Restricted Use Appraisal Report  
1102 N. Doolittle Road, Edinburg, Texas.  

Owner of Record: Hidalgo County Precinct No. 4  

May 2, 2011  
(Date of Report)
May 2, 2011

Hidalgo County Precinct No. 4
C/o: Mr. Rumaldo Munoz, Jr.
1051 N. Doolittle Road
Edinburg, Texas 78540

RE: 1105 N. Doolittle Road, Edinburg, Texas (A tract of land containing 13.22 acres out of Lot Fifteen (15), Section 245 of the Texas-Mexican Railway Company's Survey of lands in Hidalgo County, TX)

Mr. Munoz:

In accordance with your request, we are pleased to present our restricted use appraisal report of the industrial use property located at the above-described location. This appraisal report shall establish the fee simple market valuation of the subject property to be used for analysis as determined by Hidalgo County Precinct No. 4 as per scope of the assignment. The assignment is to establish the current market valuation of the subject property in its present state and to be reported in a restricted use report for the sole use for analysis by Hidalgo County Precinct No. 4 office for marketing purposes. This report, which is intended to comply with the reporting requirements set forth under Standard Rule 1 and 2-2 (c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Use Appraisal. This letter along with the assumption & limiting conditions and certification shall be attached herewith. I, Leonel Garza III, General Certified Real Estate Appraiser, personally inspected the subject property on March 24, 2011 and April 19, 2011 and have carefully studied and analyzed factors pertinent to the valuation of the estimate of value as per scope. The report has been written as per scope in a restricted use format of which limits the use of the report to the intended client only. The appraisers opinions and conclusions set forth in the report may not be understood properly without additional information provided within the appraisers work file. It should be understood by the client and intended user that this report is limited to the scope of the assignment and information provided by Hidalgo County Precinct No. 4. This report shall comply with the specific approach to value requested by Hidalgo County Precinct No. 4 for purposes of this report. This is a restricted use appraisal report does not include any personal property, advertisement signs ect, unless specified to be included as per scope of the assignment. From the facts in this report, the market value of the subject property as of April 19, 2011 is indicated to be: $698,000.00.

If you have any questions about this report or if any item needs clarification please do not hesitate to call on us at (956) 687-7295.

Sincerely,

[Signature]

Leonel Garza III
State Certified General Real Estate
Appraiser TX-1328975-General

1419 Dove, Suite 1, McAllen, Texas 78504
(956) 687-7295 (24 Hour Answering Service) Fax (956) 687-9236
Email Address: leonel3@garza-associates.com
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 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 Uniform Standards of Professional Appraisal Practice (2010-2011). This restricted use report is limited to the information provided by Hidalgo County Precinct No. 4 and other information provided to this appraiser during the course of the assignment.

☐ I, Leonel Garza III, have made a personal inspection of the property that is the subject of this report.

☐ Luis Carlos Garza, State Certified General Real Estate Appraiser with Leonel Garza Jr. & Associates, LLC who provided significant professional assistance in the preparation of this report. Other assistance included, but was not limited to, a physical inspection and taking photographs of the subject property, and data collections and analysis.

☐ I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives. I also acknowledge that I, Leonel Garza III, am an associate member of the Appraisal Institute and is not MAI Designated, however, am currently seeking designation. Leonel Garza III is a designated a Master Real Estate Appraiser, through the National Association of Master Appraisers (NAMA).

Leonel Garza III
State Certified General Real Estate Appraiser Number TX-1328375 – General

Luis Carlos Garza
State Certified General Real Estate Appraiser Number TX-1338051 - General
Assumptions and Limiting Conditions

This report has been prepared with the following general assumptions:

1. 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.

2. This is a restricted use appraisal, which is intended to comply with the reporting requirements set forth under Standard Rule 1 and 2-2 (c) of the Uniform Standards of Professional Appraisal Practice. This report does not include a full discussion of data, reasoning, and analysis of which was utilized to develop an opinion of value. All supporting information and documentation, analysis is retained in the appraisers working file. The information set forth in this restricted use report was designed specifically for the intended user and specific needs of the client, Hidalgo County Precinct No. 4.

3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated. This appraiser assumes no responsibility for matters of a legal nature affecting the subject property being appraised or the titles, liens, etc., not disclosed to this appraiser for purposes of this report. This report has been performed under the limited information provided by the client.

4. Responsible ownership and competent property management are assumed.

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

6. 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. Any sketch included in the body of this report shall be utilized for demonstrative purposes and is subject to a current survey.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

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

14. 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.

15. 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.

16. If the property rights appraised are the “Leased Fee Estate”, then the Final Indicated Market Value Estimate is based on the continued performance under the existing lease terms.

17. Neither all, nor any part of the contents of the report, or a copy thereof (including conclusions as to the property value, the identity of the Appraisers, professional designations, or the firm with which the Appraisers are connected, shall be used for any purposes by anyone for any reason but for the intended client of this report, without written consent from the office of Leonel Garza Jr. & Associates LLC.

Leonel Garza Jr. & Associates LLC
18. As per scope of the assignment, this report is to reflect the current market value based on the selected approach to market value and indicate any external obsolescence or market conditions affecting the subject property values.

19. It is understood that the scope of the assignment is to perform said appraisal in the subject's current state and current legal description as platted and recorded.

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

21. 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.

22. 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.

23. This appraiser has made a visual inspection of the subject property, and observed no obvious adverse environmental concerns, pesticides or other potentially hazardous materials. However, this appraiser is not qualified to make a detailed study on environmental concerns of the subject property. If, for any reason an environmental concern exist which was not observable to this appraiser, then it is highly recommended that an inspection be made by a qualified environmental engineer. Based on this appraiser's observation and conversations with the subject owner, this appraisal shall be based on the assumption that no environmental concern exist and shall be valued as such. If an environmental concerns is indicated to this appraiser after the date of report, Leonel Garza Jr. & Associates LLC reserves the right to re-evaluate the market value of the subject property as mentioned in the scope of the assignment with additional cost to be determined by Leonel Garza Jr. & Associates LLC.

Purpose Of The Appraisal
This appraisal is prepared for the purpose of estimating the market value of the fee simple estate of the subject property, as defined in within this restricted use report, as of March 24, 2011. 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, or operating agreements. The purpose is further defined as for internal use by Hidalgo County Precinct No. 4 for the purpose of establishing an asking price for the property for potentially listing the property for sale to the Hidalgo County Drainage District No. 1.

Client & Intended Use of Appraisal
The client for this report is identified as Hidalgo County Precinct No. 4 of 1051 N. Doolittle Road, Edinburg, Texas. The intended use of the report is to assist Hidalgo County Precinct No. 4 in the determination of a current fair market valuation of the subject property for internal purposes.

Scope of the Assignment
As per Purchase Order # 653312 dated February 24, 2011, Martha L. Salazar of Hidalgo County Precinct No. 4, requested for Leonel Garza Jr. & Associates LLC to prepare a restricted use appraisal report of the fee simple estate of the subject property described within this report. The client has identified that the report shall be a restricted use report with an analysis of a specific approach to market value selected by the client and verified by this appraiser to be the most applicable approach. This report shall establish the current market value under the existing market conditions. It is noted as of the date of this report that the economic situation of the nation and that of the Lower Rio Grande Valley, may affect the market value within the next 12 to 18 months. This report is based on the extraordinary assumption that the real estate and financial market will stabilize within the next 12 to 18 months. The subject neighborhood shall be inspected as to observe any external obsolesce or economic factors, which may be pertinent to the subject property's valuation. Market sales within the market area and comparable market areas were identified and analyzed for comparability and for reliability in determining the estimated market value of the subject property. The appraisal report shall indicate the “As Existing Market Value” of the subject property as per inspection date of on-site visit, March 24, 2011.

Property Rights Appraised
This appraisal requires a review of the rights to title that may be legally owned. The property rights appraised in this report are of the fee simple estate.
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.

Identification of Personal Property
No personal property was included nor indicated as per scope of the assignment.

Definition Of Market Value
Market Value is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the Buyer and Seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from Seller to Buyer under conditions whereby:

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

Aerial Map of Subject Property
Survey of Subject Property
Photographs Taken on March 24, 2011

Eastern view of the subject property from Doolittle Road.

Southeastern view of the southern portion of the subject property occupied by Hidalgo County Drainage District#1.
Eastern view of the subject property occupied by Hidalgo County Precinct No. 4.

Northern view of the main building utilized as a maintenance shop and asphalt parking area located along the western property line of the subject property utilized by Hidalgo County Precinct No.4
Western view of the main building structure.

View of an office space located with the main building structure.
View of additional office area.

View of Shop Area.
Additional view of the main shop area.

Storage area located within main shop area.
Southern view of building improvements and canopies located along the northern property line of the subject property.

Western view of the Caliche / Asphalt parking area.
Property Description & Analysis

The subject property is a gross ±12.33 (±11.459 net) acre industrial use tract located along the eastern frontage of Doolittle Road, north of E. Schunior Street, Edinburg, Texas. The subject property is irregular in shape and has approximately 1,192.10' lineal feet of frontage along Doolittle Road, within the City of Edinburg, Texas. The subject property is currently utilized by the County of Hidalgo for Precinct # 4 maintenance shop area along with the Hidalgo County Drainage District No. 1 office and maintenance shop. However, the purpose of this report is to value the whole property and include only those buildings occupied by Hidalgo County Precinct No. 4.

Located along the northwestern property line of the subject property, lies the Precinct No. 4 main maintenance shop building of which is a combination masonry and metal construction. This structure includes approximately ±1,950 square foot office area and a ±7,450 square foot warehouse/shop area. In addition to the main building structure several other buildings and improvements are located on site which include the following:

- ±760 square foot parking canopy
- ±300 square foot canopy
- ±1,008 square foot work canopy
- ±450 canopy utilized as a picnic area
- ±360 square foot masonry building with an attached ±288 square foot canopy utilized for a tire service area
- (2) storage buildings of ±1,056 square foot and ±1,200 square feet
- ±560 square foot wood frame structure (unfinished interior)
- Other improvements include the parking area of which is a mixture of caliche and asphalt.

During the appraisal process the properties municipal zoning and flood plain are checked through the City of Edinburg and thru FEMA. According to the City of Edinburg Zoning Map, the property is indicated to located in an area zoned for industrial use. This municipal zoning is consistent and the subjects highest and best use. As per the FEMA Mapping Service (www.fema.gov) has indicated the property is located within an area designated as Flood Zone "X", as recorded in Flood Panel Number 480338 0020 E. This zoning designation indicates that the subject area is not prone to flooding and no certificate of elevation is required.

Owner of Record ___________________________ County of Hidalgo, Texas

Ownership History ___________________________ The subject property was acquired by the County of Hidalgo on November 17, 1971. As per HCAD the Grantor is unknown. Further review with the Hidalgo County Deed Records is needed. The subject property has been under the name of the County of Hidalgo for over Forty (40) years.

Physical Location ___________________________ The subject property is located along the eastern side of Doolittle Road, North of Schunior Road, Edinburg Texas.

Legal Description ___________________________ A tract of land containing 13.22 acres out of Lot Fifteen (15), Section 245 of the Texas-Mexican Railway Company's Survey of lands in Hidalgo County, Texas.

Gross Land Area ___________________________ ±12.33 Acres

Net Land Area ___________________________ ±11.459 Acres

Land Dimensions ___________________________ Irregular in shape

Frontage ___________________________ 1,192.10' lineal feet of frontage along the eastern frontage of Doolittle Road, Edinburg, Texas.

Topography ___________________________ Level and typical of the market area

Leonel Garza Jr. & Associates LLC
Municipal Zoning Ordinance: Industrial
Utilities Available: All municipal utilities available
Flood Zone Map No.: 480338 0020 E
Flood Zone Designation: Zone “X”
Encroachments or Easements: None Indicated (Subject To Survey)
Site Improvements: Multiple metal sheds and canopies throughout property.
Marketing Time Period: Twelve (12) to Twenty-Four (24) Months
Highest & Best Use As Improved: Light Industrial Use - Subdivided into smaller tracts.

**Improvement Data:**
Building Description: The office / maintenance building is a combination masonry and metal building. The office area consists of a ±1,958 square foot area located along the southern end of the warehouse. The office area consists of multiple office spaces, which have mixture of ceramic and laminate tile throughout. The ceiling structure is a mixture of acoustic textured and ceiling tiles. The maintenance building is a ±7,450 square foot metal pole structure with sheet metal siding. The maintenance building has multiple bay doors for vehicle access. A ±760 square foot wooden parking canopy is located near the southeastern corner of the Office / Maintenance Building. Several metal canopies are located throughout the subject property: a ±300 square foot canopy, a ±1,008 square foot work canopy, a ±450 canopy utilized as a picnic area. Located near the northern property line of the subject property is a ±360 square foot masonry building with an attached ±288 square foot canopy utilized for a tire service area. Additional building improvements include: two metal storage buildings ±1,056 square foot and ±1,200 square foot, and a ±560 square foot wooden building (unfinished interior)

Actual Age of Improvements: 10 to 14 years - Multiple Buildings (Built 1997 and 2001)
Effective Age of Improvements: ±10 years

**Property Tax Data:**
Real Property Tax Property Identification No.: T2100-00-245-0015-00
Real Property Tax Assessment: $572,112
Real Estate Property Tax Liability: $15,536
Vacant Land Comparable Sales

Land Sale No. 1

Type of Property: Light Industrial
Current Use: Vacant
Date of Sale: July 25, 2008
Address: The property is located at the northwest corner of US Highway 281 and Independence Road in Edinburg, Texas.
Consideration: $750,000
Size of Tract: ±4.017 Acres
Unit Sales Price: $4.29 / s.f. – Gross
Grantor: Richard A. Garza
Grantee: Washington Creek Development, LLC
Terms & Conditions: Cash to Seller
Legal Description: All of Lot 1, JW Edinburg Subdivision, an addition to the City of Edinburg, Hidalgo County, Texas, as per map or plate thereof recorded in Volume 55, Pages 126, Deed Records, Hidalgo County, Texas.
Site & Area Description: The subject property is located at the northwest corner of US Highway 281 and Independence Road in Edinburg, Texas. The property is square in shape with a dimension of 350.0' x 500.0' and 350.0' lineal feet of frontage along the west side of US Highway 281 and 500.0' lineal feet of frontage along the north side of Independence Road. Subject is being marketed as an light industrial tract of land with frontage to Highway 281.
Recording Information: Document No.1916983, Hidalgo County, Texas.
Confirmation: Leonel Garza Jr. & Associates LLC with MLS #109533
**Land Sale No. 2**

Type of Property: Light Industrial Land

Current Use: Vacant

Date of Sale: January 1, 2009

Location: Located at the end of Industrial Drive on the south side of the street in McAllen, Texas.

Legal Description: All of Lot Eight (8), McAllen Northwest Industrial Subdivision No.2, an addition to the City of McAllen, Hidalgo County, Texas, according to a map or plat recorded in Volume 34, Page 43, Map Records, Hidalgo County, Texas.

Consideration: $700,000

Size of Tract: ±7.70 Acres

Unit Price: $2.09 / square foot

Grantor: Production Credit Association of South Texas

Grantee: Candelario X. Ontiveros and wife, Melissa L. Ontiveros

Terms: Cash to Seller

Site & Area Description: A vacant tract of land located on Industrial Drive. The site has access to all city of McAllen utilities which includes water and sewer. The sale has approximately 510.33′ lineal of frontage along the south side of Industrial Drive. The subject property is an irregular shaped tract of land, which is "L" shaped. The property is zoned "I-1" Light Industrial District. The subject is an irregular shaped tract of land of which does not contain frontage on a primary thoroughfare within the City of McAllen. The tracts is the most comparable to the subject property because of the types of development surrounding the tract and the limited visibility similar to the subject of this report.


Confirmation: Leonel Garza Jr. & Associates with MLS No. 123820
Land Sale No. 3

Type of Property: Light Industrial Lot
Current Use: Vacant
Date of Sale: May 30, 2008
Address: Located on the south side of Upas Avenue west of Jackson Road in McAllen, Texas.
Legal Description: All of Lot Nine (9), Northeast Industrial Subdivision, an addition to the City of McAllen, Hidalgo County, Texas, according to a map or plat, therefore recorded in Volume 23, Page 43, Map Records, Hidalgo County, Texas.
Consideration: $70,000
Size of Tract (Gross): ±36,396 square feet
Unit Sales Price: $1.92 / square foot
Grantor: Compass Bank
Grantee: Mary E. Cavazos
Terms & Conditions: Cash to Seller
Site & Area Description: Vacant interior tract of land located on the south side of Upas Avenue west of Jackson Road in McAllen, Texas, with all City of McAllen municipal utilities available. It was indicated by the City of McAllen Planning and Zoning Department that the property is currently zoned "I-1" Light Industrial District. According to FEMA Flood Panel No. 480343 0005C dated November 2, 1982 the subject property is located in Zone "B" which is not prone to flooding or standing water. The property dimensions are 108' x 337' with 108' lineal feet of frontage along the south side of Upas Avenue.
Recording Information: Document No. 1899394, Hidalgo County, Texas.
Confirmation: Leonel Garza Jr. & Associates with MLS No.115451
**Comparable Sales Analysis Grid & Reconciliation of Value**

<table>
<thead>
<tr>
<th>Comparables</th>
<th>Sales Price</th>
<th>Size</th>
<th>Unit Value</th>
<th>Date of Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale No. 1</td>
<td>$750,000</td>
<td>4.017 Acres</td>
<td>$4.29 / Sf</td>
<td>July 25, 2008</td>
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<tr>
<td>Sale No. 2</td>
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<td>7.70 Acres</td>
<td>$2.09 / Sf</td>
<td>January 1, 2009</td>
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<tr>
<td>Sale No. 3</td>
<td>$70,000</td>
<td>0.84 Acres</td>
<td>$1.92 / Sf</td>
<td>May 30, 2008</td>
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**Sales Price**

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<tr>
<th>Subject</th>
<th>Sale No. 1</th>
<th>Sale No. 2</th>
<th>Sale No. 3</th>
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<tbody>
<tr>
<td>$</td>
<td>$750,000</td>
<td>$700,000</td>
<td>$70,000</td>
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**Size**

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<thead>
<tr>
<th>Subject</th>
<th>Sale No. 1</th>
<th>Sale No. 2</th>
<th>Sale No. 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.459 Acres</td>
<td>4.02 Acres</td>
<td>7.70 Acres</td>
<td>0.84 Acres</td>
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**Unit Value**

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<tr>
<th>Subject</th>
<th>Sale No. 1</th>
<th>Sale No. 2</th>
<th>Sale No. 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$4.29 / Sf</td>
<td>$2.09 / Sf</td>
<td>$1.92 / Sf</td>
</tr>
</tbody>
</table>

**Date of Sale**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Sale No. 1</th>
<th>Sale No. 2</th>
<th>Sale No. 3</th>
</tr>
</thead>
</table>

Based on other land sales that have occurred along major thoroughfares in the McAllen/Edinburg market, adjustments were made to each sale for comparability purposes. After adjustment a unit range of value of $0.87 per square foot to $1.29 per square foot was indicated. Based on the relative location of the subject property, a value near the mid to lower end of the range of $1.00 per square foot was selected. This unit rate applied to the overall land area of ±11.459 acres equates to a land value of $499,154.00. This value shall be applied to the cost approach to market value within the following pages of this report.
Cost Approach To Value

Using the Cost Approach, the Appraiser estimates the cost new of the improvements. The Appraiser, by using the Marshall & Swift Valuation Service, estimates the reproduction costs of the improvements. The indicated unit costs are tempered by current cost multipliers used to adjust the figures in the schedules assigned to the last quarter and multiplying to local multipliers to bring the costs to the level of those line items in the area. The Appraiser examines the age and condition of the improvements, quality of the construction, materials used in construction, and the functional utility of the subject property. The cost new is reduced by the appropriate percentages of wear and tear, called depreciation. The Appraiser having examined the functional utility of the improvements, and based on the functional utility of similar buildings makes any indicated adjustments. The Appraiser examines the trends in the neighborhood or area of influence, which affect the value and makes adjustments.

**Cost Component Data:**
All costs are based on professional labor supervised by a contractor or there foreman, and are adjusted if amateur workmanship is indicated by inspection. Also this appraiser discussed this type of building and cost with local builders to verify the costs used by the Marshall & Swift Evaluation Guide including the cost multiplier factor. We periodically continue to verify line items in which a higher or lower unit cost is proposed for the new construction, as through experience of working on similar projects both in appraising and in construction. The average floor area should be considered an estimate only, with minor deviations in actual square footage being of little or no consequence as this appraiser is not a licensed surveyor nor engineer.

1. Normal interest only on the actual building funds during the period of construction.
3. Normal site preparation including, grading, excavation for foundation, back fill, and finish work.
4. Utilities from structure to lot line calculated for typical setback.
5. Contractors profit and overhead, including job supervision, unemployment insurance, equipment, temporary facilities and security.

**Cost Components Not Included:**
1. Cost of buying or assembling land. This is calculated from the appraiser's data of the sales in the area.
2. Escrow fees, legal fees, right of way costs, demolition, or rough grading.
3. Taxes or interest on the land, feasibility studies, certificates of need, appraisal fees, or consulting fees.
4. Discounts or bonuses paid for financing are considered a cost of doing business.
5. Off site cost including road, utilities, and park fees.
6. Furnishings and Fixtures
7. Marketing costs to create first occupancy, including advertising expenses, leasing or brokers commissions.
## Cost Approach Analysis

### Site and Building Identification
- **Building Classification**: Class "D"
- **Site Area (ac)**: 11,459 Acres
- **Office Area**: 1,358 Square Feet
- **Maintenance / Garage Area**: 7,450 Square Feet
- **Wooden Office Building**: 560 Square Feet
- **Metal Storage Building**: 1,200 Square Feet
- **Metal Storage Building**: 1,056 Square Feet
- **Metal Open Shed - Used Oil**: 90 Square Feet
- **Masonry Building**: 360 Square Feet
- **Carport**: 760 Square Feet
- **Work canopy / Carport**: 1,350 Square Feet
- **Tire Station Canopy**: 288 Square Feet
- **Picnic Canopy**: 228 Square Feet

### Summary of Cost Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Square Footage</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Depreciation</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Office Area</td>
<td>1,358</td>
<td>$35.23</td>
<td>$47,837</td>
<td>50%</td>
<td>$23,919</td>
</tr>
<tr>
<td>Maintenance / Garage Area</td>
<td>7,450</td>
<td>$14.39</td>
<td>$107,206</td>
<td>50%</td>
<td>$53,603</td>
</tr>
<tr>
<td>Wooden Office Building</td>
<td>560</td>
<td>$22.10</td>
<td>$12,378</td>
<td>50%</td>
<td>$6,189</td>
</tr>
<tr>
<td>Metal Storage Building</td>
<td>1,200</td>
<td>$9.68</td>
<td>$11,613</td>
<td>50%</td>
<td>$5,807</td>
</tr>
<tr>
<td>Metal Storage Building</td>
<td>1,056</td>
<td>$9.68</td>
<td>$10,219</td>
<td>50%</td>
<td>$5,110</td>
</tr>
<tr>
<td>Metal Open Shed - Used Oil</td>
<td>90</td>
<td>$8.68</td>
<td>$781</td>
<td>50%</td>
<td>$391</td>
</tr>
<tr>
<td>Masonry Building</td>
<td>360</td>
<td>$19.22</td>
<td>$6,919</td>
<td>50%</td>
<td>$3,460</td>
</tr>
<tr>
<td>Carport</td>
<td>760</td>
<td>$13.04</td>
<td>$9,907</td>
<td>50%</td>
<td>$4,953</td>
</tr>
<tr>
<td>Work canopy / Carport</td>
<td>1,350</td>
<td>$13.04</td>
<td>$17,597</td>
<td>50%</td>
<td>$8,799</td>
</tr>
<tr>
<td>Tire Station Canopy</td>
<td>288</td>
<td>$7.90</td>
<td>$2,275</td>
<td>50%</td>
<td>$1,138</td>
</tr>
<tr>
<td></td>
<td>228</td>
<td>$7.90</td>
<td>$1,801</td>
<td>50%</td>
<td>$901</td>
</tr>
<tr>
<td></td>
<td>300</td>
<td>$7.90</td>
<td>$2,370</td>
<td>50%</td>
<td>$1,185</td>
</tr>
<tr>
<td>Caliche</td>
<td>58,141</td>
<td>$1.25</td>
<td>$72,676</td>
<td>50%</td>
<td>$36,338</td>
</tr>
<tr>
<td>Asphalt Pavement</td>
<td>54,015</td>
<td>$2.50</td>
<td>$135,038</td>
<td>75%</td>
<td>$33,759</td>
</tr>
<tr>
<td>Concrete</td>
<td>672</td>
<td>$5.75</td>
<td>$3,864</td>
<td>25%</td>
<td>$2,898</td>
</tr>
<tr>
<td>Perimeter Fencing: Tract 2</td>
<td>2,105</td>
<td>$8.85</td>
<td>$18,629</td>
<td>50%</td>
<td>$9,315</td>
</tr>
</tbody>
</table>

### Reconciliation of Cost Analysis
- Reproduction Building and Site Improvements Costs: $197,762
- Site Value @ $1.00/Square Foot: $500,000
- Cost Approach Value: $697,762
- Rounded: $698,000

**FINAL INDICATED MARKET VALUE = $698,000**
Qualifications of Appraiser - Leonel Garza III

EDUCATION
Graduate, 1995, Texas A&M University, College Station, Texas
Bachelor of Science in Biomedical Science.
Graduate, 1991 McAllen Memorial High School, McAllen, Texas

ACTIVE LICENSES
State Certified General Real Estate Appraiser
License No. TX - 1328375-General
Licensed Since December 31, 1998
Expires: December 31, 2012

Texas Property Tax Consultant
License No. 00003181
Licensed Since May 25, 2002
Expires: June 16, 2011

PUBLIC SERVICE & PROFESSIONAL ORGANIZATIONS
Member of the Appraisal Institute (Not MAI Designated)
Currently taking courses toward the designation of MAI through the Appraisal Institute.

National Association of Master Appraisers
Designated as a Master Senior Appraiser in 2006 by the national Association of Master Appraisers. This designation is obtained thru educational requirements and experience.

Associate Member of the International Right of Way Association (IRWA) (Member # 7899430)

Board Member of the City of McAllen Planning and Zoning Board
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.

Former Chairman of the City of McAllen Zoning Board of Adjustments and Appeals
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.

Chairman of the Hidalgo County Subdivision Advisory 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 Generals 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 boards secondary function is to review applications for variances against the Flood Plain Administrators decisions of the base flood elevations throughout the County of Hidalgo.
Chairman of the Hidalgo County Building Line of Adjustments
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.

Member of The McAllen Palm City Lions Club
Direct the fund raising for the annual Thanksgiving Drive on behalf of Lion Leonel Garza Jr. who founded the drive more than 20 years ago. In 2006, the club raised funds to feed 60 family’s throughout the City of McAllen.

Executive Board Member of the Lower Rio Grande Valley Boy Scouts Council
The goal of the council is to maintain membership and the continued progress of the boy scouts within the Lower Rio Grande Valley. The council shall maintain progress reports of financial status of the council and plan for events world-wide which local children may participate as a representative of the council. These events include the World Jamboree and the National Jamboree.

Former Vice Chairman of the City of McAllen Ambulance Advisory Committee
Evaluates and reports to the City Commission on the operation of the emergency ambulance service rendered by company or companies rendering such service.

Former Member of the City of McAllen Building Board of Adjustments and Appeals
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.

Former Member of the Pharr Municipal Park Charter Committee
Appointed in 1998-1999, our goal was to establish a 103 acre master planned recreational park to the City of Pharr during our membership with the City of Pharr Leadership Class X.

WORK EXPERIENCE
Employee of Leonel Garza Jr. & Associates since 1990
State Certified General Real Estate Appraiser since 1998
Texas Property Tax Consultant since 2002
Owner of G-3 Construction which primary focus is multi-family residential construction
Commercial and residential property manager throughout the City of McAllen & Pharr, Texas.

Appraiser Trainee from 1995-1998 under the sponsorship of Leonel Garza Jr. Leonel Garza Jr. was a State Certified General Real Estate Appraiser & Board Member of the Texas State Appraisal Review Board from October 23, 1995 Through September 15, 1998 and was appointed by Governor George W. Bush.
Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number: TX 1328375 G
Issued: 12/13/2010   Expires: 12/31/2012
Appraiser: LEONEL GARZA III

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

[Signature]
Douglas E. Oldmixon
Commissioner
National Association of Master Appraisers

MSA

Certifies that
Leonel Garza III

has been admitted into membership, and by the action of the
Officers and Directors has been designated a

Master Senior Appraiser

under the terms and conditions contained in the by-laws

Certification Number: 11287
April 5, 2006

This certificate remains the property of the Association
and must be returned on termination of membership.

Association Officer

Rachel Phelps
Qualifications of Appraiser – Luis C. Garza

Education
- Graduate 2002 University of Texas Pan American, Edinburg, Texas
  Bachelor of Business Administration
- Graduate 1995 McAllen High School, McAllen, Texas

Licenses Held
- State Certified General Real Estate Appraiser
  Number TX-1338051-General
  Licensed since July 28, 2008
  Expires: July 31, 2012 (Active)

Public Service Organization
- McAllen Palm City Lions Club – Active Member

Professional Associations
- Associate Member of the International Right of Way Association (IRWA) (Member # 7899432)

Work Experience
- Employee of Leonel Garza Jr. and Associates since 2004
TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

LUIS CARLOS GARZA

HAVING PROVIDED SATISFACTORY EVIDENCE OF THE QUALIFICATIONS REQUIRED BY THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT, TEXAS OCCUPATIONS CODE, CHAPTER 1103, IS AUTHORIZED TO USE THE TITLE

STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER

Number: TX-1338051-G
Date of Issue: July 12, 2010
Date of Expiration: July 31, 2012

In Witness Thereof

James (Jamie) B. Ratliff, Chair
Walker R. Beard
Clinton P. Sayers

Mark A. McAnally, Vice Chair
MALACHI O. Boyuls
SHERYL R. Swift

Luis F. De La Garza, Jr., Secretary
Robert D. Davis, Jr.
Donna L. Waltz

Leonel Garza Jr. & Associates LLC
31