, PG. 5-B, M.R.H.C.)

NOTES:

1. ALL BEARINGS AND DISTANCES ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE, NORTH AMERICAN DATUM OF 1983, 1983 ADJUSTMENT.
2. THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT.
3. PROPERTY DETERMINED TO BE IN OTHER AREAS, ZONE C, AREAS TO BE OUTSIDE 500 YEAR FLOOD PLAIN, FEMA PANEL 49034 0375 B AND 0400 C, DATED MARCH 17, 2004.
4. ELEVATIONS SHOWN BASED ON NAVORS VERTICAL DATUM.

STATE OF TEXAS
COUNTY OF HIDALGO

I HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF THAT THIS SURVEY IS TRUE AND CORRECT ACCORDING TO AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION AND THAT OBSERVABLE EVIDENCE OF EASEMENTS ON THE GROUND ARE SHOWN AND OBSERVABLE EVIDENCE OF BULLIES, ENCROACHMENTS AND OTHER IMPROVEMENTS SITUATED ON THE ABOVE PREMISES ARE SHOWN.

THIS 23TH DAY OF OCTOBER 2014.

Kurt Schumacher
KURT SCHUMACHER
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 6333



EXHIBIT
4 OF 4 PAGES

ROW SURVEYING SERVICES, LLC
300 S. STEWART RD., SUITE 13
MISSION, TEXAS 78172
TEL: (361) 424-3339
FAX: (361) 424-3339

PHOTOGRAPHS OF SUBJECT PROPERTY

Parcel No.: N/A

Local Address: 0.08 Mile South of US Expressway 83,
0.08 Mile West of Business 83, Penitas, Texas
Taken By: Leonel Garza III

Date Taken: May 17, 2019

Point which taken: Photo 1: Subject Property
Point which taken: Photo 2: I-2 ROW

Looking: Photo 1: Southern View
Looking: Photo 2: Southern View



Photo 1

General view of the subject property (aka Penitas South Basin Pit).



Photo 2

View of the subject's access from I-2.

Point which taken: Photo 3: I-2 ROW
Point which taken: Photo 4: I-2 ROW

Looking: Photo 3: Western View
Looking: Photo 4: Eastern View



Photo 3

Western view of I-2.



Photo 4

Eastern view of I-2.

DESCRIPTION OF PROPERTY

The subject property located south of US Expressway / Interstate 2 roadway in the City of Penitas just east of Business 83. The property is a 75.03 acre tract of land that has been developed into a drainage facility known as the South Detention Basin, which is part of a master plan drainage project by the Hidalgo County Drainage District No. 1. Municipal utilities are available and/or are in the immediate vicinity to the site, including potable water and sanitary sewer service (limited). Extension of these services is available to the property upon subdivision. The subject's overall topography is questioned as the subject elevation toward the southern portion of the property is below the base flood elevation area and is indicated to retain water during severe storms. In addition, the subject is encumbered with several easements which do affect the overall market value. These include a drainage easement along the western property boundary, owned by the State of Texas and maintained by the Texas Department of Transportation, which has been transferred to the County of Hidalgo as per date of this report. Other easements include active natural gas pipelines on the property. These lines are Natural gas pipelines (3"/6") are owned and operated by Hilcorp Energy Company as of October 1, 2014. Previous operator of said pipeline was Fidelity Exploration and Production Company. Pipeline runs from South to North paralleling drainage easement along the western property boundary and heads east before heading north again and across US Business 83 and US Highway 83. These encumbered areas shall be valued at 50% of the indicated market value as the easement holders (State of Texas and Hilcorp Energy) shall still maintain their interest after the acquisition by the County of Hidalgo.

AREA OR NEIGHBORHOOD

The subject is located south of the expressway south of the commercial development known as "Mil Encinos Development" originally created by the Bell Farms and family subsidiaries. Several commercial retail developments including a Walmart Super Center, Penitas Plaza Retail Center and a local bank located west of the subject property along Tom Gill Road and US Expressway 83 intersection. The overall market area has experienced an increase in market interest along the north side of US Expressway 83. Since the development, Walmart became the City of Penitas primary sale tax income generator and provided an increase demand for the immediate market area. Other developments are proposed within the region, which include several municipal developments including the relocation of City Hall and the Penitas Fire Department. Development has begun on the La Joya Loop project which will continue to spur development north of US Expressway 83.

SALES HISTORY

During the course of the appraisal, it was determined via the Hidalgo County Appraisal District that the subject property is being assessed under the ownership of Hidalgo County. The subject property has been under this ownership since March 1, 2016 which it was transferred from Tress Enterprises Inc. The Hidalgo County Drainage District No 1 purchased the property for the development of the South Detention Basin.

BUILDING & SITE IMPROVEMENTS

The scope of the assignment is to determine the overall Fair Market Value of said property with the proposed improvements constructed as per the Hidalgo County Drainage District No. 1. Cost analysis is based on information received from L&G Engineering and L&G Concrete of Mercedes, Texas. During the off-site inspection of the subject property, no other building improvements or other site improvements are to be included in the body of this report as per scope of the assignment. This valuation includes the other soft cost associated with the construction of the basin. Development of the basin began in 2016 and continued until 2018. According to Raul Sesin, Director of the Hidalgo County Drainage District No. 1 the basin is in full operation. Based on data provided by the drainage district, the total cost of development including soft cost are as follows:

Hidalgo County
Department of Budget Management

ANALYSIS OF SOUTH DETENTION BASIN
2015-2018

ACCOUNT ACTIVITY

10/21/2015	CO2015 Allocation	344,216.00
1/19/2016	Funding Borrowed from Pct 2 (returned during CO2016 Allocation)	2,214,409.14
7/19/2016	CO2016 Allocation - Countywide	3,000,000.00
8/16/2016	Funding transferred from Countywide	320,000.00
	Various Interdepartment Transfers from within Pct 3 accounts	15,856.70
	Total Project Funding	<u>5,894,481.84</u>
	2015	12,750.10
	2016	1,295,519.02
	2017	3360912.88
	2018	1,225,299.84
	Total Expenditures	<u>5,894,481.84</u>

Highest & Best Use

The subject property's highest and best use "as if vacant" is for a water detention facility. The highest and best use of the whole is based on several factors as defined by The Dictionary of Real Estate Appraisal, 5th Edition, by the Appraisal Institute.

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and there results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

This valuation must exclude project influence as required by Standards Rule 1-4(f) under the Jurisdictional Exception provision as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). Research was performed within the corresponding market area to determine the overall trends in the market for similar tracts located off of US Expressway 83. Due the subjects overall location, limited access, and topographical issues with drainage, the sites overall highest and best use shall be for water detention facility due to the existing Texas Department of Transportation canal system and the proximity to other adjoining drainage systems that lead directly to the Rio Grande River.

VALUATION OF PART TO BE ACQUIRED

LAND VALUATION

Representative Comparable Sales

	SUBJECT	SALE No. 1	SALE No. 2	SALE No. 3
Grantor	Tress Enterprises, Inc.	Mil Encinos Development	International Bank	First National Bank
Grantee	Hidalgo County	Villages of Penitas, LP	Mosarr LLC	Birain USA, LLC
Date of Sale	March 1, 2016	May 23, 2014	December 31, 2013	June 17, 2013
Sales Price	\$ -	\$ 400,000	\$ 4,000,000	\$ 380,000
Unit Sales Price	\$ - / Acre	\$ 40,000 / Acre	\$ 40,353 / Acre	\$ 21,481 / Acre
Conditions of Sale	Cash To Seller	Similar 0%	Similar 0%	Similar 0%
Market Conditions	Average	Similar 0%	Similar 0%	Similar 0%
Relative Location	Average	Superior / Diamond Avenue -30%	Superior North Side of US Expressway 83 -50%	Superior -20%
Corner Influence	Interior Tract	Similar 0%	Similar 0%	Similar 0%
Physical Characteristics	Rectangular	Irregular 0%	Rectangular 0%	Rectangular 0%
Topography	Conventional	Similar 0%	Similar 0%	Similar 0%
Available Utilities	Water / Electricity / Sewer	Water / Elect / Sewer 0%	Water / Elect / Sewer Nearby 5%	Water / Elect / Sewer Pending 5%
Road Frontage	Interior Tract / Limited Access. No Frontage	Diamond Avenue 0%	US Expressway 83 0%	Military Parkway, East of Conway 0%
Size of Tract	75.030 Acre	10.00 Acres -35%	99.124 Acres 0%	17.69 Acres -30%
Net Adjustments		-65%	-45%	-45%
Indicated Unit Value		\$ 14,000 / Acre	\$ 22,194 / Acre	\$ 11,815 / Acre
Unit Value of Fee Simple Area				\$ 14,100 / Acre
Unit Value of Easement Area (50% of Fee Simple Value)				\$ 7,050 / Acre

Estimated Value by Sales Comparison Approach

Land: Fee Simple	(63.852 Acres x \$14,100/Acre)	\$ 900,313
Land: Existing Easement (TxDOT)	(7.720 Acres x 7,050/Acre)	\$ 54,426
Land: Existing Easement (Gas Line)	(3.458 Acres x \$7,050/Acre)	\$ 24,379
		\$ 979,118

COMPARABLE DATA SUPPLEMENT

District: 21 Parcel No.: N/A Highway: South Detention Basin Project
 County: Hidalgo ROW CSJ: N/A

Land Sale

Improved Sale

Rental Data



Grantor/Lessor: Mil Encinos Development LTD Grantee/Lessee: Villages of Penitas LP
 Date: May 23, 2014 Recording Information: Document No. Key Map: TexMap pg 241-E5
 Address: Diamond Avenue, 0.08 Mile East of Tom Gill Road, Penitas, Texas Zip Code: 78576
 Legal Description: 10.00 Acres out of the Diamond Commercial Park Subdivision, City of Penitas, Hidalgo County, Texas
 Confirmed Price: \$400,000 Verified with: Sellers Statement – Chicago Title of Texas LLC
 Terms and Conditions of Sale: Cash To Seller
 Rental Data: N/A
 Land Size: 10.00 Acres Unit Price: \$40,000 / Acre
 Type Street: Asphalt Street – Diamond Avenue Utilities: Water, Sewer, Phone, Electricity
 Improvement(s) Description: None as of the date of sale
 Improvement(s) Size: N/A (GBA): N/A (NRA): N/A Unit Price as Improved \$: N/A
 Condition and Functional Design: N/A
 Current Use: Multifamily Development Highest & Best Use: Mixed Use Development (Multifamily)
 Date of Inspection: May 15, 2019 Zoning: Multifamily Flood Plain: Zone X
 Residential

Subject is a 10.00 acre tract of land with direct access from Diamond Avenue. Property was purchased in May 2014 for the development of a multifamily apartment complex. Site contains all municipal utilities available at the time of sale. Sale was verified with the seller via personal conversation and a copy of the Sellers Statement. This development is part of the master land use plan by Mil Encinos Development LTD.

Appraiser: Leonel Garza III
 Date: May 19, 2019



COMPARABLE DATA SUPPLEMENT

District: 21 Parcel No.: N/A Highway: South Detention Basin Project
County: Hidalgo ROW CSJ: N/A

Land Sale

Improved Sale

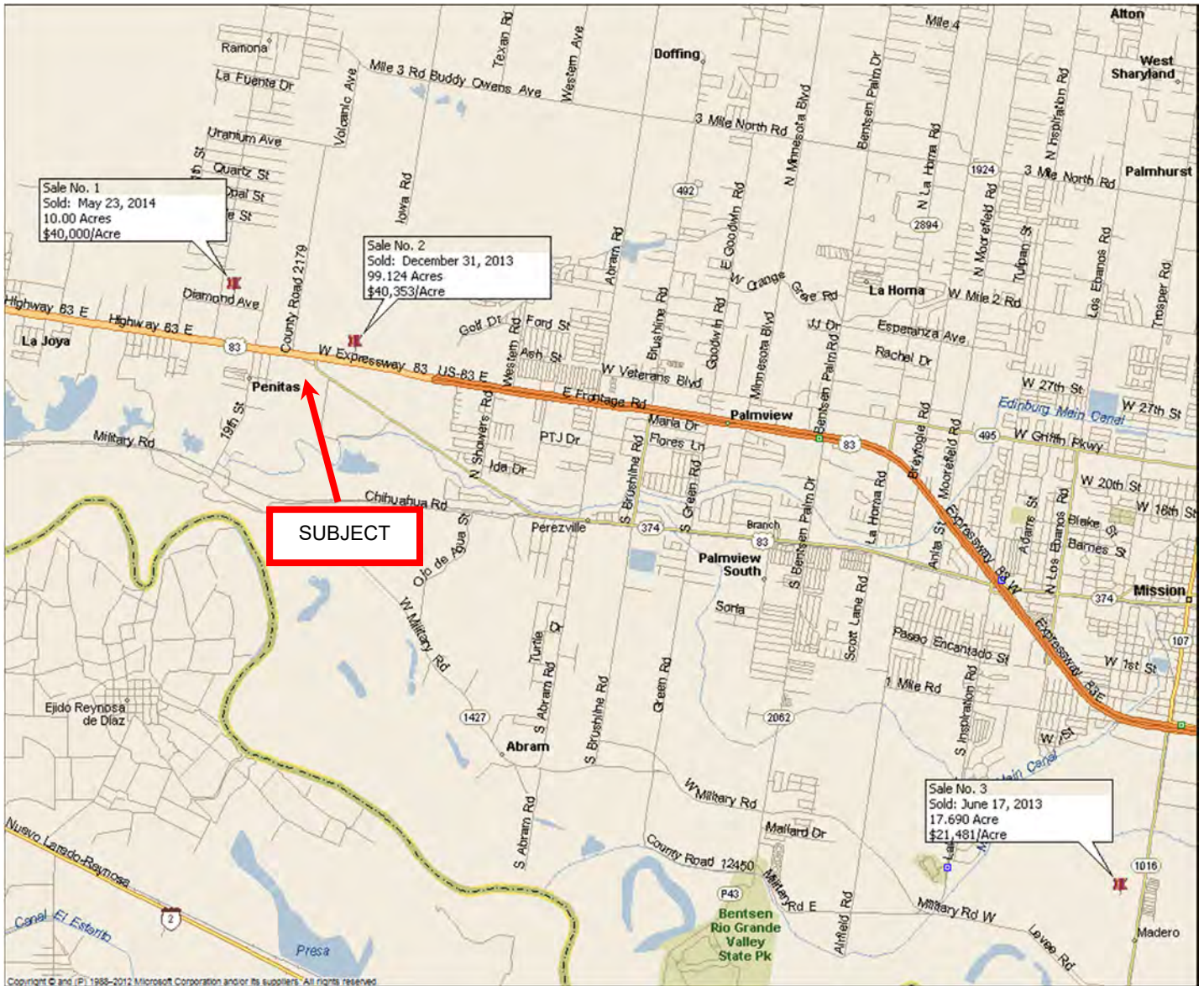
Rental Data



Grantor/Lessor: First National Bank	Grantee/Lessee: Birain USA LLC
Date: June 17, 2013	Recording Information: Doc No. 2423989
Address: Military Parkway, Mission, Texas	Key Map: N/A
Legal Description: A 17.69 acre tract of land out of Lot 10-4 and 10-5, West Addition to Sharyland, Hidalgo County, Texas	Zip Code: 78572
Confirmed Price: \$ 380,000	Verified with: MLS A154745S
Terms and Conditions of Sale: Cash To Seller	
Rental Data: N/A	
Land Size: 17.690 Acres	Unit Price: \$21,481 / Acre
Type Street: Asphalt Paved –	Utilities: Water, Electricity, Sewer Pending
Improvement(s) Description: None as of the date of sale	
Improvement(s) Size: N/A (GBA): N/A (NRA): N/A	Unit Price as Improved \$: N/A
Condition and Functional Design: N/A	
Current Use: Vacant	Highest & Best Use: Single Family or Multifamily Residential
Date of Inspection: May 15, 2019	Zoning: Residential Flood Plain: Zone X
	Commercial

Appraiser: Leonel Garza III
Date: May 19, 2019

COMPARABLE SALES MAP



EXPLANATION OF ADJUSTMENTS:

The following three comparable sales were reviewed for location, available utilities, financing, site utility, topography and other factors that the real estate market recognizes for arms-length transactions. Each of the comparable sales were adjusted for the difference in overall location as the subject does not have frontage along a public roadway. Other factors taken into consideration were utilities and overall size. The selected sales are older sales however are indicative of the market value of the subject property without project influence. The subject is located in an area which multiple County and State projects are underway in which multiple acquisition under the State authority of eminent domain is being utilized. This includes but not limited to Liberty Road Acquisitions, 3 Mile Acquisitions, Hidalgo County Water Shed Project, La Joya Loop Project (TxDOT) and others in the area. Due to Senate Bill 18, project influence is not to be taken into consideration for the subject property nor with the comparables selected for use in the valuation of the subject. After adjustments, the unit range of value was determined to be between \$11,815 per acre to \$22,194 per acre. Based on the surrounding land use and the overall topography and crossing gas and State drainage easements, a unit value of \$14,100 per acre is indicated for the fee simple portion of the subject property. Since the subject is encumbered with existing State and private easements, these areas are not valued at 100% of the indicated market value unit rate. Due to the type of easement and the overall location of the easements a the property interest is divided into the fee simple ownership interest and the easement owner interest. Based on the type of interest and the existing use of the easement, the value is divided by 50% per interest holder for purposes of this report. The easement holder does have the majority of the bundle of rights to said portion of property limiting the overall use of these easements by the fee simple owner. Therefore, the indicated unit rate applied to the easement shall be 50% of the fee simple rate or \$7,050 per acre. See following page for unit breakdown.

ADDENDA

1. CERTIFICATION OF APPRAISAL
2. ASSUMPTION & LIMITING CONDITIONS
3. QUALIFICATION OF APPRAISER
4. LETTER OF INTENT TO INSPECT SUBJECT TO ORIGINAL OWNER PRIOR TO ACQUISITION
5. CERTIFIED LETTER TRACKING DATA

Certification of Appraisal

I, Leonel Garza III, 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.
- The employment and compensation of this appraiser in completing this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- 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 opinion, 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 current *Uniform Standards of Professional Appraisal Practice (USPAP)*.
- I have made a personal on-site and or off-site visit of the property that is the subject of this report based on the permissibility granted at the time of inspection.
- Thomas Davis, State Certified General Real Estate Appraiser with Leonel Garza Jr. & Associates LLC provided significant professional assistance in the preparation of this report not limited to a physical inspection, taking of photographs of the subject property and value analysis.
- No one other than those mentioned within this certification provided significant real property appraisal assistance to the person(s) signing this certification.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. I also acknowledge that Leonel Garza III is an associate member of the Appraisal Institute and is not an MAI Designated Appraiser, however is currently seeking designation. Leonel Garza III is designated as a Master Real Estate Appraiser through the National Association of Master Appraisers.
- The employment and compensation of this appraiser in completing this appraisal assignment was not based on a requested minimum valuation, a specific valuation. This report was not prepared under the standards required by financial institutions for purposes of applying for a loan
- This appraisal has been completed with the extraordinary assumption, that any and all access denial issues are clearly stated within the scope of this assignment and have been included within the surveys and field notes provided by client. The Texas Department of Transportation can control access in the future by way of permit at the time of redevelopment or re-subdivision of the subject property and or by way of the Access Management Policy enacted by the State of Texas. This assignment was engaged in accordance with Section 21.042(d) of the Texas Property Code, as amended by SB 18 of the Texas 82nd Regular Legislative Session as follows:
- “(d) In estimating injury or benefit under Subsection ©, the special commissioners shall consider an injury or benefit that is peculiar to the property owner and that relates to the property owner’s ownership, use, or enjoyment of the particular parcel of real property including a material impairment of direct access on or off the remaining property that affects the market value of the remaining property, but they may not consider an injury or benefit that the property owners experiences in common with the general community, including circuity of travel and diversion of traffic. In this subsection, ‘direct access’ to the remainder after the state’s means ingress and egress on or off a public road, street, or highway at a location where the remaining property adjoins that road, street or highway”

Leonel Garza III
Certified Real Estate Appraiser
TX 1328375 – G

ASSUMPTIONS AND LIMITING CONDITIONS

No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

Responsible ownership and competent property management are assumed.

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

It is assumed that there are no hidden or un-apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

It is assumed that the use of the land and improvements is confined within the boundaries or property line of the property described and that there is no encroachment or trespass unless noted in the report.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by this appraiser. The appraiser does not have any knowledge of the existence of such material on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

The subject is prepared under the hypothetical condition that the subject property is vacant. All building and site improvements shall be located within Parcel 4B as per scope of the assignment.

GENERAL LIMITING CONDITIONS:

Any allocation of the total value of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

Possession of this report, or a copy thereof, does not carry with it the right of publication.

The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

Neither all or any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

The original and one copy of this report have been signed in blue ink. Any other copy, which is not signed in blue may have been altered, and this appraiser is not responsible for its contents or value indicated.

Indicated Marketing Time: Begins with the date of value estimate and the exposure time indicated.

Exposure to the Open Market: Listing the property on the market for sale with a Realtor, member of Multiple Listing Service, or a licensed Real Estate Broker, that will properly expose the property to the Market. This appraiser does not consider a sign placed by a bank on the property as proper marketing. If the property is presently listed for sale on the market, this appraiser must be notified prior to the completion of the appraisal.

Exposure Time: The length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal



1419 Dove Avenue, McAllen, Texas 78504
956-687-7295 Office / leonel3@garza-associates.com

Leonel Garza III President of Leonel Garza, Jr. & Associates, LLC

Company Bio

Leonel Garza, Jr. & Associates, LLC provides a variety of real estate consulting services with primary focus on real estate appraisals and appraisal litigation support. The company specializes in General Commercial Real Estate, Estate Valuations, and Right-of-Way Easement Acquisition and Defense. In addition to the appraisal services, the company provides Real Property Tax Consulting Services. The purpose of this division is to support property tax owners in the verification of property tax assessment as promulgated by the Texas Property Tax Code.

Property Tax Division

The property tax division of the firm conducts reviews of property tax assessments by various county appraisal districts to consult clients on their current tax liabilities. Reviews include attending informal and formal hearings on behalf of clients at local appraisal districts. With accounts throughout South Texas including the County of Cameron, Brooks, Hidalgo, Starr, Willacy, Webb and Nueces County. Clients include dealerships, movie theaters, concrete batch plants, convenience stores, national franchises, retail box centers, retail strip centers, warehouses, subdivisions, and many other commercial type properties and specialty type properties.

Right-of-Way Division

The Right-of-Way Division of the firm conducts Real Estate Appraisals for various local and government agencies throughout South Texas. Leonel Garza III has undergone extensive training in this field of work. He specializes in acquisitions concerning diminution of market value and/or property bi-sections. ROW experience extends to various types of acquisitions including, but not limited to, expansion of existing roadways, development of new roadways, utility easements, transmission line easements, drainage or irrigation easements, damage assessment, cost to cure, relocation assistant research, budget analysis, condemnation hearing and trial support. Clients include the Texas Department of Transportation (TxDOT), Texas Attorney General Office Real Estate Division, Hidalgo County Drainage District No. 2, Hidalgo County Regional Mobility Authority (HCRMA), American Electric & Power (AEP), Hidalgo County Precinct No. 2, Hidalgo County Precinct No. 3, Hidalgo County Precinct No. 4 and United Irrigation District.

Texas A&M University, College Station, Texas

Bachelor of Science Degree, 1995
Biomedical Science Major

Texas Appraiser Licensing and Certification Board

Certified General Real Estate Appraiser
TX 1328375 G

Texas Department of Licensing and Regulation

State Certified Property Tax Consultant
TX 00003181



Professional Organizations & Public Service

Appraisal Institute Associate Member

The Appraisal Institute is a global professional association of real estate appraisers, with nearly 20,000 professionals in almost 60 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. (www.appraisalinstitute.org).

National Association of Master Appraisers

Designated as a Master Senior Appraiser by the National Association of Master Appraisers. This designation is obtained through educational requirements and experience. (www.naappraisers.org)

International Right of Way Association (IRWA) Associate Member 7899430

The International Right of Way Association is a professional member organization comprised of global infrastructure real estate practitioners. IRWA has served professionals who acquire, manage and transfer the land rights needed for building and maintaining energy and transportation infrastructure. Recognized for their high ethical standards, commitment to integrity and professional excellence, IRWA's nearly 10,000 members hail from over 15 countries around the world. They are united by their profession and their commitment to pursuing training and professional development through courses, chapter meetings, seminars and the annual education conference. (www.IRWA.com)

Hidalgo County Subdivision Advisory Board Chairman of the Board

This county board on subdivision reviews primary goal is to ensure that proper standards, set by Texas Water Development Board and the Texas Subdivision Model Rules and/or opinions from the Texas State Attorney General's Office, are conducted in the development of proposed subdivision within the County of Hidalgo and/or Extraterritorial Jurisdiction of municipalities throughout the County of Hidalgo. The board's secondary function is to review applications for variances against the Flood Plain Administrators decisions of the base flood elevations throughout the County of Hidalgo. Appointed to the board since May 1999.

Hidalgo County Building Line of Adjustments Chairman of the Board

This county board reviews applications of variances to general set-back regulations set forth by the County of Hidalgo. This review includes the review of existing and/or proposed encroachments into set-backs, easements, road right-of-way set-back, subdivision plat requirements and/or requirements set forth by adjoining municipalities of which the subject is within the extraterritorial jurisdiction. Appointed to the board since January 2005.

McAllen Planning and Zoning Board Former Member & Chairman

This board is charged with submitting reports, plans, and recommendations to the City Commission for the orderly growth, development, and welfare of the City. They review and make recommendations on zoning change requests, conditional use permits for longer than one year, and variances to Subdivision Ordinance requirements for development. Member of board from February 8, 2010 to January 28, 2016.

McAllen Traffic Commission Board Former Member & Vice Chairman

Makes recommendations to the City Commission to reduce and eliminate traffic congestion and flow throughout the City. Member of board from April 14, 2008 to June 24, 2014.

McAllen Zoning Board of Adjustments and Appeals

Former Member & Chairman

This city board has the duty to hear and decide appeals where it is alleged there is error in any requirement, or determination made administratively in the enforcement of the Zoning Ordinance. The Board hears appeals that grant variances to setback requirements and special exceptions to reconstruction of nonconforming buildings. Member of board from February 2002 to February 2008.

McAllen Ambulance Advisory Committee

Former Member & Vice Chairman

Evaluates and reports to the City Commission on the operation of the emergency ambulance service rendered by company or companies rendering such service.

McAllen Building Board of Adjustments and Appeals

Former Member

The BBOA reviews the decision of City Staff for the demolition of properties deemed unsafe through the City for a variety of reasons. The board review all facts and concerns and make the decision to secure or proceed with demolition based upon the safety of the neighboring property owners and occupants. The greatest concern for the commission is the safety of the surrounding neighborhood occupants. Board member from January 28, 2002 to December 31, 2003.

CERTIFIED LETTER TRACKING RECEIPT
Original Property Owner

4899 5495 7000 0217 7012

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Sent To	Tress Enterprises, Inc.
Street, Apt. No., or PO Box No.	2013 VW CT
City, State, ZIP+4	McAllen, Texas 78504

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>Mania Avenda</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery <i>Mania Avenda</i> 11/17/14</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to: Tress Enterprises, Inc. 2013 VW CT McAllen, Texas 78504</p> <p>Parcel No. 38E La Joya Loop Project</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number 7012 2920 0001 5645 6884 <i>(Transfer from service label)</i></p>	
<p>PS Form 3811, July 2013 Domestic Return Receipt</p>	