

Solicitation 09435-10

Broker Services: Sale of University Drive Courthouse Facility



Collin County

Bid 09435-10

Broker Services: Sale of University Drive Courthouse Facility

Bid Number	09435-10
Bid Title	Broker Services: Sale of University Drive Courthouse Facility
Bid Start Date	In Held
Bid End Date	Nov 18, 2010 2:00:00 PM CST
Bid Contact	Sara Hoglund CPPB Contract Administrator Purchasing Department 972-548-4104 shoglund@co.collin.tx.us
Contract Duration	1 year
Contract Renewal	Not Applicable
Prices Good for	30 days
Standard Disclaimer	<p>***Note to Bidders/Offerors~The following standard disclaimer applies to Invitation to Bid (IFB), Competitive Sealed Proposal (CSP), and Request for Proposal (RFP) ONLY, not applicable to Request for Qualifications (RFQ) or Request for Information (RFI).***</p> <p>Prices bid/proposed shall only be considered if they are provided in the appropriate space(s) on the Collin County bid form(s). For consideration, any additions or deductions to the bid/proposal prices offered must be shown under the exceptions section of the bid/proposal in the case of electronic submittal, ONLY in the case of a hard copy submittal will an additional attachment be allowed. Extraneous numbers, prices, comments, etc. or bidder/offeror generated documents appearing elsewhere on the bid or as an additional attachment shall be deemed to have no effect on the prices offered in the designated locations.</p> <p>All delivery and freight charges (F.O.B. inside delivery at Collin County designated locations) are to be included as part of the bid/quote/proposal price. All components required to render the item complete, installed and operational shall be included in the total bid/quote/proposal price. Collin County will pay no additional freight/delivery/installation/setup fees.</p>
Bid Comments	Collin County's intent of this Request For Proposal (RFP) and resulting contract is to provide offerors with sufficient information to prepare a proposal for so that the County can enter into a contract for Brokers Services for the sale of University Drive Courts Facility located at 1800 N. Graves, McKinney, TX 75069.

Item Response Form

Item	09435-10-1-01 - State fee for Providing Brokerage Services
Quantity	1 each
Unit Price	<input style="width: 150px; height: 20px;" type="text"/>
Delivery Location	Collin County <u>Collin County - See P.O.</u> 2300 Bloomdale Rd., Ste. 3160 ** See P.O. for Job Site ** McKinney TX 75071

Qty 1**Description**

State fee for Providing Brokerage Services.

The Commissioners' Court of the County may pay a fee if the broker produces a ready, willing, and able buyer to purchase tract of real property.

The minimum bid to be accepted for this property is \$5,000,000.



COLLIN COUNTY, TEXAS

REQUEST FOR PROPOSAL

SUBMIT PROPOSALS TO:

Office of the Purchasing Agent
Collin County Administration Building
2300 Bloomdale, Suite 3160
McKinney, Texas 75071

**NOTE:

All correspondence must include suite number to assist in proper delivery.**

SUBMIT NO LATER THAN:

2:00 P.M., Thursday, November 18, 2010

MARK ENVELOPE:

RFP No. 09435-10
BROKER SERVICES: SALE OF
UNIVERSITY DRIVE COURTS
FACILITY

ALL PROPOSALS MUST BE RECEIVED IN THE OFFICE OF THE PURCHASING AGENT BEFORE RECEIVING DATE AND TIME

Public receipt of proposals is scheduled to be held in the Office of the Purchasing Agent, Collin County Administration Building, 2300 Bloomdale, Suite 3160, McKinney, Texas 75071.

If offeror does not wish to submit an offer at this time, please submit a "NO OFFER" by the same time and at the same location as stated above and state the reasons for such.

Awards should be made not more than one hundred and eighty (180) days after receiving date.

Collin County is always conscious and extremely appreciative of your time and effort in the preparing of this offer. Requests for information should be directed to:

Sara Hoglund, CPPB
Contract Administrator
Collin County Administration Building
2300 Bloomdale, Suite 3160
McKinney, Texas 75071
E-Mail: shoglund@co.collin.tx.us
Telephone: 972/548-4104 or;
Dallas Metro: 972/424-1460 ext. 4104
Facsimile: 972/548-4694



COLLIN COUNTY, TEXAS TERMS AND CONDITIONS

1.0 GENERAL INSTRUCTIONS

1.0.1 Definitions

1.0.1.1 Bidder/Quoter/Offeror: refers to submitter.

1.0.1.2 Vendor/Contractor/Provider: refers to a Successful Bidder/Quoter/Contractor/Service Provider.

1.0.1.3 Submittal: refers to those documents required to be submitted to Collin County, by a Bidder/Quoter/Offeror.

1.0.1.4 IFB: refers to Invitation For Bid.

1.0.1.5 RFQ: refers to Request For Qualifications

1.0.1.6 RFP: refers to Request For Proposal.

1.0.1.7 RFI: refers to Request For Information.

1.0.1.8 CSP: refers to Competitive Sealed Proposal

1.0.1.9 Quotation: refers to Request for Quotation

1.1 If Bidder/Quoter/Offeror do not wish to submit an offer at this time, please submit a No Bid Form.

1.2 Awards shall be made not more than ninety (90) days after the time set for opening of submittals.

1.3 Collin County is always conscious and extremely appreciative of your time and effort in preparing your submittal.

1.4 Collin County exclusively uses BidSync for the notification and dissemination of all solicitations. The receipt of solicitations through any other company may result in your receipt of incomplete specifications and/or addendums which could ultimately render your bid non-compliant. Collin County accepts no responsibility for the receipt and/or notification of solicitations through any other company.

1.5 A bid/quote/submittal may not be withdrawn or canceled by the bidder/quoter/offeror prior to the ninety-first (91st) day following public opening of submittals and only prior to award.

1.6 It is understood that Collin County, Texas reserves the right to accept or reject any and/or all Bids/Quotes/Proposals/Submittals for any or all products and/or services covered in an Invitation For Bid (IFB), Request For Qualifications (RFQ), Request For Proposal (RFP), Request For Information (RFI), Competitive Sealed Proposal (CSP), and Quotation, and to waive informalities or defects in submittals or to accept such submittals as it shall deem to be in the best interest of Collin County.

1.7 All IFB's, RFP's, CSP's, RFQ's, and RFI's submitted in hard copy paper form shall be submitted in a sealed envelope, plainly marked on the outside with the IFB/RFP/RFQ/RFI/CSP/Quotation number and name. A hard copy paper form submittal shall be manually signed in ink by a person having the authority to bind the firm in a contract. Submittals shall be mailed or hand delivered to the Collin County Purchasing Department.

1.8 No oral, telegraphic or telephonic submittals will be accepted. IFB's, RFP's, RFQ's, CSP's, and RFI's, may be submitted in electronic format via **BidSync**.

1.9 All Invitation For Bids (IFB), Request For Proposals (RFP), Request For Qualifications (RFQ), Competitive Sealed Proposals (CSP), and Request For Information (RFI), submitted electronically via **BidSync** shall remain locked until official date and time of opening as stated in the Special Terms and Conditions of the IFB, RFP, RFQ, CSP, and/or RFI.

1.10 Time/date stamp clock in Collin County Purchasing Department shall be the official time of receipt for all Invitation For Bids (IFB), Request For Proposals (RFP), Request For Qualifications (RFQ), Competitive Sealed Proposals (CSP), Request For Information (RFI), submitted in hard copy paper form. IFB's, RFP's, RFQ's, CSP's, RFI's, received in County Purchasing Department after submission deadline shall be considered void and unacceptable. Absolutely no late submittals will be considered. Collin County accepts no responsibility for technical difficulties related to electronic submittals.

1.11 For hard copy paper form submittals, any alterations made prior to opening date and time must be initialed by the signer of the IFB/RFQ/RFP/CSP/RFI/, guaranteeing authenticity. Submittals cannot be altered or amended after submission deadline.

1.12 Collin County is by statute exempt from the State Sales Tax and Federal Excise Tax; therefore, the prices submitted shall not include taxes.

1.13 Any interpretations, corrections and/or changes to an Invitation For Bid/Request For Qualifications/Request For Proposal/Request for Information/Competitive Sealed Proposal, and related Specifications or extensions to the opening/receipt date will be made by addenda to the respective document by the Collin County Purchasing Department. Questions and/or clarification requests must be submitted no later than seven (7) days prior to the opening/receipt date. Those received at a later date may not be addressed prior to the public opening. Sole authority to authorize addenda shall be vested in Collin County Purchasing Agent as entrusted by the Collin County Commissioners' Court. Addenda may be transmitted electronically via **BidSync**, by facsimile, E-mail transmission or mailed via the US Postal Service.

1.13.1 Addenda will be transmitted to all that are known to have received a copy of the IFB/RFQ/RFP/RFI/CSP and related Specifications. However, it shall be the sole responsibility of the Bidder/Quoter/Offeror to verify issuance/non-issuance of addenda and to check all avenues of document availability (i.e. **BidSync** at www.bidsync.com, telephoning Purchasing Department directly, etc.) prior to opening/receipt date and time to insure Bidder/Quoter/Offeror's receipt of any addenda issued. Bidder/Quoter/Offeror shall acknowledge receipt of all addenda.

1.14 All materials and services shall be subject to Collin County approval.

1.15 Collin County reserves the right to make award in whole or in part as it deems to be in the best interest of the County.

1.16 The Bidder/Quoter/Offeror shall comply with Commissioners' Court Order No. 96-680-10-28, Establishment of Guidelines & Restrictions Regarding the Acceptance of Gifts by County Officials & County

Employees.

1.17 Any reference to model/make and/or manufacturer used in specifications is for descriptive purposes only. Products/materials of like quality will be considered.

1.18 Bidders/Quoters/Offerors taking exception to the specifications shall do so at their own risk. By offering substitutions, Bidder/Quoter/Offeror shall state these exceptions in the section provided in the IFB/RFQ/RFP/CSP/Quotation or by attachment. Exception/substitution, if accepted, must meet or exceed specifications stated therein. Collin County reserves the right to accept or reject any and/or all of the exception(s)/substitution(s) deemed to be in the best interest of the County.

1.19 Minimum Standards for Responsible Prospective Bidders/Quoters/Offerors: A prospective Bidder/Quoter/Offeror must meet the following minimum requirements:

- 1.19.1 have adequate financial resources, or the ability to obtain such resources as required;
- 1.19.2 be able to comply with the required or proposed delivery/completion schedule;
- 1.19.3 have a satisfactory record of performance;
- 1.19.4 have a satisfactory record of integrity and ethics;
- 1.19.5 be otherwise qualified and eligible to receive an award.

Collin County may request documentation and other information sufficient to determine Bidder's/Quoter's/Offeror's ability to meet these minimum standards listed above.

1.20 Vendor shall bear any/all costs associated with it's preparation of an RFI/IFB/RFQ/RFP/CSP/Quotation submittal.

1.21 Public Information Act: Collin County is governed by the Texas Public Information Act, Chapter 552 of the Texas Government Code. All information submitted by prospective bidders during the bidding process is subject to release under the Act.

1.22 The Bidder/Quoter/Offeror shall comply with Commissioners' Court Order No. 2004-167-03-11, County Logo Policy.

1.23 Interlocal Agreement: Successful bidder agrees to extend prices and terms to all entities that has entered into or will enter into joint purchasing interlocal cooperation agreements with Collin County.

1.24 Bid Openings: All bids submitted will be read at the county's regularly scheduled bid opening for the designated project. However, the reading of a bid at bid opening should be not construed as a comment on the responsiveness of such bid or as any indication that the county accepts such bid as responsive.

The county will make a determination as to the responsiveness of bids submitted based upon compliance with all applicable laws, Collin County Purchasing Guidelines, and project documents, including but not limited to the project specifications and contract documents. The county will notify the successful bidder upon award of the contract and, according to state law; all bids received will be available for inspection at that time.

2.0 TERMS OF CONTRACT

2.1 A bid/quote/proposal, when properly accepted by Collin County, shall constitute a contract equally binding between the Vendor/Contractor/Provider and Collin County. No different or additional terms will become part of this contract with the exception of an Amendment and/or a Change Order.

2.2 No oral statement of any person shall modify or otherwise change, or affect the terms, conditions or specifications stated in the resulting contract. All Amendments and/or Change Orders to the contract will be made in writing by Collin County Purchasing Agent.

2.3 No public official shall have interest in the contract, in accordance with Vernon's Texas Codes Annotated, Local Government Code Title 5, Subtitle C, Chapter 171.

2.4 The Vendor/Contractor/Provider shall comply with Commissioners' Court Order No. 96-680-10-28, Establishment of Guidelines & Restrictions Regarding the Acceptance of Gifts by County Officials & County Employees.

2.5 Design, strength, quality of materials and workmanship must conform to the highest standards of manufacturing and engineering practice.

2.6 Bids/Quotes/Proposals must comply with all federal, state, county and local laws concerning the type(s) of product(s)/service(s)/equipment/project(s) contracted for, and the fulfillment of all ADA (Americans with Disabilities Act) requirements.

2.7 All products must be new and unused, unless otherwise specified, in first-class condition and of current manufacture. Obsolete products, including products or any parts not compatible with existing hardware/software configurations will not be accepted.

2.8 Vendor/Contractor/Provider shall provide any and all notices as may be required under the Drug-Free Work Place Act of 1988, 28 CFR Part 67, Subpart F, to its employees and all sub-contractors to insure that Collin County maintains a drug-free work place.

2.9 Vendor/Contractor/Provider shall defend, indemnify and save harmless Collin County and all its officers, agents and employees and all entities, their officers, agents and employees who are participating in this contract from all suits, claims, actions, damages (including personal injury and or property damages), or demands of any character, name and description, (including attorneys' fees, expenses and other defense costs of any nature) brought for or on account of any injuries or damages received or sustained by any person, persons, or property on account of Vendor/Contractor/Provider's breach of the contract arising from an award, and/or any negligent act, error, omission or fault of the Vendor/Contractor/Provider, or of any agent, employee, subcontractor or supplier of Vendor/Contractor/Provider in the execution of, or performance under, any contract which may result from an award. Vendor/Contractor/Provider shall pay in full any judgment with costs, including attorneys' fees and expenses which are rendered against Collin County and/or participating entities arising out of such breach, act, error, omission and/or fault.

2.10 If a contract, resulting from a Collin County IFB, RFP, RFQ, CSP, Quotation is for the execution of a public work, the following shall apply:

2.10.1 In accordance with V.T.C.A. 2253.021, a governmental agency that makes a public work contract with a prime contractor shall require the contractor, before beginning work, to execute to the governmental entity a Payment Bond if the contract is in excess of \$25,000.00. Such bond shall be in the amount of the contract payable to the governmental entity and must be executed by a corporate surety in accordance with Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959 (Article 7.19-1 Vernon's Texas Insurance Code).

2.10.2 In accordance with V.T.C.A. 2253.021, a governmental agency that makes a public work contract with a prime contractor shall require the contractor, before beginning work, to execute to the governmental entity a Performance Bond if the contract is in excess of \$100,000.00. Such bond shall be in the amount of the contract payable to the governmental entity and must be executed by a corporate surety in accordance with Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959 (Article 7.19-1 Vernon's Texas Insurance Code).

2.11 Purchase Order(s) shall be generated by Collin County to the vendor. Collin County will not be responsible for any orders placed/delivered without a valid purchase order number.

2.12 The contract shall remain in effect until any of the following occurs: delivery of product(s) and/or completion and acceptance by Collin County of product(s) and/or service(s), contract expires or is terminated by either party with thirty (30) days written notice prior to cancellation and notice must state therein the reasons for such cancellation. Collin County reserves the right to terminate the contract immediately in the event the Vendor/Contractor/Provider fails to meet delivery or completion schedules, or otherwise perform in accordance with the specifications. Breach of contract or default authorizes the County to purchase elsewhere and charge the full increase in cost and handling to the defaulting Vendor/Contractor/Provider.

2.13 Collin County Purchasing Department shall serve as Contract Administrator or shall supervise agents designated by Collin County.

2.14 All delivery and freight charges (FOB Inside delivery at Collin County designated locations) are to be included as part of the bid/quote/proposal price. All components required to render the item complete, installed and operational shall be included in the total bid/quote/proposal price. Collin County will pay no additional freight/delivery/installation/setup fees.

2.15 Vendor/Contractor/Provider shall notify the Purchasing Department immediately if delivery/completion schedule cannot be met. If delay is foreseen, the Vendor/Contractor/Provider shall give written notice to the Purchasing Agent. The County has the right to extend delivery/completion time if reason appears valid.

2.16 The title and risk of loss of the product(s) shall not pass to Collin County until Collin County actually receives and takes possession of the product(s) at the point or points of delivery. Collin County shall generate a purchase order(s) to the Vendor/Contractor/Provider and the purchase order number must appear on all itemized invoices.

2.17 Invoices shall be mailed directly to the Collin County Auditor's Office, 2300 Bloomdale Road, Suite 3100, McKinney, Texas 75071. All invoices shall show:

2.17.1 Collin County Purchase Order Number;

2.17.2 Vendor's/Contractor's/Provider's Name, Address and Tax Identification Number;

2.17.3 Detailed breakdown of all charges for the product(s) and/or service(s) including applicable time frames.

2.18 Payment will be made in accordance with V.T.C.A., Government Code, Title 10, Subtitle F, Chapter 2251.

2.19 All warranties shall be stated as required in the Uniform Commercial Code.

2.20 The Vendor/Contractor/Provider and Collin County agree that both parties have all rights, duties, and remedies available as stated in the Uniform Commercial Code.

2.21 The Vendor/Contractor/Provider agree to protect Collin County from any claims involving infringements of patents and/or copyrights.

2.22 The contract will be governed by the laws of the State of Texas. Should any portion of the contract be in conflict with the laws of the State of Texas, the State laws shall invalidate only that portion. The remaining portion of the contract shall remain in effect. The contract is performable in Collin County, Texas.

2.23 The Vendor/Contractor/Provider shall not sell, assign, transfer or convey the contract, in whole or in part, without the prior written approval from Collin County.

2.24 The apparent silence of any part of the specification as to any detail or to the apparent omission from it of a detailed description concerning any point, shall be regarded as meaning that only the best commercial practices are to prevail. All interpretations of the specification shall be made on the basis of this statement.

2.25 Vendor/Contractor/Provider shall not fraudulently advertise, publish or otherwise make reference to the existence of a contract between Collin County and Vendor/Contractor/Provider for purposes of solicitation. As exception, Vendor/Contractor/Provider may refer to Collin County as an evaluating reference for purposes of establishing a contract with other entities.

2.26 The Vendor/Contractor/Provider understands, acknowledges and agrees that if the Vendor/Contractor/Provider subcontracts with a third party for services and/or material, the primary Vendor/Contractor/Provider (awardee) accepts responsibility for full and prompt payment to the third party. Any dispute between the primary Vendor/Contractor/Provider and the third party, including any payment dispute, will be promptly remedied by the primary vendor. Failure to promptly render a remedy or to make prompt payment to the third party (subcontractor) may result in the withholding of funds from the primary Vendor/Contractor/Provider by Collin County for any payments owed to the third party.

2.27 Vendor/Contractor/Provider shall provide Collin County with diagnostic access tools at no additional cost to Collin County, for all Electrical and Mechanical systems, components, etc., procured through this contract.

2.28 Criminal History Background Check: If required, ALL individuals may be subject to a criminal history background check performed by the Collin County's Sheriff's Office prior to access being granted to Collin County. Upon request, Vendor/Contractor/Provider shall provide list of individuals to Collin County Purchasing Department within five (5) working days.

2.29 Non-Disclosure Agreement: Where applicable, vendor shall be required to sign a non-disclosure agreement acknowledging that all information to be furnished is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by vendor, except as provided in the contract/agreement, may cause serious harm or damage to Collin County. Therefore, Vendor agrees that Vendor will not use the information furnished for any purpose other than that stated in contract/agreement, and agrees that Vendor will not either directly or indirectly by agent, employee, or representative disclose this information, either in whole or in part, to any third party, except on a need to know basis for the purpose of evaluating any possible transaction. This agreement shall be binding upon Collin County and Vendor, and upon the directors, officers, employees and agents of each.

2.30 Vendors/Contractors/Providers must be in compliance with the Immigration and Reform Act of 1986 and all employees specific to this solicitation must be legally eligible to work in the United States of America.

2.31 Certification of Eligibility: This provision applies if the anticipated Contract exceeds \$100,000.00 and as it relates to the expenditure of federal grant funds. By submitting a bid or proposal in response to this solicitation, the Bidder/Quoter/Offeror certifies that at the time of submission, he/she is not on the Federal Government's list of suspended, ineligible, or debarred contractors. In the event of placement on the list between the time of bid/proposal submission and time of award, the Bidder/Quoter/Offeror will notify the Collin County Purchasing Agent. Failure to do so may result in terminating this contract for default.

2.32 Notice to Vendors/Contractors/Providers delivering goods or performing services within the Collin County Detention Facility: The Collin County Detention Facility houses persons who have been charged with and/or convicted of serious criminal offenses. When entering the Detention Facility, you could: (1) hear obscene or graphic language; (2) view partially clothed male inmates; (3) be subjected to verbal abuse or taunting; (4) risk physical altercations or physical contact, which could be minimal or possibly serious; (5) be exposed to communicable or infectious diseases; (6) be temporarily detained or prevented from immediately leaving the Detention Facility in the case of an emergency or "lockdown"; and (7) subjected to a search of your person or property. While the Collin County Sheriff's Office takes every reasonable precaution to protect the safety of visitors to the Detention Facility, because of the inherently dangerous nature of a Detention Facility and the type of the persons incarcerated therein, please be advised of the possibility of such situations exist and you should carefully consider such risks when entering the Detention Facility. By entering the Collin County Detention

Facility, you acknowledge that you are aware of such potential risks and willingly and knowingly choose to enter the Collin County Detention Facility.

2.33 Delays and Extensions of Time when applicable:

2.33.1 If the Vendor/Contractor/Provider is delayed at any time in the commence or progress of the Work by an act or neglect of the Owner or Architect/Engineer, or of an employee of either, or of a separate contractor employed by the Owner, or by changes ordered in the Work, or by labor disputes, fire, unusual delay in deliveries, unavoidable casualties or other causes beyond the Vendor/Contractor/Provider's control, or by delay authorized by the Owner pending mediation and arbitration, or by other causes which the Owner or Architect/Engineer determines may justify delay, then the Contract Time shall be extended by Change Order for such reasonable time as the Owner/Architect may determine.

2.33.2 If adverse weather conditions are the basis for a Claim for additional time, such Claim shall be documented by data substantiating that weather conditions were abnormal for the period of time and could not have been reasonably anticipated, and that the weather conditions had an adverse effect on the scheduled construction.

NOTE: All other terms and conditions (i.e. Insurance Requirements, Bond Requirements, etc.) shall be stated in the individual IFB/RFQ/RFP/RFI/CSP/Quotation Solicitation documents as Special Terms, Conditions and Specifications.

3.1 Before commencing work, the vendor shall be required, at its own expense, to furnish the Collin County Purchasing Agent with certified copies of all insurance certificate(s) indicating the coverage to remain in force throughout the term of this contract.

3.1.1 Commercial General Liability insurance at minimum combined single limits of (\$500,000 per-occurrence and \$1,000,000 general aggregate) for bodily injury and property damage, which coverage shall include products/completed operations, independent contractors, and contractual liability each at \$500,000 per occurrence. Coverage must be written on an occurrence form.

3.1.2 Workers Compensation insurance at statutory limits, including employers liability coverage at minimum limits. In addition to these, the contractor must meet each stipulation below as required by the Texas Workers Compensation Commission; (Note: If you have questions concerning these requirements, you are instructed to contact the TWCC at (512)440-3789).

3.1.2.1 Definitions: Certificate of coverage ("certificate"). A copy of a certificate of authority of self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, OR TWCC-84), showing statutory workers compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project includes the time from the beginning of the work on the project until the contractor's/person's work on the project has been completed and accepted by the governmental entity.

Persons providing services on the project ("subcontractor" in 406.096) includes all persons or entities performing all or part of the services the contractor has undertaken to perform on the project, regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

3.1.2.2 The contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the contractor providing services on the project, for the duration of the project.

3.1.2.3 The Contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract.

3.1.2.4 If the coverage period shown on the contractor's current certificate of coverage ends during the duration of the project, the contractor must, prior to the end of the coverage period, file a new certificate of coverage with the governmental entity showing that coverage has been extended.

3.1.2.5 The contractor shall obtain from each person providing services on a project, and provide to the governmental entity:

3.1.2.5.1 A certificate of coverage, prior to that person beginning work on the project, so the governmental entity will have on file certificates of coverage showing coverage for all persons providing services on the project; and

3.1.2.5.2 no later than seven (7) days after receipt by the contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.

3.1.2.6 The contractor shall retain all required certificates of coverage for the duration of the project and for one year thereafter.

3.1.2.7 The contractor shall notify the governmental entity in writing by certified mail or personal delivery, within ten (10) days after the contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.

3.1.2.9 The contractor shall contractually require each person with whom it contracts to provide services on a project, to:

3.1.2.9.1 provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;

3.1.2.9.4 obtain from each other person with whom it contracts, and provide to the contractor:

3.1.2.9.4.1 a certificate of coverage, prior to the other person beginning work on the project; and

3.1.2.9.4.2 a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;

3.1.2.9.5 retain all required certificates of coverage on file for the duration of the project and for one year thereafter;

3.1.2.9.6 notify the governmental entity in writing by certified mail or personal delivery, within ten (10) days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and

3.1.2.10 By signing this contract or providing or causing to be provided a certificate of coverage, the contractor is representing to the governmental entity that all employees of the contractor who will provide services on the project will be covered by workers compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or

misleading information may subject the contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.

3.1.2.11 The contractor's failure to comply with any of these provisions is a breach of contract by the contractor which entitles the governmental entity to declare the contract void if the contractor does not remedy the breach within ten (10) days after receipt of notice of breach from the governmental entity.

3.1.3 Commercial Automobile Liability insurance shall be no less than \$500,000 combined single limits per accident for bodily injury and property damage, including owned, non-owned, and hired vehicle coverage.

3.1.4 Professional Liability Insurance at minimum limits of \$2,000,000. This policy must have a two (2) year extended period of coverage, (i.e. tail coverage). If you choose to have project coverage endorsed onto your base policy, this would be acceptable.

3.2 The required limits may be satisfied by any combination of primary, excess or umbrella liability insurances, provided the primary policy complies with the above requirements and the excess umbrella is following form. The vendor may maintain reasonable and customary deductibles, subject to approval by Collin County.

3.3 With reference to the foregoing insurance requirement, the vendor shall endorse applicable insurance policies as follows:

3.3.1 A waiver of subrogation in favor of Collin County, its officials, employees, volunteers and officers shall be contained in the workers compensation coverage.

3.3.2 The vendor's insurance coverage shall name Collin County as additional insured under the General Liability policy.

3.3.3 All insurance policies shall be endorsed to require the insurer to immediately notify Collin County of any decrease in the insurance coverage limits.

3.3.4 All insurance policies shall be endorsed to the effect that Collin County will receive at least thirty (30) days notice prior to cancellation, non-renewal or termination of the policy.

3.3.5 All copies of Certificates of Insurance shall reference the project/contract number.

3.4 All insurance shall be purchased from an insurance company that meets the following requirements:

3.4.1 A financial rating of B+VI or better as assigned by the BEST Rating Company or equivalent.

3.5 Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent, and shall contain provisions representing and warranting the following:

3.5.1 Sets forth all endorsements and insurance coverages according to requirements and instructions contained herein.

3.5.2 Sets forth the notice of cancellation or termination to Collin County.

4.0	EVALUATION CRITERIA AND FACTORS
------------	--

- 4.1.** The award of the contract shall be made to the responsible offeror whose proposal is determined to be the lowest and best evaluated offer resulting taking into consideration the relative importance of price and other factors set forth in the Request For Proposals in accordance with Vernon's Texas Code Annotated, Local Government.

4.1.1. LEVEL 1 - PROCUREMENT REQUIREMENTS ASSESSMENT

Criteria assessed during Level 1:

- r Conformance with RFP guidelines and submittal requirements.

The following documents shall be submitted as part of the proposal.

- Response to Section 6.0
- Company Profile and Signature Form
- Provide evidence of Broker License with the State of Texas

Failure to provide these documents shall deem vendor as non-responsive.

4.1.2. LEVEL 2 – DETAILED PROPOSAL ASSESSMENT

The County's Selection Team will conduct a detailed assessment of all proposals elevated to this Level. Criteria evaluated in Level 2:

4.1.2.1 QUALIFICATIONS AND EXPERIENCE– 30%

Brokers who have proven experience at sites similar in scope, size, and complexity to the County will provide higher confidence to County evaluators.

4.1.2.2 MARKETING PLAN – 30%

County evaluators will evaluate the proposed marketing plan.

4.1.2.3 COST – 40%

Proposer's fee

5.0.	SPECIAL CONDITIONS AND SCOPE OF SERVICES
-------------	---

5.1. AUTHORIZATION:

Sealed proposals will be received for Broker Services: Sale of University Drive Courts Facility.

5.2. INTENT OF REQUEST FOR PROPOSAL:

Collin County's intent of this Request For Proposal (RFP) and resulting contract is to provide offerors with sufficient information to prepare a proposal for so that the County can enter into a contract for Brokers Services for the sale of University Drive Courts Facility located at 1800 N. Graves, McKinney, TX 76069.

5.3. TERM:

Provide for a term contract commencing on the date of the award for a period of nine (9) months and may be extended for nine (9) month period.

5.4. FUNDING:

Funds for payment have been provided through the Collin County budget approved by the Commissioners' Court for this fiscal year only. State of Texas statutes prohibit the County from any obligation of public funds beyond the fiscal year for which a budget has been approved. Therefore, anticipated orders or other obligations that arise past the end of the current Collin County fiscal year shall be subject to budget approval.

5.5. PRICE REDUCTION:

If during the life of the contract, the vendor's net prices to other customers under the same terms and conditions for items/services awarded herein are reduced below the contracted price, it is understood and agreed that the benefits of such reduction shall be extended to Collin County.

5.6. GENERAL REQUIREMENTS**5.6.1. SCOPE OF WORK**

In accordance with Local Government Code 263.008 the County may contract with a broker to sell a tract of real property that is owned by the County. The Commissioners' Court of the County may pay a fee if the broker produces a ready, willing, and able buyer to purchase tract of real property.

The tract of real property is a 174,978 square foot County Courts Facility located on 11.8170 acres of land at the southeast corner of US 380 (University Drive) and North Graves Street in McKinney, Texas. The address is 1800 North Graves Street, McKinney, TX 75069. See Attachment A – Self Contained Appraisal Report by Pyles Whatley Corporation for more detailed information.

The minimum bid to be accepted for this property is \$5,000,000.

5.6.2 Brokers duties include:

5.6.1.1. to find a buyer ready, willing, and able to purchase property

5.6.1.2. assist to the extent requested by the Seller, in negotiating terms of and filling out pre-printed real estate purchase and sale agreement

5.6.1.3. comply with all applicable laws in performing duties.

6.0. PROPOSAL FORMAT

6.1. The proposal shall be divided into tabbed, marked sections and shall include but not limited to information for each of the following and if submitting manually, assembled with spiral-type bindings or staples. **DO NOT USE METAL-RING HARD COVER BINDERS** (If providing hard copy).

6.1.1. FIRM OVERVIEW

Offeror is requested to define the overall structure of the Firm to include the following:

- 6.1.1.1. A descriptive background of your company's history.
- 6.1.1.2. State your principal business location and any other service locations.
- 6.1.1.3. How long have you been selling product(s) and/or providing service(s)?
- 6.1.1.4. Provide evidence of Broker License with the State of Texas.
- 6.1.1.5. Provide sample Broker Services contract.

6.2. PROPOSED SERVICE

6.2.1. Offeror is requested to identify the proposed service to include but not limited to the following areas:

- 6.2.1.2. Describe Marketing Strategy and Plan.

6.3 TIME SCHEDULE

6.3.1. Describe proposed project schedule.

6.4. REFERENCES (Respond by completing Company Profile and Signature Form)

6.4.1. Offeror is requested to include at least three (3) references with names, addresses and telephone numbers.

6.5. PRICING/FEES

6.5.1. Provide an explanation of the total cost of the service(s) showing a breakdown by item. Be sure to include all items necessary to render project complete and operational.

- 6.5.1.1. State Fee for Brokerage Services.

**SIGNATURE FORM
COLLIN COUNTY, TEXAS**

DELIVERY WILL BE F.O.B. INSIDE DELIVERY AT COLLIN COUNTY DESIGNATED LOCATIONS AND ALL TRANSPORTATION CHARGES PAID BY THE SUPPLIER TO DESTINATION.

DELIVERY TO BE SPECIFIED IN CALENDAR DAYS FROM DATE OF ORDER.

WE **DO NOT** TAKE EXCEPTION TO THE BID SPECIFICATIONS.

WE **TAKE** EXCEPTION TO THE BID SPECIFICATIONS (EXPLAIN):

COMPANY INFORMATION/PROFILE/REFERENCES

Preferential Requirement: The County of Collin, as a governmental agency of the State of Texas, may not award a contract to a nonresident bidder unless the nonresident's bid is lower than the lowest bid submitted by a responsible Texas resident bidder by the same amount that a Texas resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located (Government Code, Title 10, V.T.C.A., Chapter 2252, Subchapter A). Bidder shall make answer to the following questions by selecting the appropriate radio button or inserting information in the box provided:

Is your principal place of business in the State of Texas? Yes No

If the answer to question is "yes", no further information is necessary; if "no", please indicate:

in which state is your principal place of business is located:

if that state favors resident bidders (bidders in your state) by some dollar increment or percentage: Yes No

if "yes", what is that dollar increment or percentage?

Company Profile: IS YOUR FIRM?

Sole Proprietorship Yes No

General Partnership Yes No

Limited Partnership Yes No

Corporation Yes No

Other Yes No

List Legal Names in Company:

List at least three (3) companies or governmental agencies where these same/like products/services, as stated herein, have been provided. Include company name, address, contact name and telephone number.

AS PERMITTED UNDER TITLE 8, CHAPTER 271, SUBCHAPTER F, SECTION 271.101 AND 271.102 V.T.C.A. AND TITLE 7, CHAPTER 791, SUBCHAPTER C, SECTION 791.025, V.T.C.A., OTHER LOCAL GOVERNMENTAL ENTITIES MAY WISH TO ALSO PARTICIPATE UNDER THE SAME TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT. EACH ENTITY WISHING TO PARTICIPATE MUST ENTER INTO AN INTERLOCAL AGREEMENT WITH COLLIN COUNTY AND HAVE PRIOR AUTHORIZATION FROM VENDOR. IF SUCH PARTICIPATION IS AUTHORIZED, ALL PURCHASE ORDERS WILL BE ISSUED DIRECTLY FROM AND SHIPPED DIRECTLY TO THE LOCAL GOVERNMENTAL ENTITY REQUIRING SUPPLIES/SERVICES. COLLIN COUNTY SHALL NOT BE HELD RESPONSIBLE FOR ANY ORDERS PLACED, DELIVERIES MADE OR PAYMENT FOR SUPPLIES/SERVICES ORDERED BY THESE ENTITIES. EACH ENTITY RESERVES THE RIGHT TO DETERMINE THEIR PARTICIPATION IN THIS CONTRACT. WOULD BIDDER BE WILLING TO ALLOW OTHER LOCAL GOVERNMENTAL ENTITIES TO PARTICIPATE IN THIS CONTRACT, IF AWARDED, UNDER THE SAME TERMS AND CONDITIONS? Yes No

By signing and submitting this Bid/Proposal, Bidder/Offeror acknowledges, understands the specifications, any and all addenda, and agrees to the bid/proposal terms and conditions and can provide the minimum requirements stated herein. Bidder/Offeror acknowledges they have read the document in its entirety, visited the site, performed investigations and verifications as deemed necessary, is familiar with local conditions under which work is to be performed and will be responsible for any and all errors in Bid/Proposal submittal resulting from Bidder/Offeror's failure to do so. Bidder/Offeror acknowledges the prices submitted in this Bid/Proposal have been carefully reviewed and are submitted as correct and final. If Bid/Proposal is accepted, vendor further certifies and agrees to furnish any and all products/services upon which prices are extended at the price submitted, and upon conditions in the specifications of the Invitation for Bid/Request for Proposal.

THE UNDERSIGNED HEREBY CERTIFIES THE FOREGOING BID/PROPOSAL SUBMITTED BY THE COMPANY LISTED BELOW HEREINAFTER CALLED "BIDDER/OFFEROR" IS THE DULY AUTHORIZED AGENT OF SAID COMPANY AND THE PERSON SIGNING SAID BID/PROPOSAL HAS BEEN DULY AUTHORIZED TO EXECUTE SAME. BIDDER/OFFEROR AFFIRMS THAT THEY ARE DULY AUTHORIZED TO EXECUTE THIS CONTRACT; THIS COMPANY; CORPORATION, FIRM, PARTNERSHIP OR INDIVIDUAL HAS NOT PREPARED THIS BID/PROPOSAL IN COLLUSION WITH ANY OTHER BIDDER/OFFEROR OR OTHER PERSON OR PERSONS ENGAGED IN THE SAME LINE OF BUSINESS; AND THAT THE CONTENTS OF THIS BID/PROPOSAL AS TO PRICES, TERMS AND CONDITIONS OF SAID BID/PROPOSAL HAVE NOT BEEN COMMUNICATED BY THE UNDERSIGNED NOR BY ANY EMPLOYEE OR AGENT TO ANY OTHER PERSON ENGAGED IN THIS TYPE OF BUSINESS PRIOR TO THE OFFICIAL OPENING OF THIS BID/PROPOSAL.

Company Name	<input type="text"/>
Street Address of Principal Place of Business	<input type="text"/>
City, State, Zip	<input type="text"/>
Phone of Principal Place of Business	<input type="text"/>
Fax of Principal Place of Business	<input type="text"/>
E-mail Address of Representative	<input type="text"/>
Federal Identification Number	<input type="text"/>
Date	<input type="text"/>
Acknowledgement of Addenda	#1 € #2 € #3 € #4 € #5 € #6 €
Authorized Representative Name	<input type="text"/>
Authorized Representative Title	<input type="text"/>
Signature (Required for paper bid submission)	<input type="text"/>

**SELF CONTAINED APPRAISAL REPORT
174,978 SF COUNTY COURTS FACILITY
1800 NORTH GRAVES STREET
MCKINNEY, COLLIN COUNTY, TEXAS**

FOR

**COLLIN COUNTY
JEFF DURHAM, SPECIAL PROJECTS
825 NORTH MCDONALD STREET, SUITE 145
MCKINNEY, TEXAS 75069**

**PYLES★WHATLEY CORPORATION
11551 FOREST CENTRAL DRIVE, SUITE 220
DALLAS, TEXAS 75243**

PYLES★WHATLEY CORPORATION

Real Estate Consultants

*Wendell Pyles, MAI, SR/WA**Jan Whatley, MAI, SR/WA*

September 23, 2008

Mr. Jeff Durham
 Collin County Special Projects
 825 North McDonald Street, Suite 145
 McKinney, Texas 75069

Re: An appraisal of the 174,978 square foot county courts facility located at 1800 North Graves Street, in the city of McKinney, Collin County, Texas.

Dear Mr. Durham:

At your request, we submit this self-contained appraisal report to provide an opinion of value of the above referenced property. We have made an on-site inspection of the site and considered factors pertinent to and indicative of value including Dallas/Fort Worth area, city of McKinney characteristics, market area data and trends, locational amenities, highest and best use, and other elements of value.

The subject property is a 174,978 square foot, county courts facility situated on 11.8170 acres of land. The property is located the southeast corner of US 380 (University Drive) and North Graves Street, in the city of McKinney. Current ownership is reflected as Collin County according to Collin County Appraisal District records.

Our opinion of value for the subject is effective as of August 28, 2008. The appraisal problem, as applied to the subject, is to determine the following value:

Market Value, As Is on the Appraisal Date – An opinion of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

With reference to the preceding definition, our opinion of value is as follows:

Fee Simple Market Value, As Is **\$14,000,000 (\$80.00/SF)**

This report excludes any personal property, fixtures, or intangible items that are not real property. The fee for this report is for our expressed opinion at the time of inspection, without warranties or guarantees of the outcome if values are tested at any future date. The property type description utilized in this report is extracted from the Marshall & Swift Valuation Service Manual.

11551 Forest Central Drive
 Suite 220
 Dallas, Texas 75243
 Phone (214) 340-5880
 Fax (214) 340-5422

www.PylesWhatley.com
 Toll Free (800) 340-2166

777 Main Street
 Suite 600
 Fort Worth, Texas 76102
 Phone (817) 887-8176
 Fax (817) 887-8177

Page 2
Mr. Jeff Durham
September 23, 2008

This report is in compliance with the requirements of the current Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Ethics of the Appraisal Institute, and Texas Real Estate Commission (TREC) Rules. The report is also prepared in accordance with the client's appraisal guidelines.

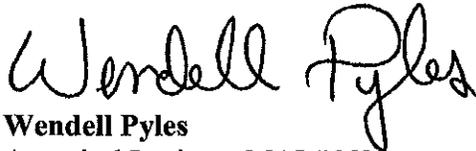
The following report sets forth a description of the property along with a summary of the market data considered and the conclusions derived from such data. Your attention is directed to the general assumptions and limiting conditions in this report.

All methodology utilized to arrive at the estimate of market value can be found in The Appraisal of Real Estate, Twelfth Edition, as published by The Appraisal Institute. This methodology is in conformance with our interpretation of the Minimum Evaluation Standards Per OCC Bulletin Interagency Appraisal and Evaluation Guidelines, effective October 28, 1994. The definition of market value included within this report is per Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), effective August 9, 1990.

If you should have questions concerning any portion of this appraisal, please contact our office.

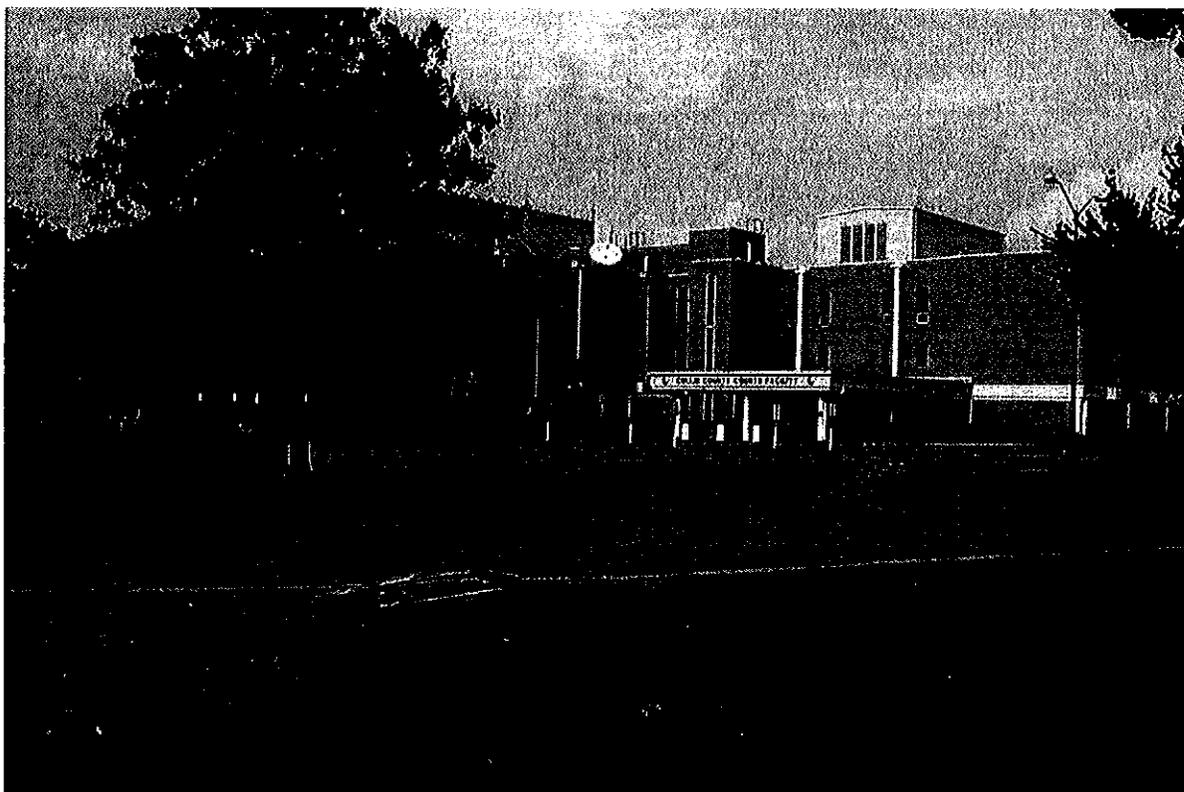
Respectfully submitted,

PYLES ★WHATLEY CORPORATION



Wendell Pyles
Appraisal Institute, MAI #6698
State of Texas License #1320453-G

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS



Address	1800 North Graves Street, McKinney, Texas	
Location	Southeast corner of North Graves Street and US 380 (University Drive) in the city of McKinney, Collin County, Texas	
Mapsc	DA-261-W	
Gross Building Area	174,978 SF	
Net Rentable Area	174,978 SF	
Year of Construction	1957 (Renovated in 1999)	
Total Land Area	514,752 SF or 11.817 acres	
Zoning	RG-18	
Value Opinion	<u>As Is</u>	
Land Value	\$4,120,000	or \$8.00/SF
Cost Approach	\$15,000,000	\$85.00/SF
Sales Comparison Approach	\$14,000,000	\$80.00/SF
Income Approach	\$13,000,000	\$74.30/SF
Final Market Value, As Is	\$14,000,000	\$80.00/SF
Reasonable Exposure Time	12 Months	
Reasonable Marketing Period	12 Months	
Effective Date of the Appraisal	August 28, 2008	

08-801

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ADDENDA

PURCHASE ORDER
TAX CARD
UTILITY EXPENSE STATEMENTS

SCOPE OF THE ASSIGNMENT

Purpose of the Appraisal

The purpose of this appraisal is to render an opinion of the market value of the subject property. The report is in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice, the Code of Ethics of the Appraisal Institute, and Texas Real Estate Commission Rules. The report is also prepared in accordance with the client's Appraisal Guidelines.

Effective Date of the Appraisal

The subject property is being appraised as of August 28, 2008, and is subject to the market influences and economic conditions, which existed on that date. This date is also known as the effective date and is the date of the opinions and conclusions found in this report. The property was also inspected on this date, which included a visual observation of the site including photographs.

Property Rights Being Appraised

There are three primary property rights that may typically be appraised. They are fee simple estate, leased fee estate, and leasehold estate. These rights are defined as follows:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power and escheat.

Leased Fee Estate - An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold Estate - The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

In this report, we develop a market value opinion of the Fee Simple Estate in the real property.

Subject Identification & Legal Description

The site is legally described as land situated in the B. F. Stapp Survey, Abstract No. 837, Tract 18, in the city of McKinney, Collin County, Texas. The subject is an 11.817-acre site that is improved with county court facilities and associated site improvements. The property is located at 1800 North Graves Street in the city of McKinney, Collin County, Texas.

Subject History

Current ownership is reflected as Collin County. According to the Collin County Appraisal District, Collin County purchased the parent tract from McKinney Hospital Venture on February 18, 1999, as recorded in the Collin County Deed Records, Volume 99-0021343, Page 4358-1985.

SCOPE OF THE ASSIGNMENT

The sale price was reported as \$1,350,000. No additional sales history information is available. The site was not visibly listed for sale as of day of inspection.

According to Collin County Appraisal District Records and information provided by the client, the subject property was originally constructed as a hospital in 1957. Collin County purchased the property in 1999 for a reported \$1,350,000. The building was completely gutted and renovated at a cost of approximately \$10,000,000 into a county courts facility with seven courtrooms, a tax office and court related office space. Please note that this information is included only to satisfy the requirements of USPAP. It is not intended, as a guarantee to the chain of title and a title search should be performed by a title company should a definitive abstract be desired.

Intended Use & Intended User

The intended use of this report is for internal decision making purposes for Collin County's officials, administrators, employees, assignees, and appropriated regulatory agencies. The intended user, Collin County is also the client. Any other user or uses are not intended or authorized. Use of this appraisal for any other use or by another user or appraisal date may invalidate the findings and conclusions.

Data Collection Process

The term "scope of the appraisal" is defined by the Appraisal Foundation as: "The extent of the process of collecting, confirming, and reporting data". For purposes of this report, the subject market was researched for all pertinent data relating to the appraisal problem. This process typically includes collecting and confirming data through local real estate brokers, appraisers, property owners, lessee/lessors, and others familiar with the local real estate market. The information provided by these sources is deemed reliable but is not guaranteed.

Scope of the Appraisal

For this report, the subject market was researched for all pertinent data relating to the appraisal problem including: collecting and confirming data through brokers, appraisers, property owners, lessee/lessors, and others familiar with the real estate market. The information provided by these sources is deemed reliable, but is not guaranteed.

SCOPE OF THE ASSIGNMENT

Competency

The appraisers involved in this assignment have, collectively, considerable experience in appraising this property type. The appraisers are actively engaged in appraisal work in the geographical area of the subject property. The company maintains a database on this area for similar properties. We have adequate knowledge of the property type and location to meet the competency requirements of the Uniform Standards of Professional Appraisal Practice.

In addition, other appraisers in the market would perform similar actions in the appraisal process to fulfill the scope of work in this assignment and the appraisal meets or exceeds the expectations of parties who are regularly intended users for similar assignments.

DEFINITION OF MARKET VALUE

The regulatory definition of market value is:

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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
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.¹

¹Uniform Standards of Professional Appraisal Practice, Page I-7; 1998 ed.
Federal Reserve System, 12 CFR Parts 208 and 225, Sec. 225.62;
Office of the Comptroller of the Currency, 12 CFR Part 34, Sec. 34.42;
FDIC, 12 CFR Part 323, Sec. 323.2;
Office of Thrift Supervision, 12 CFR Part 564, Sec. 564.2;
NCUA, 12 CFR Part 722, Sec. 722.2;
RTC, 12 CFR Part 1608, Sec. 1608.2;
FIRREA, Title XI

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute require the appraiser to "set forth all assumptions and limiting conditions that affect the analyses, opinions, and conclusions in the report." In compliance therewith, and to assist the reader in interpreting this report, such general assumptions and limiting conditions are set forth below. Specific assumptions, if any, are referred to in the transmittal letter and their location in the report detailed.

Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.

No opinion is expressed on the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials except as expressly stated.

The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date, which may affect the opinions herein stated. The opinion of value is considered reliable only as of the date of the appraisal.

The valuation is reported in dollars of U.S. currency prevailing on the date of the appraisal.

Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose unless specifically identified as such.

All information and comments pertaining to this and other properties included in the report represent the personal opinion of the appraiser, formed after examination and study of the subject and other properties. While it is believed the information, estimates and analyses are correct, the appraiser does not guarantee them and assumes no liability for errors in fact, analysis or judgment.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or SRA designation) shall be disseminated to the public through advertising media, public relations media sales media or any other public means of communication without written consent and approval of the undersigned.

The appraiser is not required to give testimony or to appear in court by reason of this appraisal, unless prior arrangements have been made.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The distribution of the total valuation in this report between land and improvements applies only under the existing, or proposed/completed program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

Certain information concerning market and operating data were obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.

Opinions of value contained here are opinions only. There is no guarantee, written or implied, that the subject property will sell for such amounts. Prospective values are based on market conditions as of the effective date of the appraisal. The appraiser is not responsible if unforeseeable events alter market conditions subsequent to the effective date of the appraisal. As a personal opinion, valuation may vary between appraisers based on the same facts.

If the subject of the appraisal is an improved property, the appraiser has personally inspected the property and finds no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes can be assumed without provision of specific professional or governmental inspections. While the general conditions of the property were observed, no guarantee can be made concerning the individual components of the structures including but not limited to the heating system, plumbing, electrical services, roof, possible termite damage or building foundation. This Appraiser is not qualified to make a complete inspection of any well or septic system, consequently, it was beyond the scope of this report and no statements can be made concerning the adequacy or condition of these or other system.

No investigation - unless presented in other sections of this report - was made by the appraiser to determine if asbestos, fiberglass, or synthetic mineral fiber products are present in improved properties. The existence of such products, if any, would have to be determined by a qualified inspector. It is assumed that there are no asbestos, fiberglass, synthetic mineral fiber products, nor other contaminants present that would materially affect value.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

No investigation - unless presented in other sections of this report - was made by the appraiser to determine if any toxic materials are present on the subject tract. The existence of such materials, if any, would have to be determined by a qualified inspector. It is assumed that no toxic materials are present that would materially affect value or development costs.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

A reasonable investigation was made to determine the existence of any underground storage tanks (UST) on the subject site. If USTs are present on the subject site details are provided in other sections of this report. It is assumed there are no USTs present that would materially affect value.

In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be completed in substantial conformity with plans and specifications, which have been furnished the appraiser, and with good materials and workmanship. It is also assumed that the proposed foundation and construction techniques are adequate for the existing sub-soil conditions.

Pyles Whatley Corporation retains the rights of ownership (to include possession, use, and distribution) of this appraisal report until the entire fee for this report has been paid in full.

The fee for this report is for our expressed opinion at the time of inspection, without warranties or guarantees of the outcome if values are tested at any future date.

DEFINITIONS AND TERMS

Various terms and symbols are used throughout the appraisal report. The following are definitions of the terms and explanations of the symbols used:

Market Value - See Definition of Market Value.

Market Price - The amount actually paid, or to be paid, for a property in a particular transaction.

Differs from market value in that it is an accomplished or historic fact, whereas market value is and remains an estimate until proven. Market price involves no assumption of prudent conduct by the parties, or absence of undue stimulus, or of any other condition basic to the market value concept.

Highest and Best Use - That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Market Rent - The rental income that a property would most probably command on the open market as indicated by current rentals being paid for comparable space as of the effective date of the appraisal.

Appreciation - Increase in value due to increase in cost to reproduce, value over the cost, or value at some specified earlier point in time, brought about by greater demand, improved economic conditions, increasing price levels, reversal of depreciating environmental trends, improved transportation facilities, direction of community or area growth, or other factors.

Depreciation - A loss of utility and hence value from any cause. An effect caused by physical deterioration and/or obsolescence.

Functional Obsolescence - Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes in the art, that affect the property item itself or its relation with other elements comprising a larger property. The inability of a structure to perform adequately the function for which it is currently employed.

External (Economic) Obsolescence - Impairment of desirability or useful life arising from factors external to the property, such as economic forces or environmental changes which affect supply-demand relationships in the market. Loss in the use and value of a property arising from the factors of economic obsolescence is to be distinguished from loss in value from physical deterioration and functional obsolescence, both of which are inherent in the property. Also referred to as Locational or Environmental Obsolescence.

Present Value - The current monetary value. It is the today's cash lump sum, which represents the current value of the right to collect future payments. It is the discounted value of aggregate future payments.

DEFINITIONS AND TERMS

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Industrial Gross Lease - Tenant pays electrical usage, for increases in property taxes and insurance over a base year, and a pro-rata share of common area maintenance in some instances.

Leased Fee Estate - An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold Estate - The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

Lessee - One who has the right to use or occupy a property under a lease agreement; the leaseholder or tenant.

Lessee's Interest- See Leasehold Estate.

Lessor - One who holds property title and conveys the right to use and occupy the property under a lease agreement; the leased fee owner or landlord.

Going-concern value - The value created by a proven property operation; considered a separate entity to be valued with an established business.

Anticipation - The perception that value is created by the expectation of benefits to be derived in the future.

Substitution - The appraisal principle that states when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.

Utility - The ability of a product to satisfy a human want, need, or desire.

Zoning - The public regulation of the character and extent of real estate use through police power; accomplished by establishing districts or areas with uniform restrictions relating to improvements; structural height, area, and bulk; density of population; and other aspects of the use and development of private property.

Abbreviations

SF = square feet	PSF or /SF = per square foot	FF = front feet
LF = lineal feet	AC = acres	ROW = right of way
RR = railroad	CBD = central business district	GI = gross income
EGI = effective gross income	NOI = net operating income	GIM = gross income multiplier
GBA = gross building area	RA = rentable area	UA = usable area
St = studio apartment	Sy = study	Dn = den
F/P = fireplace	W/D = washer/dryer connection	± = plus or minus from amount stated
OAR or R_o = overall capitalization rate	EDR or R_E = equity dividend rate	PV = present value

Source of Definitions: The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, Illinois, 1993.

DEFINITIONS AND TERMS

STAGES OF VALUE

During the real estate development process, a property typically progresses from a state of unimproved land to construction of improvements to stabilized occupancy. In general, the market value associated with the property increases during these stages of development. After reaching stabilized occupancy, ongoing forces affect the property during its life, including physical wear and tear, changing market conditions, etc. These factors continually influence the property's market value at any given point in time. Opinions of value are developed on the basis of one or more of the following:

Market Value, As Is on the Appraisal Date – An opinion of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

Market Value, As If Complete on the Appraisal Date – The market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this opinion of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Prospective Future Value Upon Completion of Construction – The prospective future value of a property on the date construction is completed, based upon market conditions forecast to exist as of that completion date. The value estimate at this stage of value is stated in current dollars unless stated otherwise.

Prospective Future Value Upon Reaching Stabilized Occupancy – The prospective future value of a property at a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. The opinion of value at this stage of value is in current dollars unless stated otherwise.

The stage of value utilized in this report is the *Market Value, As Is, On the Appraisal Date*.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

The property considered in this report is located in the Dallas/Fort Worth Metropolitan Area, one of the major financial and population centers in the nation. Thus, an overview of the Metroplex is appropriate.

Downtown Dallas



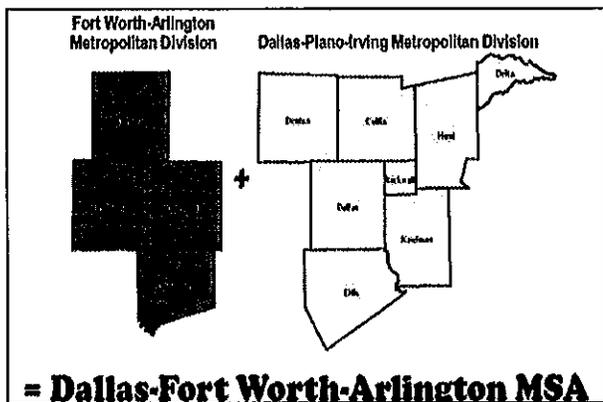
Photograph Courtesy of the Dallas Convention & Visitors Bureau

CLASSIFICATION

The classifications represented in the Dallas/Fort Worth area are:

Metropolitan Statistical Area (MSA) and Metropolitan Division (MD)

With a population of over 6.0 million, Dallas/Fort Worth and the surrounding area is the fourth largest MSA under this classification. The DFW MSA is comprised of two Metropolitan Divisions; Dallas-Plano-Irving or Dallas MD on the east and Fort Worth-Arlington or Fort Worth MD on the west. The Dallas MD includes Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties with a 2007 estimated population of 4.15 million. The Fort Worth MD is comprised of Johnson, Parker, Tarrant, and Wise Counties with a 2007 estimated population of 2 million.



DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Between 2000 and 2007, the city and county of Dallas, with growth rates of 3.6% and 6.7% respectively, have experienced a lower growth rate than the Dallas MD, or particularly Collin and Denton Counties. Several factors have contributed to this lower growth rate.

- ✱ Population shift toward the suburbs from the central city
- ✱ Lack of available areas to grow into physically for the city of Dallas
- ✱ Growth of jobs outside of the downtown core of Dallas
- ✱ Traffic problems

From 2000 to 2007, the twelve county region grew by 983,493 persons. The breakdown of growth by the four major counties of the MSA are as follows:

Collin Co.	+239,015	Tarrant Co.	+271,216
Dallas Co.	+147,612	Denton Co.	+179,381

Dallas/Fort Worth also ranks sixth in the nation in terms of urbanized land area. The urbanized area that includes the two cities and their contiguous suburbs consumed 1,407 miles of open land between 1990 to 2000 and growing by more than one-third.

Urban Area (1990-2000)	Total Area (square miles)	Urban Area (1990-2000)	Total Area (square miles)
New York	3,353	Dallas/Fort Worth	1,407
Los Angeles	1,859	Boston	1,736
Chicago	2,123	Washington DC	1,157
Philadelphia	1,799	Detroit	1,261
Miami	1,116	San Francisco	758

The subsequent table illustrates growth trends, in total numbers and annualized percentages, of all the major cities, suburbs, and statistical regions from 1990 to 2007.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

AREA	POPULATION ANNUALIZED GROWTH RATES					
	1990	2000	2006	2007	1990s	2000-07
DFW MSA	3,885,415	5,161,544	6,003,967	6,145,037	2.9	2.5
Dallas MD	2,553,362	3,451,226	4,019,499	4,111,529	3.1	2.5
Collin County	264,036	491,675	698,851	730,690	6.4	5.8
Dallas County	1,852,810	2,218,899	2,345,815	2,366,511	1.8	0.9
Delta County	4,857	5,327	5,503	5,375	0.9	0.1
Denton County	273,525	432,976	584,238	612,357	4.7	5.1
Ellis County	85,167	111,360	139,300	143,468	2.7	3.7
Hunt County	64,343	76,596	82,413	82,945	1.8	1.1
Kaufman County	52,220	71,313	93,241	96,373	3.2	4.4
Rockwall County	25,604	43,080	68,195	73,810	5.3	8.0
Fort Worth MD	1,361,034	1,710,318	1,984,468	2,033,508	2.3	2.5
Johnson County	97,165	126,811	149,016	149,797	2.7	2.4
Parker County	64,785	88,495	106,266	108,687	3.2	3.0
Tarrant County	1,170,103	1,446,219	1,671,295	1,717,435	2.1	2.5
Wise County	34,679	48,793	56,763	57,589	3.5	2.4
Addison	8,783	13,250	15,100	15,250	4.2	2.0
Allen	18,309	43,554	71,000	76,600	9.1	8.4
Arlington	261,721	322,969	363,550	364,300	2.4	1.7
Carrollton	82,169	109,576	119,150	120,150	2.9	1.3
Coppell	16,881	35,958	39,200	39,350	7.9	1.3
Dallas	1,006,877	1,188,580	1,272,850	1,280,500	1.7	1.1
Denton	66,270	80,537	102,650	105,550	2	3.9
Duncanville	35,008	36,081	37,750	38,000	0.3	0.7
Farmers Branch	24,250	27,508	27,950	28,500	1.3	0.5
Fort Worth	447,619	534,694	664,100	686,850	1.8	3.6
Frisco	6,138	33,714	84,650	92,100	18.6	15.4
Garland	180,650	215,768	223,550	224,750	1.8	0.6
Grand Prairie	99,616	127,427	156,000	161,550	2.5	3.5
Irving	155,037	191,615	202,750	205,600	2.1	1.0
Lewisville	46,521	77,737	89,650	91,550	5.3	2.4
McKinney	21,283	54,269	104,150	112,000	9.8	11.1
Mesquite	101,484	124,523	136,100	136,750	2.1	1.4
Plano	128,713	222,030	252,600	255,700	5.9	2.0
Richardson	74,840	91,802	97,550	97,700	2.1	0.9

Source: North Central Texas Council of Governments, 2007 Population Estimates

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

EMPLOYMENT AND ECONOMIC BASE

DFW MSA Employment

From 1995 to 2000, the DFW MSA was consistently one of the leaders in new job creation, with annual gains in the range of 70,000 to 125,000 jobs. However, the region posted job losses totaling 36,500, or -1.3% decline for the year ending 2001 primarily due to layoffs in the high tech and telecom sectors. This was a record loss and twice the previous record of 19,500 job losses in 1991. In total, only three years of negative job growth are recorded in the last fifteen years. Employment bases of the MSAs are growing and the unemployment figures are typically slightly superior to the U.S. as a whole.

The aggregate U.S. unemployment rate was 5.2% in February 2008 and 4.9% in February 2007.

In comparison, the Texas Workforce Commission reported an unemployment rate for the state of Texas averaging 4.3% in February 2008, down from 4.6% in 2007.

Dallas MD and Fort Worth MD employment trends are similar, albeit the Fort Worth MD rates are lower. For January 2008 the unemployment rate was 4.5% for Fort Worth MD, down from 4.9% in 2007. The jobless rate for Dallas MD was 4.6% as of January 2008, down from 4.9% in 2007.

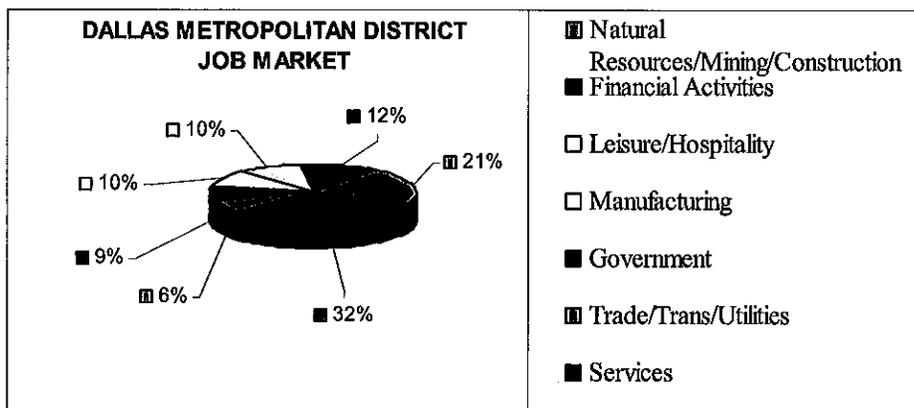
The DFW diversified economic base has generated employment opportunities, which have caused substantial amounts of growth and expansion. The Dallas/Fort Worth job market has changed from a traditional manufacturing and low-skill employment to the service, high tech, and high skill employment. In 2007, DFW added 70,900 new jobs, according to the Bureau Labor of Statistics (BLS). The availability of reasonably priced land, lower living cost for employees, favorable climate, and reasonable housing are great incentives. The subsequent chart illustrates employment sectors in Dallas, Fort Worth and statewide.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

TEXAS NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT						
Type of Employment	Texas *No. of jobs		Dallas MD *No. of jobs		Fort Worth MD *No. of jobs	
	2008	2007	2008	2007	2008	2007
Total	10,499,000	10,264,000	2,088,600	2,037,400	871,800	852,100
<i>% of change**</i>	+2.3		+2.5		+2.3	
Manufacturing	930,900	934,000	195,600	199,600	98,600	98,600
<i>% of change**</i>	-0.3		-2.0		0.0	
Nat.'l Res./Mining/Construction	870,500	829,400	129,100	120,800	62,500	59,100
<i>% of change**</i>	+5.0		+6.9		+5.8	
Trade/Trans./Utilities	2,127,200	2,089,800	416,200	408,300	207,200	203,800
<i>% of change**</i>	+1.8		+1.9		+1.7	
Information	221,200	221,300	73,800	72,700	16,400	15,700
<i>% of change**</i>	0.0		+1.5		+4.6	
Leisure/Hospitality	1,005,300	962,900	190,300	181,900	85,700	83,000
<i>% of change**</i>	+4.4		+4.6		+3.3	
Financial Activities	646,500	641,000	186,300	183,000	48,300	47,300
<i>% of change**</i>	+0.9		+1.8		+2.1	
Professional & Business Services	1,330,700	1,274,100	333,700	328,500	101,400	99,800
<i>% of change**</i>	+4.4		+1.6		+1.6	
Education & Health Services	1,275,200	1,239,700	226,300	213,700	99,800	95,000
<i>% of change**</i>	+2.9		+5.9		+5.0	
Other Services	356,500	351,900	74,700	73,000	32,900	32,200
<i>% of change**</i>	+1.3		+2.3		+2.2	
Government	1,735,000	1,719,900	262,600	255,900	119,000	117,600
<i>% of change**</i>	+0.9		+2.6		+1.2	

* number of jobs as of February 2008 ** percentage change between February 2007 to February 2008 Source: Texas Workforce Commission

Trade, Services, Manufacturing, and Government, make up the bulk of the jobs within the Dallas/Fort Worth area. Natural Resources/Mining/Construction employment sectors grew the most between February 2007 and February 2008.



DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

The metropolitan area boasts a long list of national and international corporate headquarters, with many major companies relocating to DFW in the past twenty years.

Ranked fourth for the number of corporate headquarters, twenty-four Fortune 500 companies call the DFW MSA home. These companies include Exxon Mobil, AMR Corp./American Airlines, Electronic Data Systems, J.C. Penney, Kimberly-Clark, Centex, D.R. Horton, Burlington Northern Santa Fe, Texas Instruments, Fluor, TXU, Dean Foods, Tenet Healthcare, Southwest Airlines, Energy Transfer Partners, Commercial Metals, Celanese, Atmos Energy, Blockbuster, Triad Hospitals, Affiliated Computer Services, GameStop, RadioShack, and XTO Energy.

The largest private companies headquartered in the area include Caltex, Onex Food Services, Inc., Sammons Enterprises, Inc., Club Corporation International, Contran Corp., Mary Kay, Inc., Lincoln Property Co., Hunt Consolidated, Inc., Lennox International, Inc. and Minyard Food Stores, Inc.

Below are the top ten employers located in the DFW MSA:

Dallas/Fort Worth	
Top Ten Employers	No. of Employees
Wal-Mart Stores Inc.	32,100
AMR Corp./American Airlines	25,225
Dallas ISD	19,871
Texas Health Resources	17,000
Baylor Health Care System	16,250
AT&T	15,650
Lockheed Martin Aeronautics	15,379
U.S. Postal Service	13,850
City of Dallas	12,311
HCA-North Texas Division	12,130

Source: Dallas Economic Development Guide, 2007-2008

Civilian Employment Rate			
February 2008			
Abilene	77.5	Longview	101.6
Amarillo	123.9	Lubbock	133.9
Austin-Round Rock	824.7	McAllen-Edinburg-Mission	254.7
Beaumont-Port Arthur	168.3	Midland	70.1
Brownsville-Harlingen	133.9	Odessa	65.4
Bryan-College Station	99.2	San Angelo	50.9
Corpus Christi	187.8	San Antonio	887.3
Dallas-Plano-Irving MD	1,987.6	Sherman-Denison	53.0
El Paso	275.4	Texarkana	58.8
Fort Worth-Arlington MD	982.0	Tyler	91.6
Houston-Baytown-Sugarland	2,628.0	Victoria	57.4
Killeen-Temple-Fort Hood	145.3	Waco	108.0
Laredo	84.0	Wichita Falls	71.2

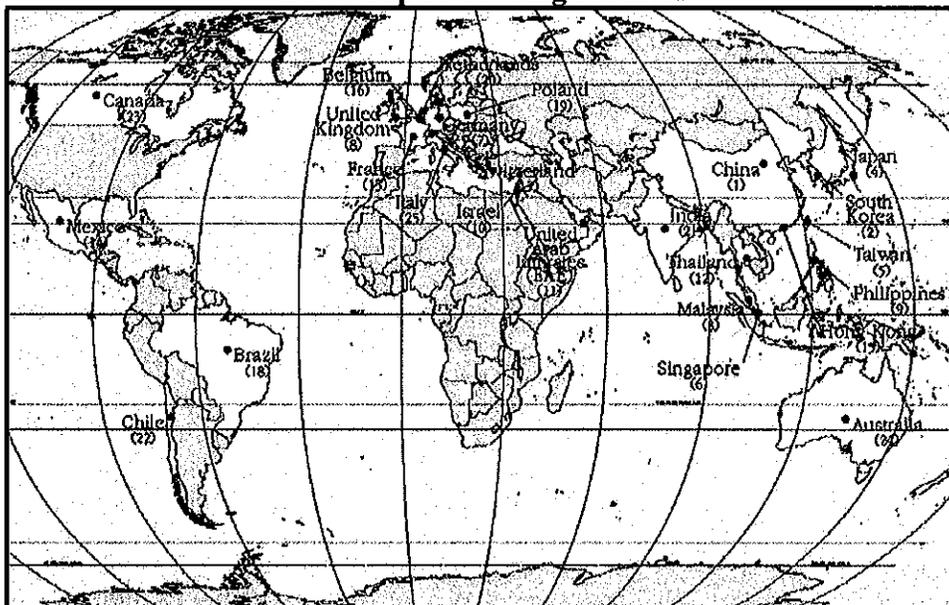
Source: Texas Workforce Commission -Texas Labor Market Review, February 2008

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

DALLAS/FORT WORTH TRADE

Texas has been the number one exporting state since 2001. International trade has increased 51% since 2003. When the North American Free Trade Agreement (NAFTA) was put in place in January 1994, exports to Canada and Mexico increased significantly. The NAFTA superhighway (IH-35) extends from the Texas-Mexico border to northern Minnesota directly through the region, making DFW metroplex one of the largest beneficiaries of this agreement. The Greater Dallas Chamber continues to help the economy by promoting business development between Dallas/Fort Worth and foreign countries.

DFW Top 25 Trading Partners



In 2006, China was DFW's top trade partner with total trade reaching over \$16.9 billion. Exports to Malaysia and South Korea comprise the bulk of Dallas MD exports.

DFW 2006 International Trade			
Country	Imports	Exports	Total Trade
Total Trade, All Countries	\$37,634,225,320	\$20,644,699,167	\$58,278,924,487
China	\$15,554,039,869	\$ 1,416,945,288	\$16,970,985,157
South Korea	\$ 2,862,310,938	\$ 2,113,367,306	\$ 4,975,678,244
Malaysia	\$ 3,889,252,907	\$ 944,080,606	\$ 4,883,333,513
Japan	\$ 2,366,278,871	\$ 1,712,360,976	\$ 4,078,639,847
Taiwan	\$ 1,313,176,871	\$ 2,169,929,627	\$ 3,483,106,498
Singapore	\$ 1,483,837,805	\$ 1,809,687,935	\$ 3,293,525,740
Germany	\$ 996,837,710	\$ 826,284,604	\$ 1,823,122,314
United Kingdom	\$ 997,247,193	\$ 767,781,650	\$ 1,765,028,843
Philippines	\$ 489,791,189	\$ 1,053,479,047	\$ 1,543,270,236
Israel	\$ 766,009,708	\$ 644,112,844	\$ 1,410,122,552
Total Top 10 Trading Partners	\$30,718,783,061	\$13,508,029,883	\$44,226,812,944
Top 10 Share of DFW Total	81.6%	65.4%	75.9%

Source: USA Trade Online

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Electric machinery is the primary exported products followed by nuclear reactors, boilers, and industrial machinery. Aircraft and spacecraft come in third.

DFW Top Five International Trade by Commodity 2006		
Commodity	Total Commodity (\$Millions)	Share of DFW Total
Electric Machinery Etc.	\$27,277,304,847	47%
Reactors, Boilers, Machinery etc.; Parts	\$12,988,644,313	22%
Aircraft, Spacecraft, & Parts Thereof	\$ 4,284,457,274	7%
Optic, Photo etc., Medical or Surgical Instruments	\$ 2,153,337,943	4%
Special Classification Provisions	\$ 1,495,974,713	3%

Source: USA Trade Online

DALLAS/FORT WORTH INVESTMENT CRITERIA

According to the Real Estate Research Center's Winter 2008 Real Estate Report, investment criteria are as follows:

4th Quarter 2007

Market	Pre-Tax Yield (%)			Going-In Cap Rate (%)			Terminal Cap Rate		
	D/FW Metro	South Region	U.S.	D/FW Metro	South Region	U.S.	D/FW Metro	South Region	U.S.
CBD	9.2	9.1	9.3	7.3	7.2	7.1	7.8	7.8	7.8
Suburban	8.7	9.1	9.4	6.9	7.3	7.4	7.3	7.9	8.1
Warehouse	8.3	8.9	9.3	6.8	7.2	7.4	7.4	7.8	8.0
R&D	9.0	9.4	9.6	7.1	7.5	7.6	7.7	8.2	8.3
Flex	9.0	9.2	9.7	7.1	7.3	7.6	7.7	8.1	8.3
Regional Mall	8.0	8.6	9.1	6.4	6.7	6.9	7.1	7.4	7.6
Power Center	8.5	8.9	9.2	6.7	7.1	7.1	7.4	7.8	7.8
Neigh/Comm.	8.3	9.1	9.3	6.8	7.3	7.2	7.4	8.0	7.9
Apartment	8.3	8.7	8.6	6.4	6.8	6.5	6.8	7.4	7.3
Hotel	9.5	10.3	10.5	7.7	8.2	8.2	8.0	8.9	8.9
<i>Average</i>	<i>8.7</i>	<i>9.1</i>	<i>9.4</i>	<i>6.9</i>	<i>7.3</i>	<i>7.3</i>	<i>7.5</i>	<i>7.9</i>	<i>8.0</i>

Apartment Market

According to M/PF YieldStar, DFW apartment demand was at a sluggish rate in the first part of 2007, however, concluded the year on a healthy note. In 2007, 7,200 new apartment units were added to the DFW area, but because of teardowns and conversions 6,700 apartments were eliminated, ending in a regional growth of only 487 units. Consequently, demand easily surpassed the inventory growth and therefore kept apartment occupancy in good shape.

Overall, M/PF posted average rents for the Dallas/Fort Worth area of \$741 per month, or 87.2 cents per square foot, and an occupancy rate of 94.1%, up from 91% in 2006. Dallas area posted an average occupancy rate of 94.1% with Fort Worth at 94%.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Almost 80% of the 13,900 units scheduled for construction are targeted to come on stream in calendar year 2008. Overall, most experts anticipate the apartment sector to continue to be a favored investment.

APARTMENT MARKET PROFILE				
		Dallas Area	Fort Worth Area	D/FW Area
4th Quarter 2007	Existing Apt. Units	396,786	144,243	541,029
	Annual Apt. Units	6,266	889	7,155
	Annual Apt. Unit Absorption	5,250	3,010	8,250
	Average Gross Occupancy	94.1%	94.0%	94.1%
	Change From Year-Ago Quarter	1.0	2.1	1.3
	Average Quoted Monthly Rent	\$764	\$676	\$741
4th Quarter 2008 Forecast	Annual Apt. Unit Completions	7,675	3,595	11,270
	Annual Apt. Unit Absorption	7,300	3,000	10,300
	Average Gross Occupancy	94.1%	93.7%	94.0%
	Change From Year-Ago Quarter	0.0	-0.3	-0.1
<i>Source: M/PP YieldStar Dallas/Fort Worth Apartment Report, 4th Quarter 2007</i>				

Office Market

The 4th quarter 2007 CB Richard Ellis Dallas Office Market View reports, "The final quarter of 2007 marked the 13th consecutive quarter of growth in the Dallas/Fort Worth office market. Despite a more moderate growth rate than the breakout years of 2005 and 2006, market indicators in 2007 have displayed a rare level of consistency that has been driven by Dallas/Fort Worth's above-average economic performance. The Dallas/Fort Worth market remains attractive to investors due to its affordability and favorable cap rates. The average Dallas/Fort Worth sales price of \$130 per square foot during the fourth quarter was dramatically more affordable than the \$238 per square foot recorded nationally, while the local average cap rate of 6.3% outperformed the national average of 5.5%." The vacancy rate is now at 21.46%, up slightly from 20.67% last year. Lease rates, net absorption, and new construction were all up in 2007. Lease rates are over \$19.00 per square foot, at \$19.08, up from \$17.63 just two quarters prior. Experts project the Dallas/Fort Worth office market to continue to be strong, posting record sales.

Industrial Market

Demand continued its steady improvement in the first quarter 2007 with a year to date net absorption of an impressive 2.9 million square feet; up approximately 500,000 square feet from the same time last year. Average vacancy was 9% in the first quarter 2007. Sales activity for investment and owner properties remains high.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

DFW ECONOMY

Market Center/Conventions

Located north of the Dallas Central Business District is the Dallas Market Center. This 150 acre, five building complex is the largest wholesale mart complex in the United States. Since its opening in the early 1950's, this center has grown to include a total of 5.1 million square feet consisting of the International Floral and Gift Center, Market Hall, Trade Mart, and the World Trade Center. The Dallas Market Center annually conducts more than fifty major markets for more than 200,000 professional buyers. The World Trade Center offers many services vital for international commerce, including consular offices, and trade commissions, foreign buying offices, translation and customs brokers.

Infomart opened in Fall 1984, near the Dallas Market Center. This 1.2 million square feet facility is the world's first large scale computer products mart. The building has significant capacity for data traffic with more than 15 fiber providers in the building and is one of only a handful in the United States that is powered by multiple substations services from two power grids. The development of this large-scale computer trade/office facility is facilitated by the rapid growth of the computer market in the Southwest. Latest DFW data shows 14 distinct technology industries in the DFW region. Employment in these industries tops 220,000 workers, 8.5 percent of the region's total job count. A State-by-State Overview of the High Technology Industry dubs Texas the second largest cyberstate in the nation with a total of approximately 460,000 high-tech workers. DFW accounts for nearly one half of the State's high tech workforce. Dallas is home to fifty-five electronic component manufacturers, twenty semiconductor manufacturers, twenty-five computer manufacturers and many other support industries. Over 400 computer or electronic data processing firms are in Dallas, which represents the largest concentration of out-of-house data processing capabilities in the nation. Many of these firms are located in the Telecom Corridor of Richardson/Plano in southern Collin County.

The Dallas Convention Center (DCC) underwent a \$100 million expansion, completed in 2002. The Convention Center now features the world's largest singular column-free exhibit hall in the world, at 203,000 square feet and comprises one million square feet of exhibit space, ballrooms, meeting rooms, and is the only convention centre in the nation to have an art museum on the premises. The latest addition to the Dallas Convention Center is large enough to hold Amerquest Field (home to the Texas Rangers), and still have enough room so that the longest home run hit out of the ballpark would still be in the Convention Center. The DCC hosts 3,600 conventions annually and is one of the leading conventions sites in the US bringing more than \$4.2 billion to the Dallas economy.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Dallas/Fort Worth International Airport

The Dallas/Fort Worth International Airport, which opened January 1974, has had a large impact on the economy of the Dallas/Fort Worth Metroplex. Located roughly sixteen miles northwest of the Dallas CBD and employing approximately 268,500 people, the 18,000-acre international airport is the second largest airport facility in the nation and the world's third busiest airport. DFW has seven runways, twelve instrument landing approaches, and three control towers giving it the capacity of the three New York Airports - Kennedy, LaGuardia, and Newark - combined. The airport ranks sixth in the world, serving 60,226,138 passengers in 2006, and third in the world in total flight operations (takeoffs and landings) averaging 1,950 flights per day. DFW served over 5.6 million international passengers in 2006, an increase of 89% in the past six years. Nineteen U.S. flag airlines, eight foreign flag airlines, five scheduled commuter airlines, and several other carriers serve the airport. DFW generates an estimated \$14.3 billion annually to the Metroplex economy. American Airlines makes D/FW its home base and Delta has its second largest hub there. The Dallas/Fort Worth Foreign Trade Zone was opened in 1981 at the northwest corner of D/FW Airport. Covering more than 250 acres, this area is developing into a full service free trade zone.

Las Colinas

Located on major traffic routes between the Dallas/Fort Worth International Airport, downtown Dallas, and the dense residential area of North Dallas, Las Colinas has become one of the major mixed-use developments in the nation. This master planned community covers approximately 12,000 acres within the city of Irving. With 22.3 million square feet of office space, Las Colinas is currently home to more than 2,000 companies. Las Colinas features three private country clubs and four championship golf courses surrounded by residential communities. The Four Seasons Las Colinas Resort has hosted the PGAs EDS Byron Nelson Championship since it opened in 1986. It also contains high-rise office towers, retail centers, apartment complexes, and leisure facilities. Notable attractions include the larger-than-life Mustangs at Las Colinas sculpture and fountain with nine mustangs appear to be splashing through a stream of water; Las Colinas Flower Clock with flowers that are planted eight times a year for picture-perfect color. The complex also feature River Walk-styled canal with electric gondolas.

Alliance Airport

The Alliance Airport is the world's first and largest industrial/commercial airport in the nation and is designed to serve the needs of business as opposed to passenger service. Alliance Airport is located 15 miles north of downtown Fort Worth, 12 miles northwest of the Dallas/Fort Worth International Airport, and 29 miles to the northwest of downtown Dallas. This project, created by Ross Perot Jr., the city of Fort Worth and the FAA, is a master-planned industrial and commercial facility, which houses more than 140 companies – including over 62 from the Fortune 500, Global 500 and Forbes' List of Top Private Companies. Alliance is the only Foreign Trade Zone in North Texas with combined air, rail and highway access. In conjunction with the airport, Circle T Ranch, a 2,500-acre master-planned community, and Heritage, a 2,300-acre residential community, are transforming northern Tarrant County into a modern urban environment.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

DALLAS/FORT WORTH QUALITY OF LIFE

Education

Educational facilities offered by the city of Dallas and the surrounding areas have grown to keep pace with the increasing population. As of 2007, the DFW MSA consisted of 205 school districts and over 1,800 schools with a total enrollment of over 1.1 million. Teacher-pupil ratios ranged from 15 to 3:15. The Dallas and Fort Worth Independent School districts ranked 5th among the largest school districts in the nation. Twenty, four-year colleges and universities, and five community college districts with a combined total 20 campuses are within one hundred miles of the DFW MSA. Several notable institutions of higher education are located within the MSA.

- Dallas Baptist University
- Texas Christian University
- Texas Wesleyan University
- Baylor College of Dentistry
- Southern Methodist University
- Texas A&M University - Commerce
- University of Dallas
- University of North Texas
- Texas Woman's University
- University of Texas at Dallas
- University of Texas at Arlington
- University of Texas Southwestern Medical Center

Along with these colleges and universities are 75 technical and vocational programs in the Dallas/Fort Worth area. More than 280,000 full- and part-time students attend public and private four year colleges, universities, professional schools, community colleges or senior and graduate level institutions located in this region.

Recreation

Dallas offers a wide range of recreational and cultural amenities. Located within 100 miles of DFW are 406 area parks encompassing almost 23,000 acres and more than 60 lakes and reservoirs covering approximately 550,000 acres. DFW has more than 175 museums and Galleries, 50 pro and community theatres and dozens of local symphony and chamber orchestras, ballet groups and opera associations. The Dallas Arts District, a sixty-acre section of the Dallas Central Business District, is taking shape into what is expected to become a major focal point in the Dallas arts community. Anchored by the Dallas Museum of Art, the Meyerson Symphony Center, and Nasher Sculptor Garden, the Dallas Arts District is the largest urban arts district in the country.

Dallas is host to a wide range of sporting events throughout the year; home to the Dallas Cowboys, Texas Rangers, Dallas Mavericks, Dallas Stars, and FC Dallas Soccer. Dallas is also host to the Cotton Bowl, Byron Nelson Golf Tournament, and the Mesquite Rodeo.

Texas Motor Speedway (TMS), a development of Bruton Smith, city of Fort Worth and Denton County, opened in 1997. This facility, located at State Highway 114 and Interstate 35W, has a capacity of 200,000 persons. TMS draws huge crowds and lends to accelerated development to the area north of Alliance Airport. Major events to TMS are the NASCAR Nextel Cup, Samsung/Radio Shack 500, Dickies 500, NASCAR Busch Grand National Series, O'Reilly 300, O'Reilly Challenge, IRL, and the Bombardier Learjet 500.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Lone Star Park, a class I horse racing facility, opened in Grand Prairie in 1997. The facility is located on Belt Line Road just to the north of Interstate 30. Lone Star Park covers 315 acres, includes a 36,000 square foot pavilion for simulcasting, and a seven story, 280,000 square foot grandstand with a capacity of roughly 8,000 people. The track has a one mile dirt oval and a 7 furlong turf track, and has accommodations for 1,600 horses across 32 barns. In 2004, it was the site of the Breeder's Cup, becoming the ninth race track to ever host a Breeders' Cup. At only seven years old, Lone Star Park is the youngest track to host the event.

Health Care

The city of Dallas excels in offering health care and medical related research facilities to the Southwest. Baylor University Medical Center is regarded as the fourth finest general hospital in the United States by an American Medical Association study, and ranks in the top 50 of eight different fields of medicine. The Southwest Medical School of the University of Texas was ranked 17th among research medical schools and 23rd among primary care medical schools in the nation. Also, located in the Dallas area is the Wadley Institute of Molecular Medicine blood disease and cancer research facilities, and the headquarters for the American Heart Association, National Association for Retarded Children, and the American Association for Respiratory Therapy. Baylor college of Medicine is ranked 12th in medical research and 13th in primary care. Parkland Memorial Hospital ranks in the top 50 in five different medical fields.

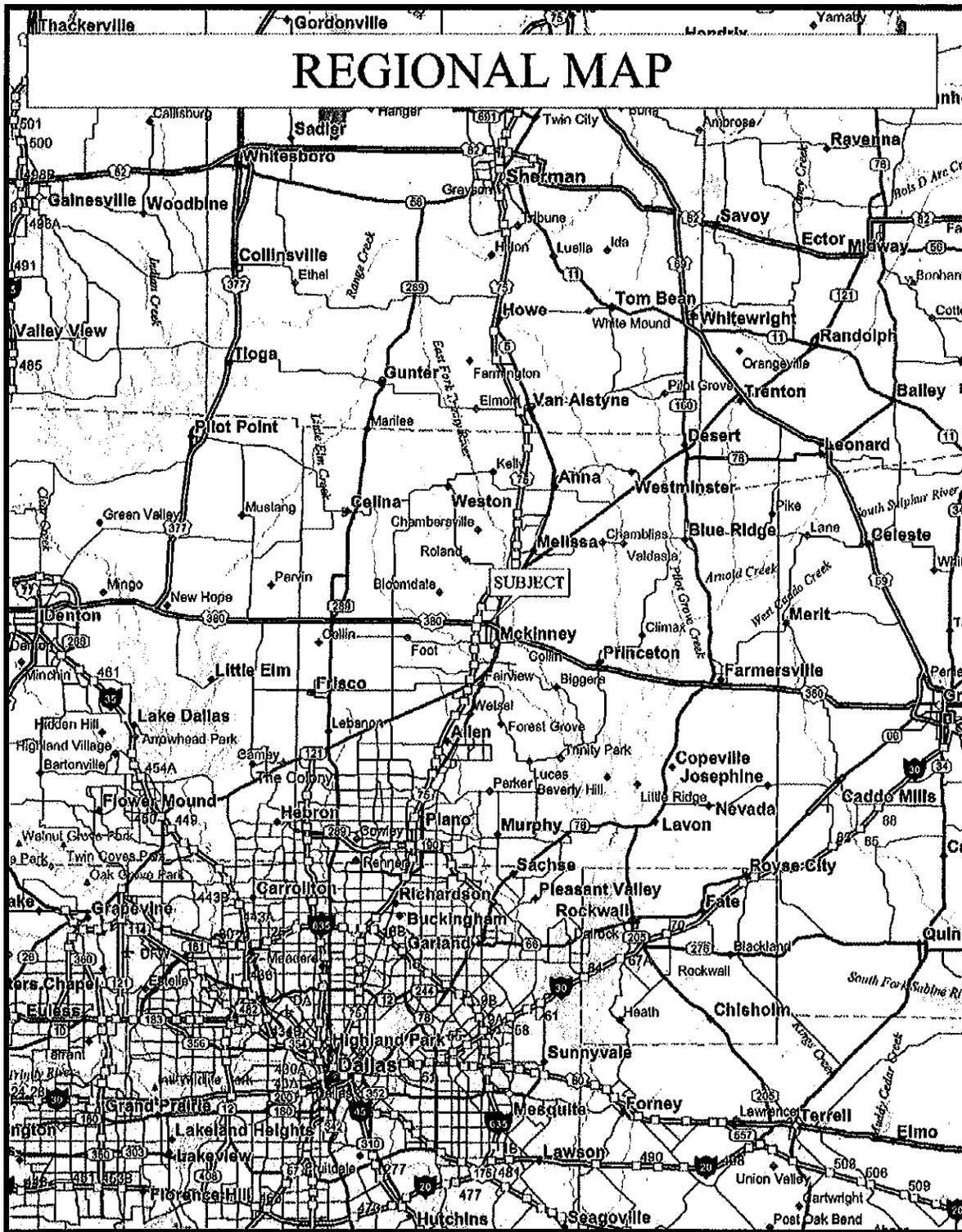
Infrastructure

Dallas water utilities provide water to 30 cities in Dallas, Denton and Collin Counties. Water is obtained from seven surface water reservoirs. To meet the area's growing water needs, Dallas Water Utilities plans to construct transmission lines from Lake Palestine to Dallas by 2015. For more immediate needs, transmission lines were built from Lake Fork to Dallas by the end of 2005. Dallas Water Utilities recently upgraded and modernized their wastewater treatment facilities.

CONCLUSIONS

The foregoing city data and local area economic base activity are presented to establish growth and income patterns, which materially affect real estate volume and value. Now that the office sector is recovering from high vacancies, all markets are displaying generally balanced supply and demand trends. The Dallas CBD is the area of heaviest employment in the Metroplex. However, as the population in the suburban communities of the metropolitan area continues to increase, and as traffic in and around the Central Core becomes more congested, both residents and local firms are beginning to look toward new, outlying employment centers. This is especially seen in North Dallas along the LBJ Freeway/Dallas Parkway Corridors as well as master planned areas such as Las Colinas and Legacy Business Park. The Dallas Central Business District continues to be the major employment focus, with continuing growth and importance of employment centers in the outlying areas as long as the national economy tracks well and there are no specific natural or structural threats to this region, DFW should enjoy healthy growth.

REGIONAL MAP



MCKINNEY CITY ANALYSIS

LOCATION

The city of McKinney is the county seat of Collin County. Adjacent to the northern boundary of Dallas County, Collin County and McKinney are included in the Dallas Metropolitan District (MD), and therefore benefit from the economic growth trends of the Dallas/Fort Worth/Arlington Metropolitan Statistical Area (MSA). Bordering McKinney to the south is the growing city of Allen. The communities of Melissa and New Hope are to the north and east of McKinney, respectively.

The city lies roughly thirty-two miles north of the Dallas Central Business District, and twenty-eight miles south of the city of Sherman and the Sherman-Denison MD.

McKinney is located along U.S. Highway 75 (North Central Expressway), a heavily traveled, Dallas area corridor that in the past has experienced a tremendous amount of commercial, industrial and residential development. State Highway 121 junctions with U.S. Highway 75 in the southern portion of McKinney and joins with State Highway 5 (McDonald Street) running north/south to traverse the east side of McKinney. US Highway 380 (another major north Texas thoroughfare) traverse the northern section of the city, connecting McKinney to the city of Denton to the west, and the city of Greenville to the east.

DEMOGRAPHICS

The city of McKinney remained a relatively small, rural community with little or no notable growth for generations. However, in the eighties McKinney experienced a noticeable increase in population and growth. This was a result of the strong economic growth in the Dallas area and the opening of a new Texas Instruments plant in McKinney. Following the downturn in the Texas economy in the late 1980's, McKinney has rebounded strongly since the early nineties. Strong job growth and an expanding residential base are fueling this growth.

POPULATION

YEAR	DALLAS COUNTY	COMPOUND ANNUAL GROWTH RATE	COLLIN COUNTY	COMPOUND ANNUAL GROWTH RATE	CITY OF MCKINNEY	COMPOUND ANNUAL GROWTH RATE
1960	951,527	--	41,247	--	13,763	--
1970	1,327,695	3.4%	66,920	5.0%	15,193	1.0%
1980	1,536,390	0.7%	144,576	8.7%	16,256	1.2%
1990	1,852,810	0.9%	264,036	4.5%	21,283	2.7%
2000	2,218,990	1.6%	491,675	6.5%	54,369	9.9%
2005	2,358,850	1.3%	653,000	6.6%	93,750	14.5%
2006	2,383,300	1.0%	690,500	5.7%	103,900	10.8%

Source: North Central Texas Council of Governments

MCKINNEY CITY ANALYSIS

Population growth, to be meaningful, must be accompanied by economic growth as translated into family income. Included is the Median EBI.

COUNTY	MEDIAN EBI	\$20,000-\$34,999	\$35,000-\$49,999	\$50,000 & OVER
Collin	\$62,608	13.1%	15.5%	63.5%
Dallas	\$40,336	23.4%	19.6%	38.1%
Denton	\$53,778	16.4%	17.5%	54.2%
Tarrant	\$43,048	21.9%	19.6%	41.2%
Kaufman	\$42,483	20.4%	20.7%	39.8%
Rockwall	\$58,327	14.5%	16.2%	59.9%

The McKinney Independent School District consists of seventeen elementary, four-intermediate, and four high schools. The district is composed of 17,857 students and 580 faculty members, as of the 2004-2005 school year. Collin County Community College opened January 1986, with 3,000 students. Several higher education institutions are within easy commuting distance of McKinney and include:

University of Texas at Dallas, Richardson
 Southern Methodist University, Dallas
 North Texas State University, Denton
 Texas Women's University, Denton
 Austin College, Sherman

To compliment McKinney's primarily single-family residential population, the city offers athletic and park facilities as well as summer recreational programs through the Parks and Recreation Department. Lake Lavon, located just southeast of McKinney, and the Garza Little Elm Reservoir to the west offers nearby boating and camping facilities. Lake Texoma, located roughly forty miles north of McKinney along US Highway 75 offers camping, boating, fishing, hunting, and a wide range of other recreational sports.

The McKinney Municipal Airport has expanded its facilities with the extension of the 5,200 feet runway, increasing the airport's capacity to serve private and corporate aircraft and has recently received a federal grant to expand the runway to 7,000 feet.

EMPLOYMENT AND ECONOMIC BASE

Formerly a largely agricultural area, many residents (est. 20%) are still employed in that sector. Today, there are a number of major employers in the area, and most are oriented toward electronics or related industries requiring professional people. The most noteworthy is Raytheon Texas Instruments Systems, which is located along the south side of US Highway 380 and approximately one mile west of US 75. This TI facility employs roughly 3,000 people.

MCKINNEY CITY ANALYSIS

As anticipated when the north Texas area economy began recovering, the area is becoming popular for other major employers due to its: proximity to the excellent transportation network of the Dallas/Fort Worth area, the availability of a suitable labor force at affordable prices, and the availability of raw land at affordable prices.

The primary reason for McKinney's record economic growth of the 1980's and early 1990's is the high prosperity and northward expansion of the DFW MSA during this time period. Another major factor that will perhaps play a more important role in future years, is the city's proximity to the Dallas/Fort Worth International Airport. This 17,600-acre facility, conveniently accessible via State Highway 121, is listed as a major factor in site location by those businesses locating in McKinney.

Even though the recent expansion of economic activity in McKinney began around 1981, there has been a continuing broadening of the industrial and retail base on a gradual basis since the mid 1970's. Since 1973, twenty-seven industries have located in McKinney. The major employers in the city, and their estimated arrivals to the city, are presented below.

FIRM	PRODUCT	YEAR EST. IN THE CITY
Action, Inc.	Leather Products	1968
Blockbuster Distribution	Retail	2001
City of McKinney	Government Offices	1848
Collin County	Government Offices	1846
Control & Info. Systems	Electronics	1978
Encore Wire	Electrical Wire	1991
Fisher Controls Int'l., Inc.	Energy Equipment	1965
Homco, Inc.	Home Furnishings	1973
Intecom, Inc.	Electronics (Allen)	1982
Lattimore Materials	Concrete	1992
McKinney I.S.D.	Education	1889
McKinney Job Corps	Education	1966
Montgomery Elevator	Industrial Equipment	1979
N. Texas Medical Center	Medical	1958
Optek	Electronics	1980
Primo Microphones	Telephone Headsets	1993
Raytheon	Electronics	2001
Texas Instruments	Electronics	1983
United American Insurance	Insurance	2002
Wysong Memorial Hospital	Medical	1968

MCKINNEY CITY ANALYSIS

There are several mixed use and planned developments within the area. Most new commercial development is occurring along the US Highway 75 corridor.

Examples of developments that are primarily residential in nature include High Meadows, Deer Creek, Meadows Ranch, Redbud Estates, El Dorado, Stonebridge Ranch, and Craig Ranch. The most prominent multi-use, but primarily residential development in McKinney is Stonebridge Ranch. This massive 6,230-acre master planned community features two country club golf courses, numerous lakes, one with a beach and tennis club, immaculate infrastructure, and a variety of housing from \$80,000 to \$1 million dollars per home.

Along with development within the city, McKinney also benefits from the strong economy and commercial activity taking place in Frisco to the west and Allen and Plano to the south.

CONCLUSIONS

In summary, the area was predominantly rural in nature and had a demographic profile typical for rural areas in the early 1980's, followed by a regional downturn in demand for residential and commercial properties in the late eighties. McKinney's housing market was strong from late the 1990's until the recent slowdown due to national credit and financial market turmoil. Although housing starts have been down in 2007 and 2008, the McKinney area is poised to enjoying continued growth when the national economy rebounds.

MARKET AREA ANALYSIS

A "Market Area", as defined in The Appraisal of Real Estate, 12th Edition, 2001, copyrighted 2001, is:

"The defined geographic area in which the subject property competes for the attentions of market participants; the term broadly defines an area containing diverse land uses."

A "Market Area", as defined in The Dictionary of Real Estate Appraisal, 4th Edition, 2002, copyrighted 2002, is:

"The geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users."

Market area analysis focuses on the four forces – social, economic, governmental, and environmental.

Forces that influence value are important in market area analysis. Similar characteristics point to the influences that have affected value trends in the past and may affect values in the future. A market area's character may be revealed by examining why occupants live or work in the area. Occupants are attracted to a location for its status, physical environment, services, affordability, and convenience. Therefore, the market area and subject's neighborhood are discussed below.

Market Area Boundaries and Influences

The subject is located in the city of McKinney, in central Collin County, approximately 25 miles north of the Dallas Central Business District. As improved, the market area is considered to be the North Dallas/Collin County area as it competes with similar properties in this trade area.

The market area is typical of similar suburban areas in north Texas, with rapid population and economic growth. The subject is located adjacent to Stonebridge Ranch, a major development engine in the area, including the Stonebridge Country Club and the Stonebridge Corporate Center. The city of McKinney also has a designated Enterprise Zone, which includes five business parks and the Municipal Airport, and gives qualified companies local and state incentives. Job growth and absorption in the North Dallas/Collin County area has increased over the past year. The Collin County unemployment rate, as of December 2007, is 3.9%, a six year low. Interest rates are decreasing due to the recent Federal Reserve rate cuts, spurred by the sub prime lending crisis. Some economists are anticipating modest growth in the economy for 2008.

Property taxes, special assessments, zoning, and public services are discussed in other sections of this report.

SUBJECT NEIGHBORHOOD

A "Neighborhood", as defined in Real Estate Appraisal Terminology, 1st printing, copyrighted 1981, is:

"A portion of a larger community, or an entire community, in which there is a homogeneous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interest. Neighborhood boundaries may consist of well defined natural or man-made barriers or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants."

Neighborhood boundaries may coincide with observed changes in prevailing land use or occupant characteristics. Physical features such as the type of buildings, street layouts, terrain, vegetation, and lot sizes may identify similar land use areas. Also, transportation patterns, bodies of water, and changes of elevation are examples of other physical features that may serve as perimeters. The demarcations may be either man-made or natural.

NEIGHBORHOOD BOUNDARIES

The neighborhood is bounded by the McKinney city limits to the north, SH-5 to the east, SH-121 to the south, and Custer Road to the west. The subject is centrally located in the neighborhood.

TRAFFIC ROUTES

The traffic system is efficient and adequate to service the area. US-380, Virginia Parkway, Eldorado Parkway and FM-720 are the major east/west thoroughfares. US-75, SH-5, Stonebridge Drive, Alma Road, Ridge Road, Lake Forest Drive and Hardin Boulevard are the major north/south roads in the area. Other traffic arteries within the neighborhood consist of interior commercial and residential connectors.

TERRAIN

Terrain in the neighborhood varies from level to gently rolling. This particular parcel of land slopes very slightly from north to south. Natural vegetation in the area is typical of North Texas with a variety of indigenous grasses and trees consisting primarily of Oak, Cedar, and Mesquite.

COMMUNITY SERVICES

The subject neighborhood is served by the McKinney Independent School District. All utilities are available throughout the neighborhood by the city of McKinney, electricity by various energy providers, natural gas by Atmos Energy (formerly TXU Gas), and telephone services by various communications providers. The city of McKinney provides police and fire protection.

SUBJECT NEIGHBORHOOD

LAND USES AND DESCRIPTION

The area has experienced significant development over the past ten years. Much of the economy for commercial properties, directly reflect the growth in residential development throughout the area. The area is predominately residential, with the majority of commercial properties located on the major traffic routes listed in the above section.

Overall, most improvements are in the growth stages of economic life. All utilities are available throughout the neighborhood including water, sewer, electricity, gas, and telephone service. The neighborhood is served by the city of McKinney and the McKinney Independent School District.

DEMOGRAPHICS

The subject is located within one of fastest growing and affluent neighborhoods in the metroplex. Selected demographic data for the area within both a 3 and a 5 mile radius of the subject property is presented on the following pages.

SUBJECT NEIGHBORHOOD



Market Profile - Appraisal Version

Prepared by

McKlinney

Latitude: 33.208922

Longitude: -96.628967

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
1990 Total Population	7,875	20,092	23,859
2000 Total Population	9,111	35,008	56,958
2000 Group Quarters	268	1,769	1,817
2000 Population Density	3,308.5	1,232.5	828.2
2008 Total Population	9,775	49,527	99,036
2008 Population Density	3,540.0	1,743.6	1,092.3
2013 Total Population	11,312	61,857	129,440
2008 - 2013 Annual Rate	2.96%	4.55%	5.5%
1990 Households	3,270	7,172	8,500
2000 Households	3,484	11,825	19,057
2000 Average Household Size	2.64	2.81	2.89
2008 Households	3,816	17,064	33,060
2008 Average Household Size	2.49	2.79	2.94
2013 Households	4,527	21,576	43,552
2013 Average Household Size	2.44	2.78	2.93
2008 - 2013 Annual Rate	3.48%	4.8%	5.87%
2000 Families	2,217	8,427	14,697
2000 Average Family Size	3.12	3.29	3.29
2008 Families	2,224	11,570	25,115
2008 Average Family Size	3.2	3.37	3.39
2013 Families	2,556	14,336	32,735
2013 Average Family Size	3.19	3.39	3.41
2008 - 2013 Annual Rate	2.82%	4.36%	5.44%
2000 Housing Units	3,670	12,555	20,242
Owner Occupied Housing Units	48.0%	55.2%	66.2%
Renter Occupied Housing Units	46.7%	39.0%	27.2%
Vacant Housing Units	5.3%	5.8%	6.8%
2008 Housing Units	4,023	18,231	35,308
Owner Occupied Housing Units	42.4%	53.4%	68.4%
Renter Occupied Housing Units	52.5%	40.2%	25.2%
Vacant Housing Units	5.1%	6.4%	6.4%
2013 Housing Units	4,761	22,969	46,327
Owner Occupied Housing Units	40.9%	52.0%	68.0%
Renter Occupied Housing Units	54.2%	41.9%	26.0%
Vacant Housing Units	4.9%	6.1%	6.0%
Median Household Income			
1990	\$24,560	\$26,281	\$28,365
2000	\$39,163	\$48,787	\$62,550
2008	\$50,000	\$64,524	\$92,499
2013	\$63,316	\$75,569	\$115,793
Median Home Value			
1990	\$57,328	\$64,564	\$72,802
2000	\$87,076	\$115,112	\$144,194
2008	\$121,570	\$165,189	\$217,410
2013	\$129,592	\$170,939	\$226,336
Per Capita Income			
1990	\$11,952	\$13,639	\$14,392
2000	\$20,718	\$23,177	\$27,908
2008	\$26,898	\$32,007	\$46,199
2013	\$32,312	\$40,679	\$62,830
Median Age			
1990	31.4	29.4	30.0
2000	31.7	30.0	30.8
2008	32.0	30.7	31.6
2013	32.4	31.3	32.0

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by total population. Detail may not sum to totals due to rounding.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2008 and 2013. ESRI converted 1990 Census data into 2000 geography.

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SUBJECT NEIGHBORHOOD



Market Profile - Appraisal Version

Prepared by

McKinney

Latitude: 33.208322

Longitude: -96.628967

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
2000 Households by Income			
Household Income Base			
< \$15,000	3,521	11,920	19,137
\$15,000 - \$24,999	14.3%	11.7%	8.2%
\$25,000 - \$34,999	13.1%	11.7%	8.4%
\$35,000 - \$49,999	16.8%	13.6%	10.2%
\$50,000 - \$74,999	17.9%	13.9%	11.7%
\$75,000 - \$99,999	19.4%	20.8%	21.3%
\$100,000 - \$149,999	7.8%	11.9%	15.1%
\$150,000 - \$199,999	7.3%	9.6%	14.6%
\$200,000+	1.8%	3.6%	5.4%
Average Household Income	\$54,477	\$65,865	\$81,637
2008 Households by Income			
Household Income Base			
< \$15,000	3,816	17,063	33,059
\$15,000 - \$24,999	9.9%	7.9%	4.6%
\$25,000 - \$34,999	8.6%	6.6%	4.0%
\$35,000 - \$49,999	12.7%	10.5%	6.2%
\$50,000 - \$74,999	18.6%	15.3%	10.1%
\$75,000 - \$99,999	22.7%	18.8%	14.2%
\$100,000 - \$149,999	11.2%	14.2%	14.4%
\$150,000 - \$199,999	10.2%	15.8%	23.0%
\$200,000+	2.8%	4.1%	8.7%
Average Household Income	\$69,261	\$90,084	\$133,583
2013 Households by Income			
Household Income Base			
< \$15,000	4,524	21,678	43,651
\$15,000 - \$24,999	7.6%	6.0%	3.4%
\$25,000 - \$34,999	6.4%	4.9%	2.8%
\$35,000 - \$49,999	7.8%	5.6%	3.2%
\$50,000 - \$74,999	15.0%	12.2%	7.3%
\$75,000 - \$99,999	27.8%	20.9%	15.0%
\$100,000 - \$149,999	14.3%	14.2%	11.2%
\$150,000 - \$199,999	13.1%	21.0%	21.9%
\$200,000+	3.7%	6.0%	12.5%
Average Household Income	\$82,383	\$113,288	\$180,167
2000 Owner Occupied HUs by Value			
Total	1,762	6,943	13,588
<\$50,000	13.2%	13.2%	8.4%
\$50,000 - 99,999	52.3%	28.5%	16.2%
\$100,000 - 149,999	19.3%	27.9%	28.9%
\$150,000 - 199,999	7.4%	13.1%	20.9%
\$200,000 - \$299,999	5.1%	11.4%	15.2%
\$300,000 - 499,999	2.3%	6.7%	9.0%
\$500,000 - 999,999	0.4%	1.1%	1.2%
\$1,000,000+	0.0%	0.1%	0.2%
Average Home Value	\$104,437	\$144,263	\$160,863
2000 Specified Renter Occupied HUs by Contract Rent			
Total	1,719	4,853	5,456
With Cash Rent	99.3%	96.6%	96.4%
No Cash Rent	3.7%	3.4%	3.6%
Median Rent	\$544	\$569	\$582
Average Rent	\$523	\$570	\$598

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest, dividends, net rents, pensions, SSI and welfare payments, child support and alimony. Specified Renter Occupied HUs exclude houses on 10+ acres. Average Rent excludes units paying no cash rent.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2008 and 2013.

SUBJECT NEIGHBORHOOD



Market Profile - Appraisal Version

Prepared by

McKinney

Latitude: 33.206322

Longitude: -96.628967

Radius: 1.0 mile

Radius: 3.0 mile

Radius: 5.0 mile



2000 Population by Age

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	9,114	35,007	58,958
0 - 4	7.7%	9.2%	9.9%
5 - 9	7.5%	8.3%	9.3%
10 - 14	6.3%	6.9%	7.6%
15 - 19	7.6%	8.1%	7.0%
20 - 24	9.1%	8.6%	6.4%
25 - 34	17.3%	17.7%	17.7%
35 - 44	14.6%	16.3%	18.3%
45 - 54	10.4%	10.7%	11.1%
55 - 64	6.8%	5.9%	6.0%
65 - 74	5.1%	4.0%	3.5%
75 - 84	4.9%	3.0%	2.3%
85+	2.6%	1.4%	1.0%
18+	74.1%	71.3%	69.2%

2008 Population by Age

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	9,777	49,530	99,039
0 - 4	7.6%	9.5%	10.0%
5 - 9	6.6%	8.4%	9.1%
10 - 14	6.4%	7.4%	8.4%
15 - 19	8.0%	7.8%	7.3%
20 - 24	9.2%	7.3%	5.6%
25 - 34	16.7%	17.2%	15.0%
35 - 44	13.5%	15.6%	17.4%
45 - 54	12.4%	12.1%	13.8%
55 - 64	8.7%	7.6%	7.6%
65 - 74	4.5%	3.6%	3.3%
75 - 84	3.7%	2.3%	1.8%
85+	2.6%	1.2%	0.8%
18+	75.1%	70.6%	67.9%

2013 Population by Age

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	11,315	61,859	129,438
0 - 4	7.7%	9.6%	10.0%
5 - 9	6.4%	8.3%	8.8%
10 - 14	6.0%	7.5%	8.2%
15 - 19	7.6%	7.6%	7.4%
20 - 24	9.9%	7.3%	5.6%
25 - 34	16.1%	16.7%	14.6%
35 - 44	12.7%	15.4%	15.7%
45 - 54	12.4%	12.7%	14.6%
55 - 64	10.0%	8.5%	8.7%
65 - 74	5.2%	4.0%	3.8%
75 - 84	3.4%	2.2%	1.8%
85+	2.5%	1.2%	0.8%
18+	75.8%	70.4%	68.2%

2000 Population by Sex

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Males	49.9%	51.0%	50.6%
Females	50.1%	49.0%	49.4%

2008 Population by Sex

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Males	50.6%	50.8%	50.1%
Females	49.4%	49.2%	49.9%

2013 Population by Sex

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Males	50.9%	50.8%	50.0%
Females	49.1%	49.2%	50.0%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing, ESRI forecasts for 2008 and 2013.

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SUBJECT NEIGHBORHOOD



Market Profile - Appraisal Version

Prepared by

McKinney

Latitude: 33.206322

Longitude: -96.628967

Radius: 1.0 mile

Radius: 3.0 mile

Radius: 5.0 mile

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
 2008 Population 15+ by Marital Status			
Total	7,773	37,027	71,845
Never Married	28.4%	28.2%	21.0%
Married	50.3%	54.5%	66.2%
Widowed	8.1%	5.0%	3.5%
Divorced	15.2%	12.4%	9.3%
 2000 Population 16+ by Employment Status			
Total	7,053	26,066	41,024
In Labor Force	68.0%	67.3%	70.2%
Civilian Employed	65.9%	64.6%	67.8%
Civilian Unemployed	2.1%	2.7%	2.4%
In Armed Forces	0.0%	0.0%	0.0%
Not in Labor Force	32.0%	32.7%	29.8%
2008 Civilian Population 16+ in Labor Force			
Civilian Employed	93.5%	93.5%	94.8%
Civilian Unemployed	6.5%	6.5%	5.2%
2013 Civilian Population 16+ in Labor Force			
Civilian Employed	93.6%	93.7%	95.1%
Civilian Unemployed	6.4%	6.3%	4.9%
2000 Females 16+ by Employment Status and Age of Children			
Total	3,576	12,866	20,455
Own Children < 6 Only	9.8%	12.7%	13.9%
Employed/in Armed Forces	5.1%	7.2%	7.9%
Unemployed	1.1%	0.7%	0.8%
Not in Labor Force	3.6%	4.8%	5.4%
Own Children < 6 and 6-17 Only	6.3%	8.1%	9.8%
Employed/in Armed Forces	3.7%	4.2%	4.4%
Unemployed	0.0%	0.2%	0.1%
Not in Labor Force	2.7%	3.7%	5.3%
Own Children 6-17 Only	14.6%	15.9%	18.4%
Employed/in Armed Forces	9.7%	10.7%	12.7%
Unemployed	0.6%	0.4%	0.4%
Not in Labor Force	4.3%	4.8%	5.3%
No Own Children < 18	69.3%	63.2%	57.8%
Employed/in Armed Forces	34.8%	32.3%	31.9%
Unemployed	1.8%	1.8%	1.6%
Not in Labor Force	32.7%	28.5%	24.4%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing, ESRI forecasts for 2008 and 2013.

SUBJECT NEIGHBORHOOD



Market Profile - Appraisal Version

Prepared by

McKinney

Latitude: 33.206322

Longitude: -96.628967

Radius: 1.0 mile

Radius: 3.0 mile

Radius: 5.0 mile



2008 Employed Population 16+ by Industry

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	4,188	20,835	42,850
Agriculture/Mining	0.9%	0.6%	0.9%
Construction	12.9%	9.0%	7.2%
Manufacturing	11.9%	11.8%	11.6%
Wholesale Trade	3.9%	3.7%	3.7%
Retail Trade	9.9%	12.1%	11.9%
Transportation/Utilities	3.6%	3.0%	2.9%
Information	2.4%	4.4%	4.9%
Finance/Insurance/Real Estate	6.0%	8.4%	10.1%
Services	43.4%	43.3%	43.8%
Public Administration	5.3%	3.5%	3.0%

2008 Employed Population 16+ by Occupation

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	4,198	20,833	42,849
White Collar	52.7%	64.8%	72.0%
Management/Business/Financial	12.1%	18.0%	22.7%
Professional	17.1%	21.4%	24.7%
Sales	8.8%	12.3%	13.4%
Administrative Support	14.6%	13.2%	12.0%
Services	19.2%	15.6%	12.6%
Blue Collar	28.1%	19.7%	14.6%
Farming/Forestry/Fishing	0.4%	0.2%	0.1%
Construction/Extraction	9.7%	6.5%	4.7%
Installation/Maintenance/Repair	4.3%	2.8%	2.4%
Production	8.8%	6.3%	4.4%
Transportation/Material Moving	4.8%	3.9%	2.9%



2000 Workers 16+ by Means of Transportation to Work

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	4,587	16,462	27,349
Drove Alone - Car, Truck, or Van	72.8%	76.8%	80.6%
Carpooled - Car, Truck, or Van	22.3%	17.5%	13.2%
Public Transportation	0.3%	0.3%	0.4%
Walked	2.2%	1.8%	1.3%
Other Means	0.8%	0.7%	0.6%
Worked at Home	1.6%	2.9%	3.9%

2000 Workers 16+ by Travel Time to Work

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	4,587	16,461	27,348
Did Not Work at Home	98.4%	97.1%	96.1%
Less than 5 minutes	4.9%	3.3%	2.7%
5 to 9 minutes	17.9%	13.1%	10.4%
10 to 19 minutes	30.8%	28.0%	24.7%
20 to 24 minutes	8.6%	10.8%	10.6%
25 to 34 minutes	17.0%	19.5%	19.9%
35 to 44 minutes	5.1%	6.0%	7.8%
45 to 59 minutes	7.0%	9.2%	11.7%
60 to 89 minutes	4.7%	5.4%	6.4%
90 or more minutes	1.5%	1.8%	2.0%
Worked at Home	1.6%	2.9%	3.9%
Average Travel Time to Work (in min)	21.9	25.0	27.5

2000 Households by Vehicles Available

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	3,484	11,809	19,059
None	7.1%	6.4%	4.4%
1	40.9%	35.3%	27.7%
2	38.6%	45.2%	52.8%
3	10.1%	10.4%	11.8%
4	2.0%	2.1%	2.8%
5+	1.2%	0.6%	0.6%
Average Number of Vehicles Available	1.6	1.7	1.8

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2008.

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SUBJECT NEIGHBORHOOD



Market Profile - Appraisal Version

Prepared by

McKinney

Latitude: 33.208922

Longitude: -96.628967

Radius: 1.0 mile

Radius: 3.0 mile

Radius: 5.0 mile



2000 Households by Type

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	3,485	11,825	19,057
Family Households	63.8%	71.3%	77.1%
Married-couple Family	45.1%	54.1%	64.1%
With Related Children	22.6%	30.4%	37.8%
Other Family (No Spouse)	18.5%	17.1%	13.1%
With Related Children	12.3%	12.2%	9.3%
Nonfamily Households	36.4%	28.7%	22.9%
Householder Living Alone	30.8%	23.5%	18.7%
Householder Not Living Alone	5.6%	5.2%	4.1%
Households with Related Children	34.9%	42.6%	47.1%
Households with Persons 65+	23.2%	16.7%	13.8%

2000 Households by Size

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	3,484	11,825	19,057
1 Person Household	30.8%	23.5%	18.7%
2 Person Household	29.7%	29.4%	30.1%
3 Person Household	16.0%	17.7%	18.6%
4 Person Household	11.7%	15.7%	19.0%
5 Person Household	5.0%	7.5%	8.3%
6 Person Household	2.6%	2.9%	2.8%
7+ Person Household	3.3%	3.2%	2.4%

2000 Households by Year Householder Moved In

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	3,484	11,810	19,061
Moved in 1999 to March 2000	28.8%	33.1%	32.2%
Moved in 1995 to 1998	27.4%	34.0%	30.3%
Moved in 1990 to 1994	18.0%	16.0%	14.0%
Moved in 1980 to 1989	10.1%	7.9%	7.0%
Moved in 1970 to 1979	6.8%	4.8%	3.5%
Moved in 1969 or Earlier	8.9%	4.3%	3.0%
Median Year Householder Moved In	1996	1997	1997



2000 Housing Units by Units in Structure

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	3,668	12,500	20,385
1, Detached	63.7%	64.3%	72.8%
1, Attached	4.0%	2.2%	1.4%
2	5.2%	3.1%	1.9%
3 or 4	7.0%	5.0%	3.2%
5 to 9	3.9%	6.0%	4.0%
10 to 19	6.5%	6.5%	4.9%
20+	9.1%	9.9%	8.3%
Mobile Home	0.7%	2.9%	3.5%
Other	0.0%	0.0%	0.0%

2000 Housing Units by Year Structure Built

	Radius: 1.0 mile	Radius: 3.0 mile	Radius: 5.0 mile
Total	3,658	12,503	20,219
1999 to March 2000	1.1%	9.8%	13.7%
1995 to 1998	4.0%	20.4%	28.9%
1990 to 1994	3.3%	11.7%	14.2%
1980 to 1989	18.6%	18.1%	14.9%
1970 to 1979	10.5%	8.3%	6.4%
1969 or Earlier	64.5%	31.8%	21.0%
Median Year Structure Built	1962	1985	1993

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.

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SUBJECT NEIGHBORHOOD



Market Profile - Appraisal Version

Prepared by

McKinney
 Latitude: 33.206322
 Longitude: -96.628987

Radius: 1.0 mile Radius: 3.0 mile Radius: 5.0 mile



2000 Population 3+ by School Enrollment

	1.0 mile	3.0 mile	5.0 mile
Total	8,720	32,007	63,477
Enrolled in Nursery/Preschool	1.6%	2.4%	3.1%
Enrolled in Kindergarten	1.7%	2.0%	2.3%
Enrolled in Grade 1-8	11.8%	12.0%	14.1%
Enrolled in Grade 9-12	4.1%	4.0%	5.0%
Enrolled in College	3.7%	3.8%	3.6%
Enrolled in Grad/Prof School	1.1%	1.2%	1.2%
Not Enrolled in School	75.9%	72.8%	70.6%

2008 Population 25+ by Educational Attainment

	1.0 mile	3.0 mile	5.0 mile
Total	6,086	29,632	59,148
Less than 9th Grade	16.4%	12.4%	8.9%
9th - 12th Grade, No Diploma	15.4%	11.5%	8.9%
High School Graduate	22.8%	19.4%	15.6%
Some College, No Degree	19.5%	20.7%	20.8%
Associate Degree	6.0%	6.4%	7.3%
Bachelor's Degree	14.4%	21.6%	30.6%
Graduate/Professional Degree	5.5%	8.0%	12.1%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing, ESRI forecasts for 2008.

SUBJECT NEIGHBORHOOD

CONCLUSIONS

The subject neighborhood encompasses the area's primary commercial growth corridors, US 380, SH 121, and US 75. The northern and western portions of the neighborhood continue to experience accelerated growth. A large percentage of existing improvements are in the early stages of economic life.

A major contributing factor to the growth is the access provided by the US 380, US 75 and State Highway 121. Additionally, proximity to prestigious residential communities such as Stonebridge Ranch and Craig Ranch in McKinney are some of the most important and initial reasons for the new supporting office and retail development.

The subject neighborhood is still in a growth stage due to the large amounts of vacant land still available for development and its proximity to major employment centers in Frisco and Plano. Given the prestige of the neighborhood and its quality schools, it will likely continue its current trend toward residential subdivisions, with the development of supporting commercial and retail facilities to follow.

No noticeable nuisances or hazards are in the area and the majority of improvements are in the early stages of economic life, and sufficient neighborhood services are accessible to benefit the community.

SUBJECT PROPERTY

The subject is located at the southeast corner of University Drive (US Highway 380) and North Graves Street, McKinney, Texas 75069.

SITE DATA

According to the survey provided, the tract is an 11.817-acre site that is improved with court facilities and associated site improvements. The site has approximately 915' feet of footage along the southern line of University Drive, approximately 500' of frontage along the eastern line of Graves Street, approximately 910' of frontage along Harroun Avenue and approximately 544.48' of frontage on Waddill Street.

Abutting and Vicinity Uses

The immediate vicinity of the subject is commercial and residential in nature. The subject property borders retail and commercial uses along University Drive to the north, east, and west. Single-family residential, small, multi-family residential uses and office uses abut the subject property to the east and south. Office and medical office uses abut the subject property to the west.

Access

Access is available to the site via one curb cut in the southern line of University Drive, four curb cuts in the northern line of Harroun Avenue, one curb cut in the eastern line of North Graves Street and one curb cut in the western line of Waddill Street. University Drive is a six-lane, divided heavily traveled thoroughfare. Waddill Street, North Graves Street and Harroun Avenue area two-lane, undivided neighborhood roadways.

Topography/Flood Zone

The topography of the site is basically level. According to the Floodsource Flood Hazards Map, Number 48085C0295-G, dated January 19, 1996, the site is located in Zone X or outside of the 100-year flood plain. This is simply an indication, not a guarantee, the site will not flood. Reference the subsequent exhibits for a copy of the area flood map. Drainage for the site appears to be natural.

Utilities/City Services

According to the available information, all utilities are available to the property. Electricity is provided by various energy providers and natural gas is provided by Atmos Energy (formerly TXU Gas). Telephone service is available through various providers. Water, sewer, police, and fire protection as well as other city services are provided by the City of McKinney. The subject is located within the McKinney Independent School District.

SUBJECT PROPERTY

Zoning

The subject site is zoned RG-18, General Residence District by the City of McKinney. This zoning designation allows both single and multi-family residential development, office development, schools, churches, hospitals, day care centers and nursing homes. Retail and industrial uses are not permitted.

Easements

Without a current survey or title policy, all easements affecting the subject are not known. According to the Collin County Public Works Department, there is a 20-foot by 20-foot City of McKinney easement (for future signal light purposes) located at the corner of University Drive at Waddill Street. Typical utility and access easements are probably located on the subject site. Were the property to have any easements detrimental to the subject, the opinion of value concluded herein may be subject to change.

Deed Restrictions

To our knowledge, no deed restrictions affect or limit the use of the property; however, this should not be considered as a guaranty or warranty that no such restrictions exist. Deed restrictions are a legal matter: normally discoverable only by a title search by a competent title attorney. It is recommended that a title search be made if any questions regarding deed restrictions arise.

Environmental Hazards

An environmental study of the subject is not available. All former uses of the site are not known. An environmental study is recommended. Were detrimental environmental conditions discovered on or proximate to the subject property, the conclusions of this report would be invalidated.

CONCLUSION

The subject tract is 11.817 acres of land located on the southeast corner of University Drive (US Highway 380) and North Graves Street, in McKinney, Texas. The subject property borders retail and commercial uses along University Drive to the north, east, and west. Single-family residential, multi-family residential and office uses abut the subject property to the south. The property is accessible via University Drive, North Graves Street, Waddill Street and Harroun Avenue. The site is located approximately one half of a mile east of US Highway 75.

The overall outlook for the subject is positive given that the subject property is in a market with excellent prospects for future residential growth and commercial development.

SUBJECT PROPERTY

SUBJECT IMPROVEMENTS

The subject property is a special use building. Originally built as a hospital in 1957, the building was completely redeveloped in 1999 into a county court building with seven courtrooms, a tax office and court related office space. The basement level is climate controlled and currently used for storage.

Design & Construction Summary

Year Built:	1957 (Renovated in 1999)
Type:	Good, Class B
Gross Building Area:	174,978 SF
Foundation:	Reinforced concrete piers and basement.
Frame:	Concrete block load-bearing walls, steel joists and trusses.
Roof:	Steel deck, built up roof cover
Walkways:	Concrete
Parking Lots:	Asphalt
Exterior Walls:	Brick veneer and concrete
Landscaping:	The property is well landscaped with grass, trees, and shrubs.
Quality:	Good
Condition:	Good

Interior Finish

Lighting:	Incandescent and fluorescent lighting throughout the buildings.
Floors:	Carpeting and linoleum floors.
Interior walls:	Painted and textured drywall and some concrete block walls.
Ceilings:	Suspended acoustical tile systems with some specialty variations.
HVAC:	2-300 ton chillers, 5-air handlers and 2-4,000,000 BTU boilers.
Electrical:	Electrical is assumed to conform to national codes.
Plumbing:	Plumbing is assumed to conform to national codes.
Restrooms:	The basement level has one men's restroom and one women's restroom. The first level has an abundance of both public and staff only men and women's restroom facilities. The second level has three men's restrooms and three women's restrooms. The third level has two men's restrooms and two women's restrooms.

The facility has a secured loading dock area, back-up generators and a specialized security and surveillance system.

CONCLUSIONS

The improvements are of good quality construction and design. The existing improvements are in good condition. A review of the subject's recent electrical expense history indicates that the subject is energy efficient considering its age.

REAL ESTATE TAX ANALYSIS

The Texas legislature created a system of centralized appraisal districts for each Texas county so that all real estate within a given county is valued for tax purposes through a standard appraisal process. Property assessments are based on market value. Property valuations under the central appraisal district system became effective in 1982.

In Collin County, the Collin Central Appraisal District is responsible for ad valorem tax appraisals of all real estate within the county. Based on the ad valorem tax appraisal, various tax districts levy annual taxes on property located within their respective districts. Typical taxing jurisdictions include assessments from the county, city, and school districts in which the property is located. The total ad valorem tax burden is the sum of the assessments for the various taxing authorities.

The subject is situated within the city limits of McKinney and falls within the taxing jurisdictions of the City of McKinney, Collin County, McKinney Independent School District, and Collin County Community College.

Pertinent tax rates for the subject are detailed below:

2007 TAX RATES (per \$100)	
City of McKinney	\$0.585500
Collin County	\$0.245000
Collin County Community College	\$0.086984
McKinney ISD	\$1.517000
Total	\$2.434484

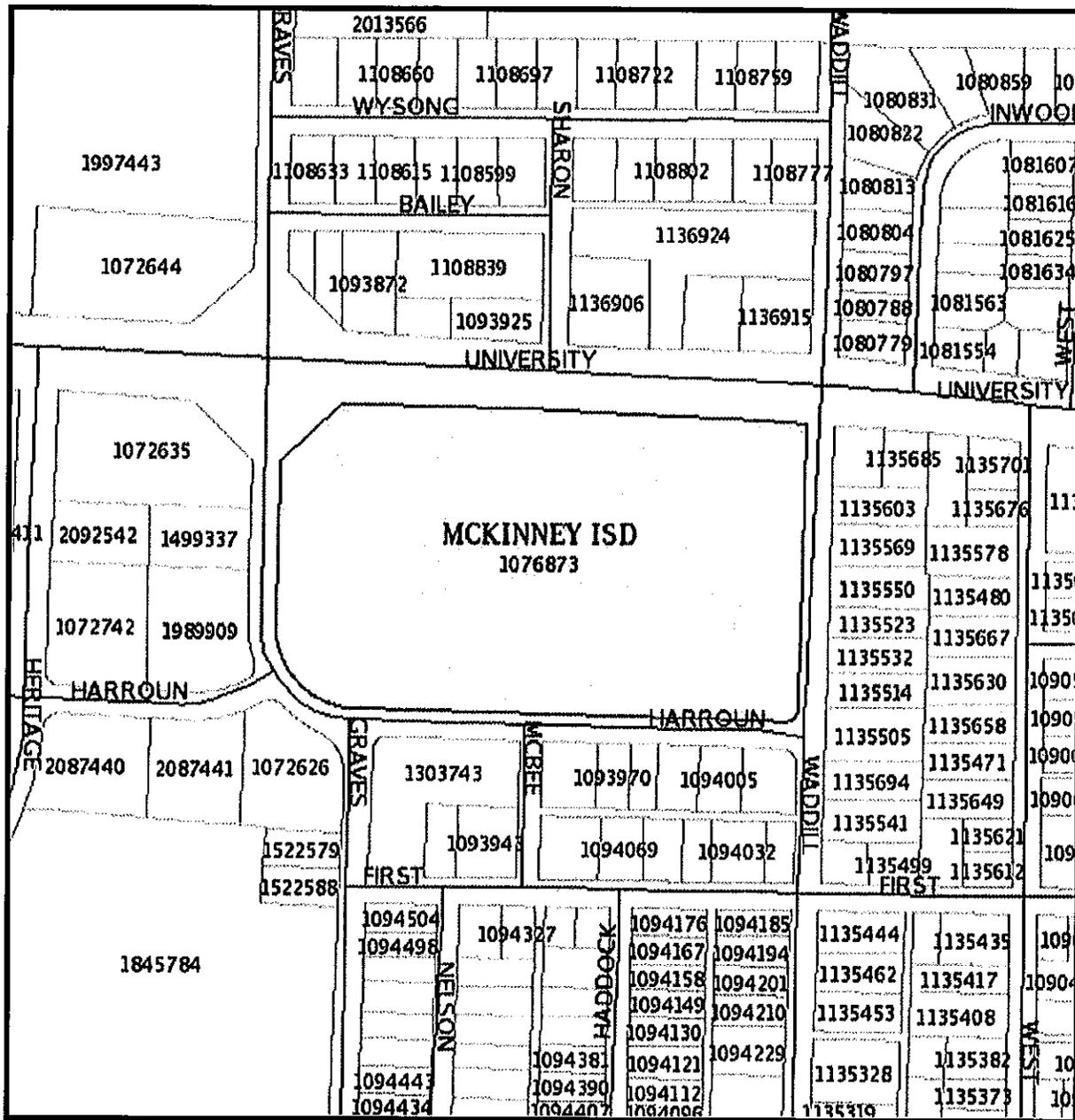
The Collin Central Appraisal District account for the subject is summarized as follows:

Account Number	Land	Improvements	Total
R-6837-000-0018-1	\$3,088,494	\$14,572,742	\$17,661,236

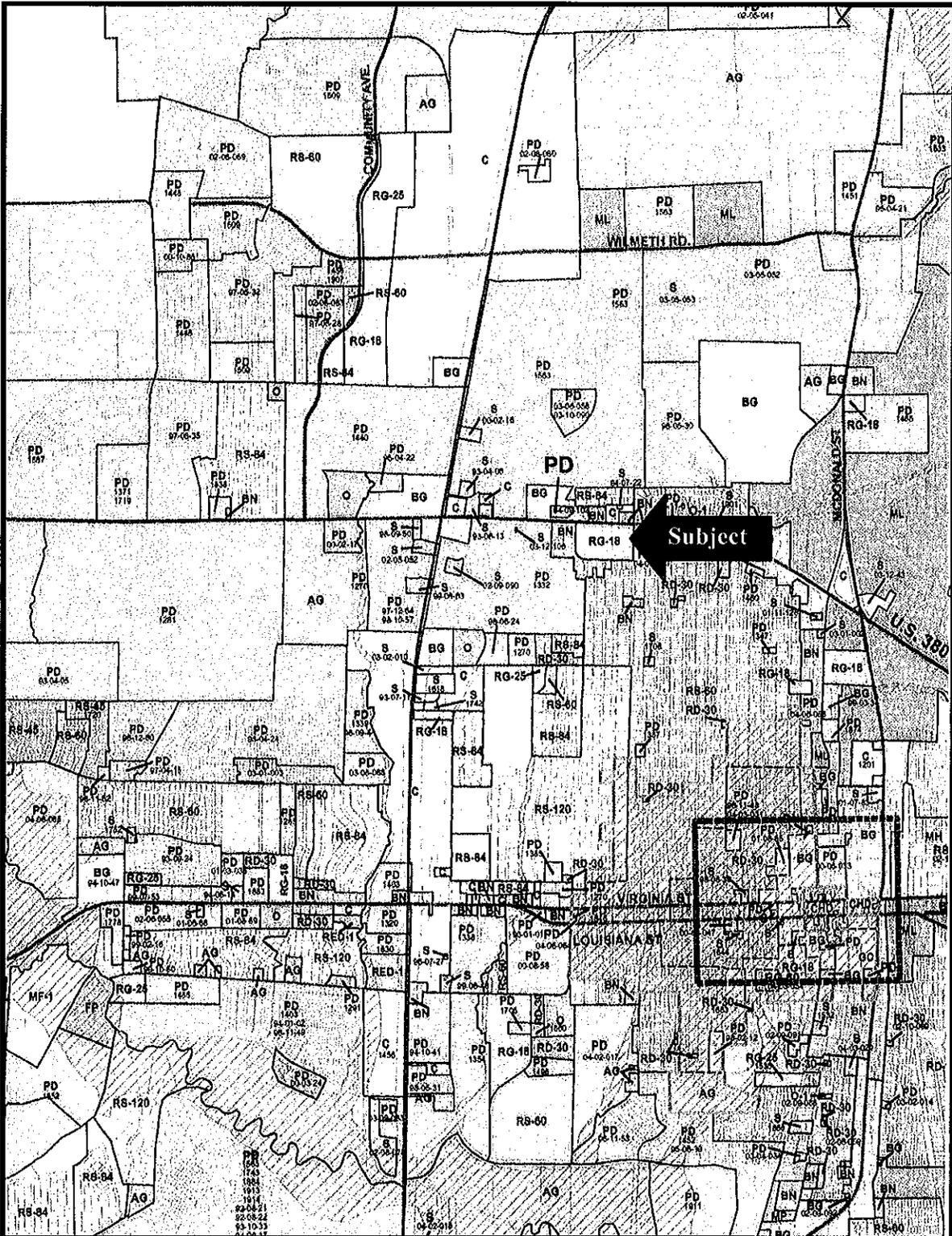
While the subject is currently 100% tax exempt, we have calculated the tax liability below based on the preceding assessed value and pertinent tax rates. The subject's estimated annual tax liability is calculated as follows:

Assessed Value		Tax Rate		Indicated Tax Liability
\$17,661,236	x	\$2.434484	=	\$429,960

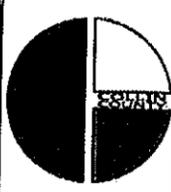
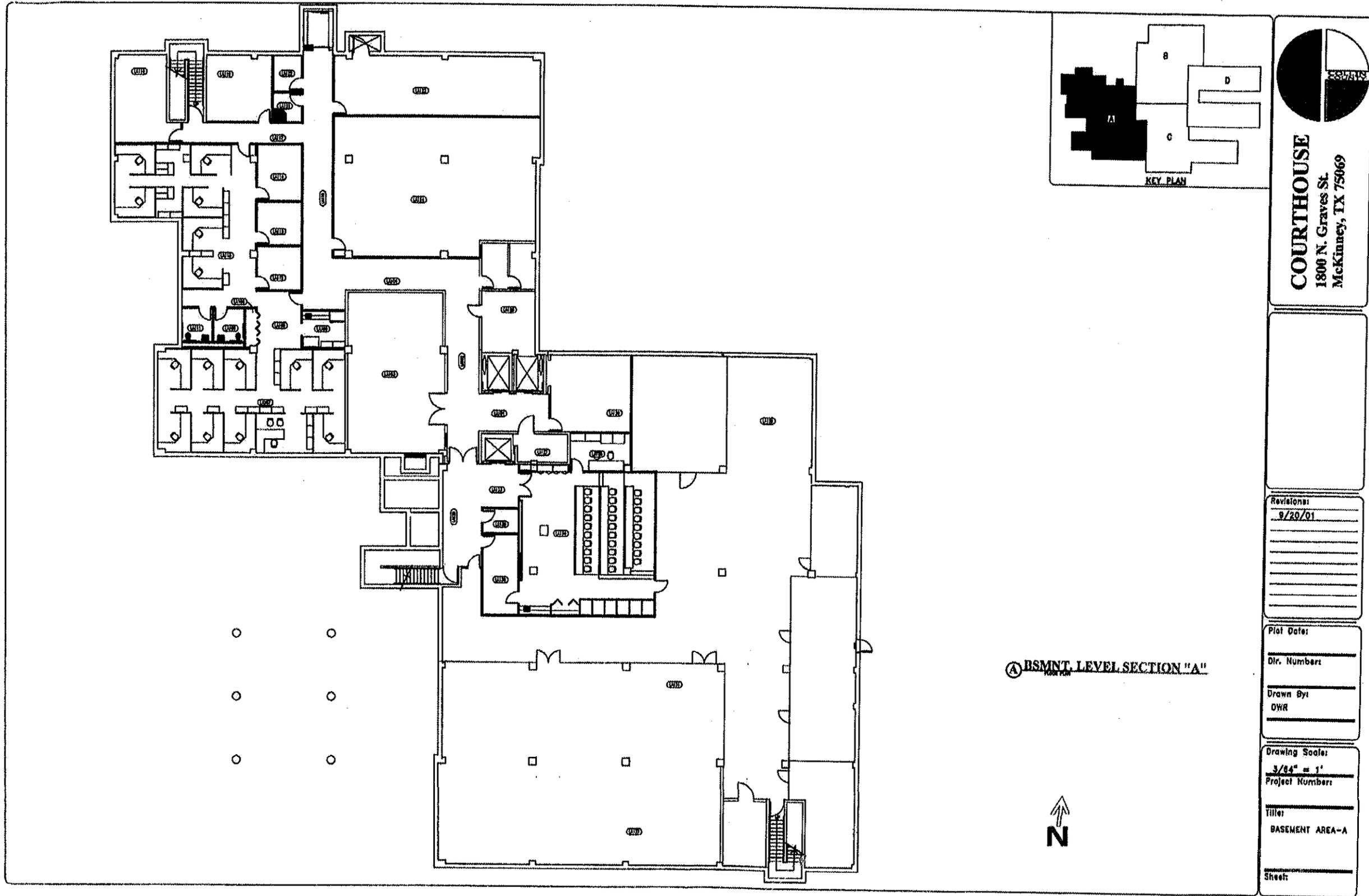
TAX MAP



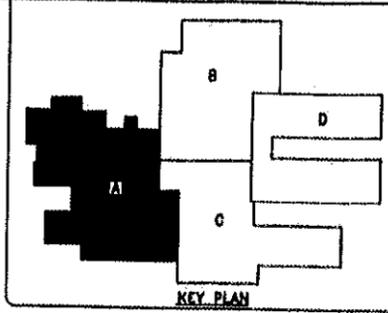
ZONING MAP



FLOOR PLANS



COURTHOUSE
 1800 N. Graves St.
 McKinney, TX 75069



Revisions:
9/20/01

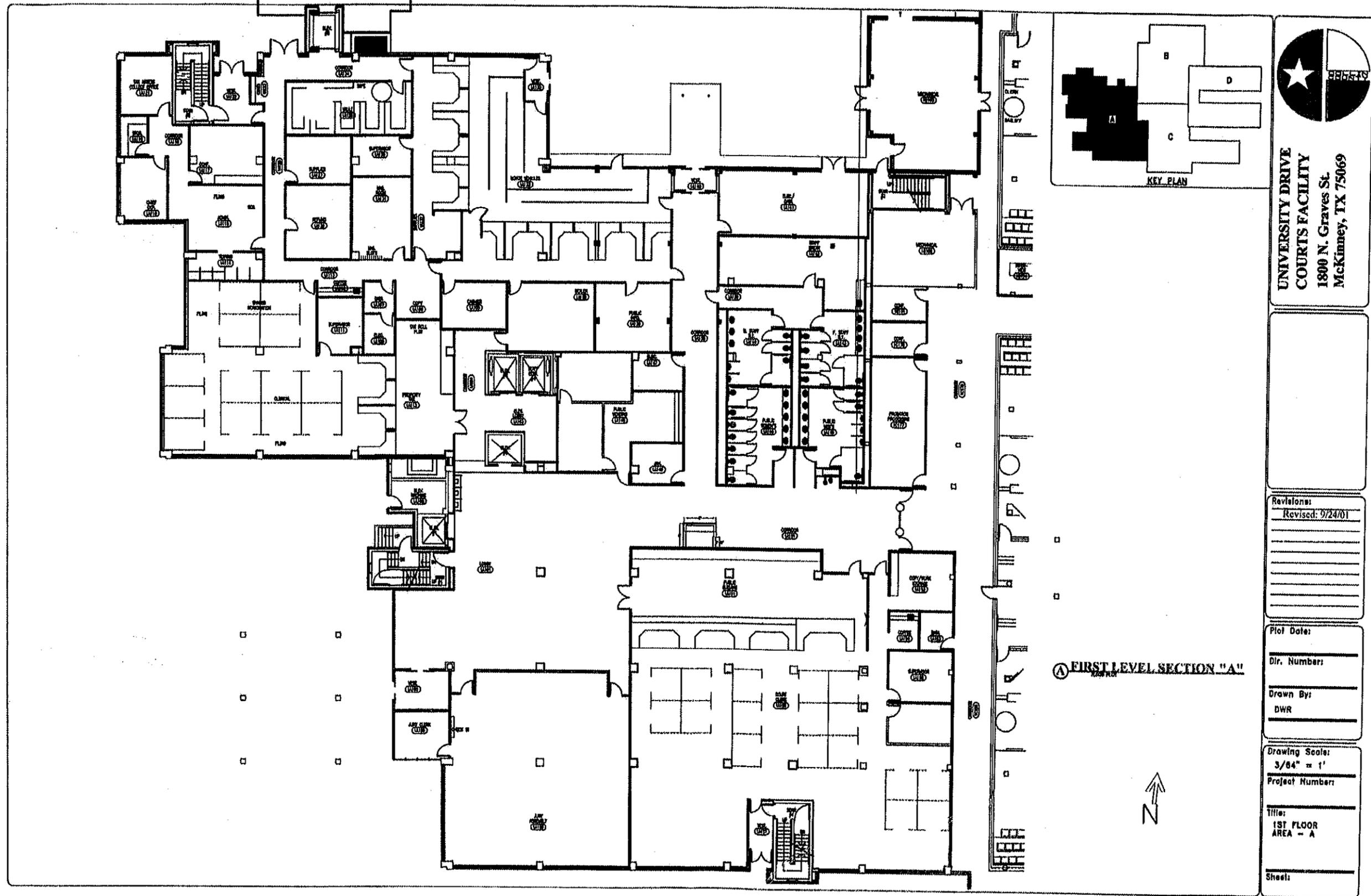
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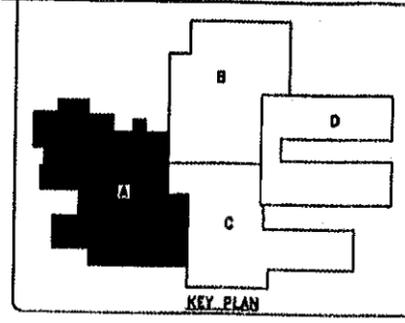
BSMNT. LEVEL SECTION "A"



FLOOR PLANS



UNIVERSITY DRIVE
 COURTS FACILITY
 1800 N. Graves St.
 McKinney, TX 75069



① FIRST LEVEL SECTION "A"

Revisions:
Revised: 9/24/01

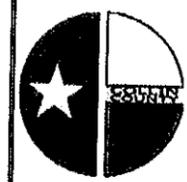
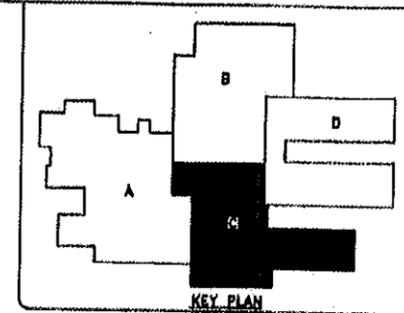
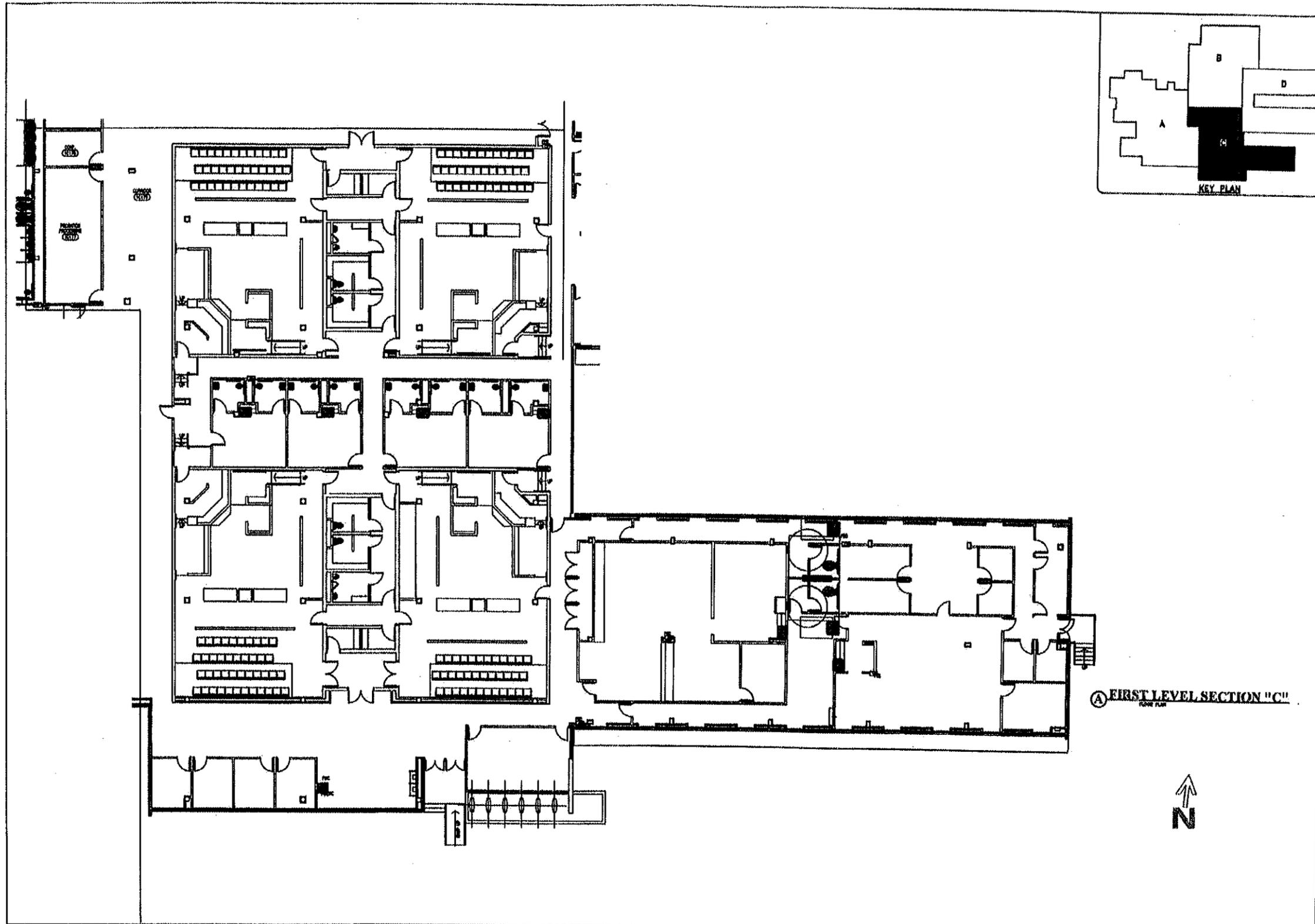
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1ST FLOOR AREA - A

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FLOOR PLANS



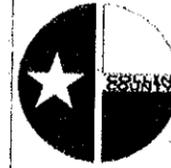
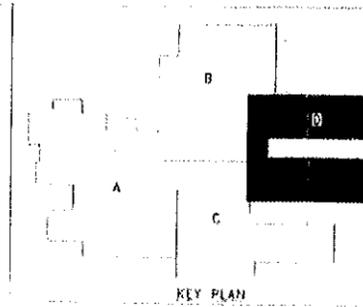
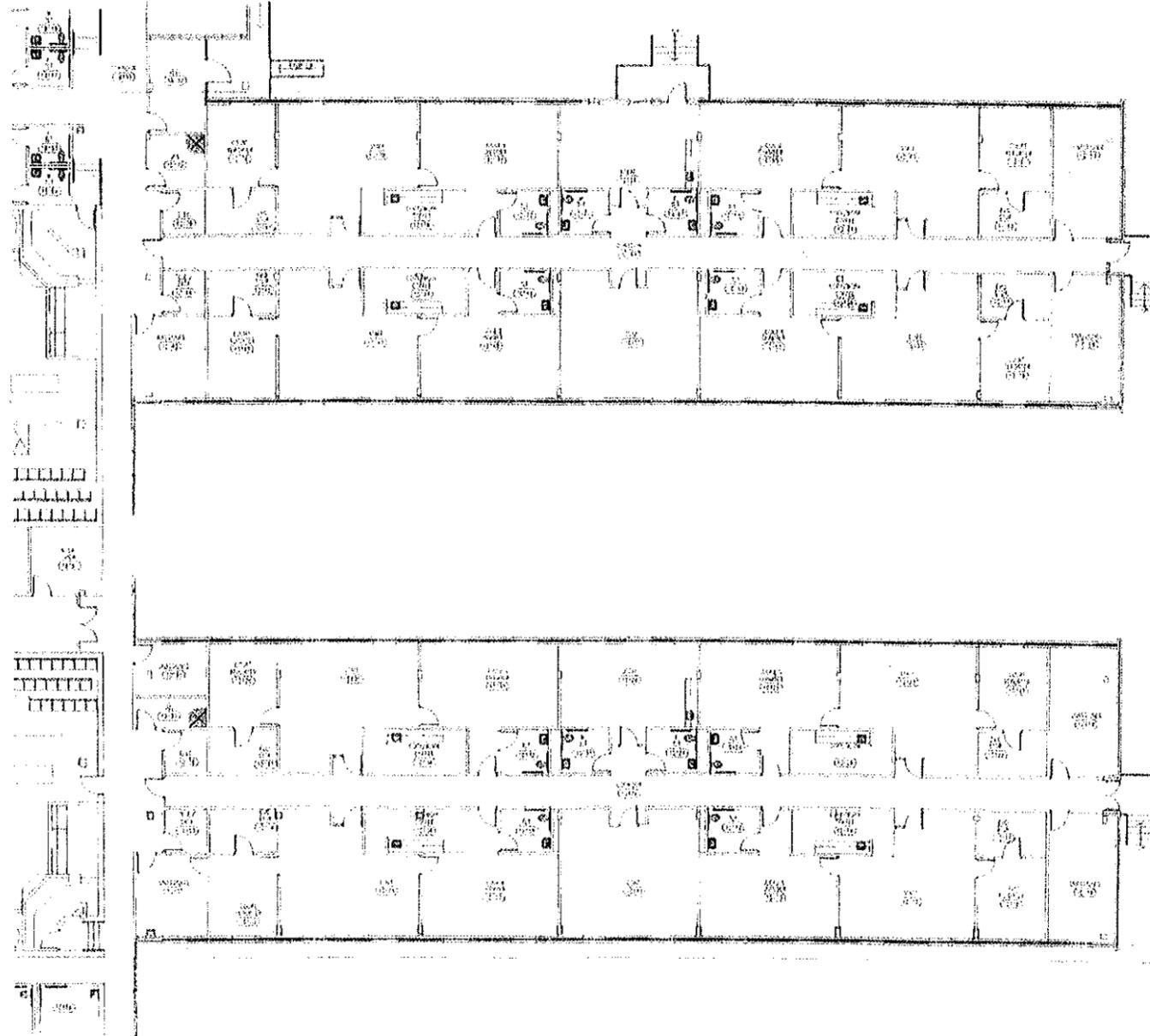
UNIVERSITY DRIVE
COURTS FACILITY
1800 N. GRAVES

① FIRST LEVEL SECTION "C"
FLOOR PLAN



Revisions:	9/24/01
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FLOOR PLANS



D FIRST LEVEL SECTION "D"

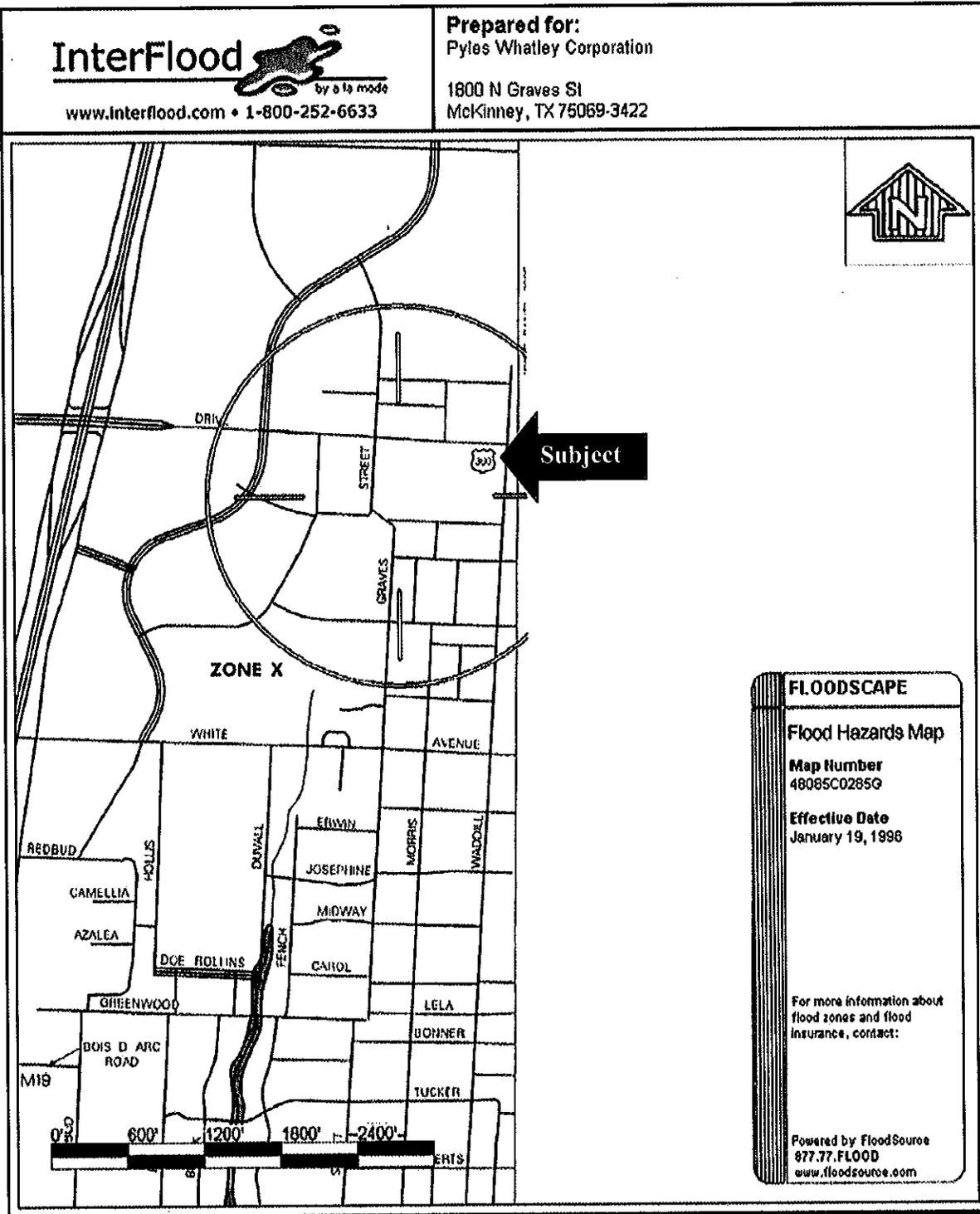


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AERIAL PHOTOGRAPH

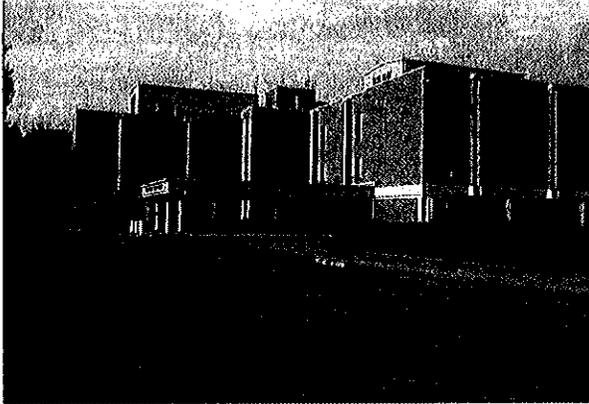


FLOOD MAP



SUBJECT PHOTOGRAPHS

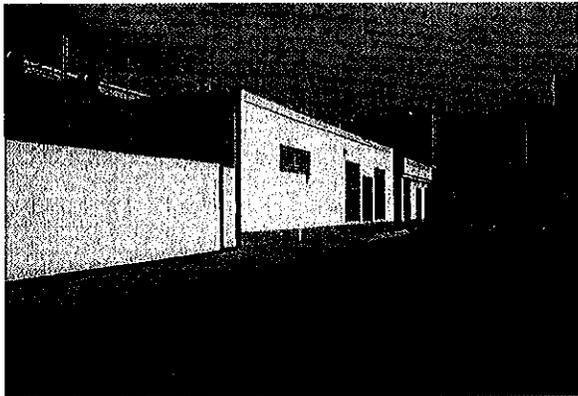
PHOTOGRAPHED AUGUST 28, 2008



View of the entrance facing north from Harroun Ave.



Looking south at subject from University Drive.



View of the physical plant area.



Looking southwest at subject from just south of University Drive.



View of the excess land area and the subject building facing west from Waddill Street.



View facing west along the subject's University Drive frontage from Waddill Street.

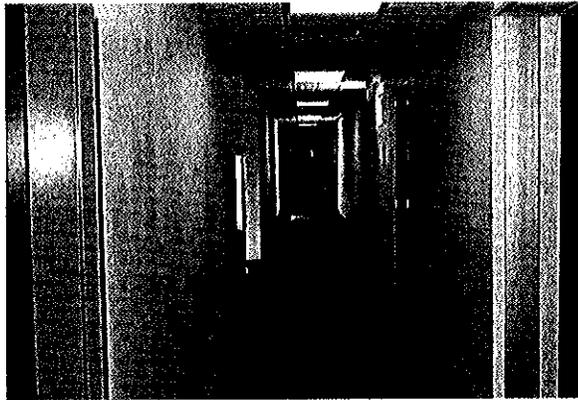
SUBJECT PHOTOGRAPHS



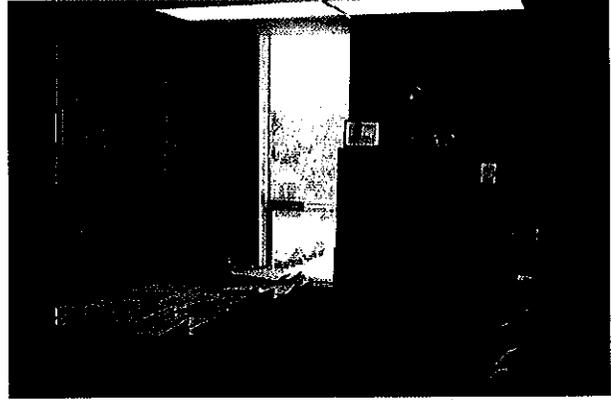
View north along North Graves St. from Harroun Ave. showing parking lot.



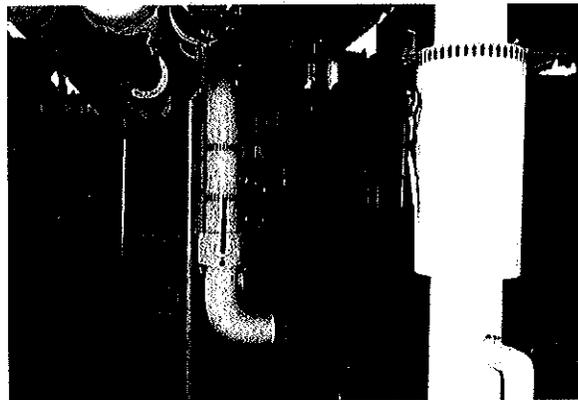
View of the subject facing west along Harroun Avenue from Waddill Street.



View of a typical employee hallway area.



View of a typical office.

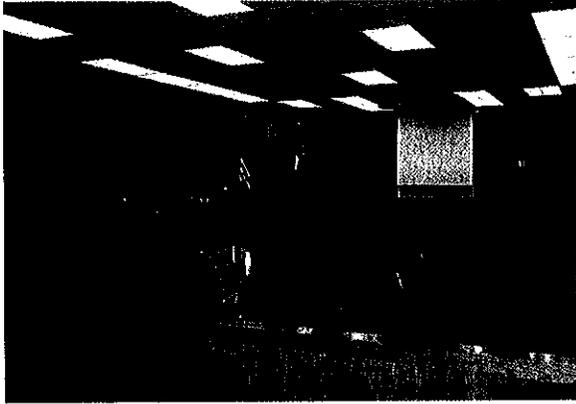


View of a mechanical room.

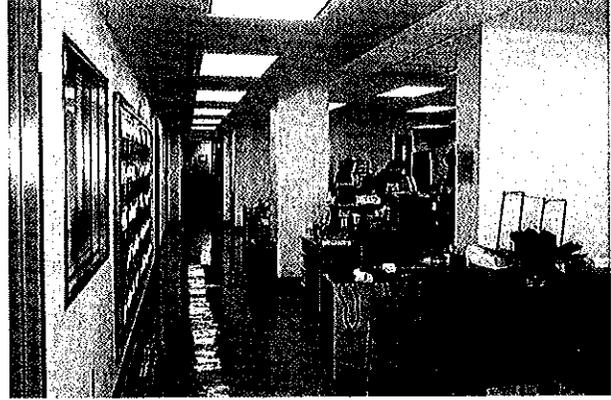


View of a basement record storage area.

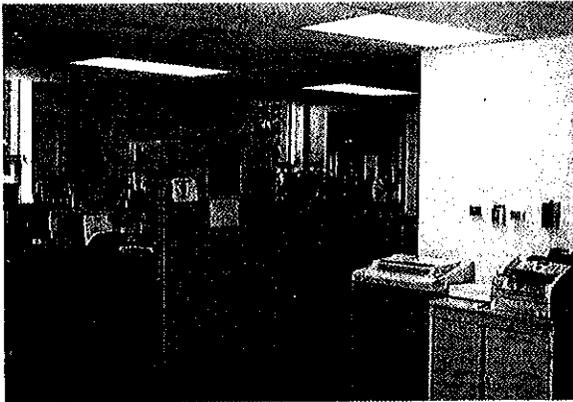
SUBJECT PHOTOGRAPHS



View of a courtroom.



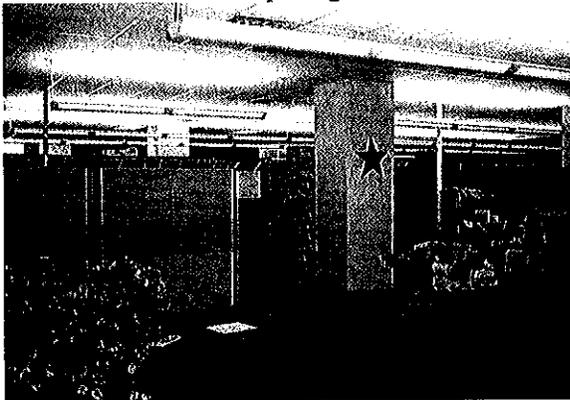
View of an open work area with vinyl flooring.



View of an open work area with typical carpeting.



View of a kitchen/breakroom area.



View of a record filing area.



View of a public hallway area.

HIGHEST AND BEST USE

One of the basic elements of real estate valuation is the theory of highest, best and most profitable use.

As quoted from The Dictionary of Real Estate Appraisal, copyright 1984, highest and best use is defined as that reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the effective date of the appraisal.

Or, as defined in the Appraisal of Real Estate, 12th Edition (first edition copyrighted 1951), the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and which results in highest land value.

These definitions recognize that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the land or site as though vacant and available to be put to its highest and best use, and for the property as improved.

In appraisal practice, highest and best use analysis not only identifies the use of the property expected to produce the maximum net present value, but also helps the appraiser select comparable properties.

Four basic criteria are examined in estimating the Highest and Best Use of a property both as vacant and as improved. These stages of analysis are as follows:

- a) Possible Use - the uses to which it is physically possible to put on the site in question.
- b) Permissible Use (Legal) - the uses that are permitted by zoning and deed restrictions on the site in question.
- c) Feasible Use - the possible and permissible uses that will produce any net return to the owner of the site.
- d) Highest and Best Use - among the feasible uses, the use that will produce the highest net return on the highest present worth.

The highest and best use of a specific parcel of land is not determined through subjective analysis by the property owner, the developer, or the appraiser; rather, highest and best use is shaped by the competitive forces within the market where the property is located. Therefore, the analysis and interpretation of highest and best use is an economic study of market forces focused on the subject property.

Market forces also shape market value, so the general data that are collected and analyzed to derive an opinion of market value are also used to formulate an opinion of the property's highest and best use as of the appraisal date.

HIGHEST AND BEST USE

SITE AS VACANT

The subject is a rectangular tract of land, totaling 11.817 acres, or 514,752 square feet. The tract is located at the southeast corner of North Grave Street and University Drive, approximately one half mile east of US 75.

Possible Use

In arriving at our opinion of highest and best use for the subject, it was first necessary to determine if the physical characteristics of the site - such as soil conditions, topography, shape and frontage were favorable for development. The site is of sufficient size, shape, and frontage to be economically adaptable to numerous uses; thus, the physical characteristics are generally supportive of many possible uses.

Permissible Use

The subject is currently zoned for residential use which allows office, nursing homes, day care centers, schools and churches in addition to both single and multi-family development. Retail uses are currently not permitted.

Another potential constraint on the development of the site may stem from various deed restrictions. Deed restrictions are private restrictions that limit the use of a site and are either already in place when the site is acquired or filed with proposed development and/or site plans. It is assumed that no deed restrictions exist that would restrict the development of the subject site. However, if restrictions do exist, this appraisal may need to be adjusted accordingly.

Feasible Use

The surrounding properties and land uses are considered for compatibility in determination of feasible use. Similar sites along University Parkway are improved with retail, office and medical uses.

Based on the land usage pattern of the surrounding area and the subject's frontage along University Drive as well as three additional interior neighborhood streets, the most feasible of the allowable uses is considered to be office development or a mix of office and multi-family residential development.

In order to help determine the financial feasibility of office development, The Mid Year Office Market Report by CoStar was consulted for Dallas/Fort Worth office market data and for office market data for the subject's market area. Excerpts from this study are included on the following pages.

HIGHEST AND BEST USE

MID-YEAR 2008 - DALLAS/FT. WORTH

DALLAS/FT. WORTH OFFICE MARKET

OVERVIEW



DALLAS/FT. WORTH'S VACANCY DECREASES TO 16.8%
Net Absorption Positive 856,392 SF in the Quarter

The Dallas/Ft. Worth Office market ended the second quarter 2008 with a vacancy rate of 16.8%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 856,392 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 2,786,524 square feet. Rental rates ended the second quarter at \$21.01, an increase over the previous quarter. A total of 31 buildings delivered to the market in the quarter totaling 834,902 square feet, with 6,844,811 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Dallas/Ft. Worth office market was positive 856,392 square feet in the second quarter 2008. That compares to positive 778,772 square feet in the first quarter 2008, positive 1,886,764 square feet in the fourth quarter 2007, and positive 982,145 square feet in the third quarter 2007.

Tenants moving out of large blocks of space in 2008 include: Friedman's, Inc. moving out of 85,000 square feet at Addison II, AirLogix moving out of 34,184 square feet at Northcreek Place 1 - Bldg C, and First Horizon Bank moving out of 19,296 square feet at Churchill Tower.

Tenants moving into large blocks of space in 2008 include: TXU moving into 247,254 square feet at Sierra at Las Colinas III; TM Advertising moving into 130,482 square feet at Comerica Bank Tower, and Crosstex Energy moving into 114,610 square feet at International Center - Phase IV.

The Class-A office market recorded net absorption of positive 205,895 square feet in the second quarter 2008, compared to positive 17,925 square feet in the first quarter 2008, positive

530,154 in the fourth quarter 2007, and negative (419,992) in the third quarter 2007.

The Class-B office market recorded net absorption of positive 552,573 square feet in the second quarter 2008, compared to positive 583,727 square feet in the first quarter 2008, positive 1,189,202 in the fourth quarter 2007, and positive 1,086,091 in the third quarter 2007.

The Class-C office market recorded net absorption of positive 97,924 square feet in the second quarter 2008 compared to positive 177,120 square feet in the first quarter 2008, positive 167,408 in the fourth quarter 2007, and positive 316,046 in the third quarter 2007.

Net absorption for Dallas/Ft. Worth's central business district was positive 128,585 square feet in the second quarter 2008. That compares to positive 160,702 square feet in the first quarter 2008, positive 260,962 in the fourth quarter 2007, and positive 184,097 in the third quarter 2007.

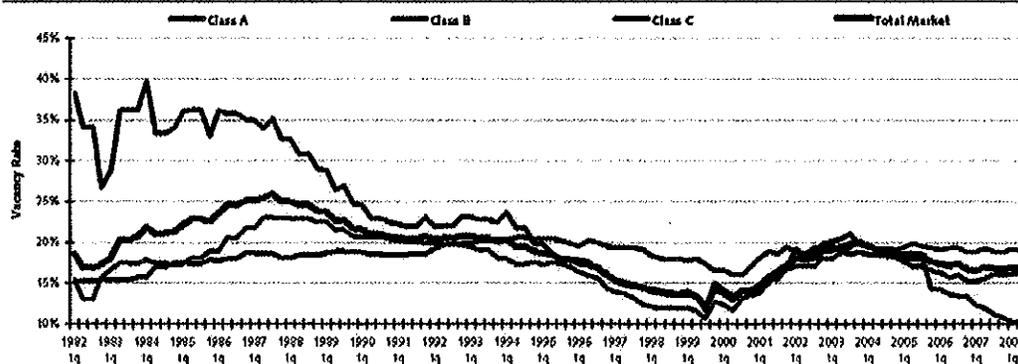
Net absorption for the suburban markets was positive 727,807 square feet in the second quarter 2008. That compares to positive 618,070 square feet in first quarter 2008, positive 1,625,802 in the fourth quarter 2007, and positive 798,048 in the third quarter 2007.

Vacancy

The office vacancy rate in the Dallas/Ft. Worth market area decreased to 16.8% at the end of the second quarter 2008. The vacancy rate was 16.9% at the end of the first quarter 2008, 16.7% at the end of the fourth quarter 2007, and 16.8% at the end of the third quarter 2007.

Class-A projects reported a vacancy rate of 16.3% at the

VACANCY RATES BY CLASS 1982-2008



Source: Costar Group, Inc.

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THE COSTAR OFFICE REPORT

1

HIGHEST AND BEST USE

DALLAS/FT. WORTH - MID-YEAR 2008



DALLAS/FT. WORTH OFFICE MARKET

OVERVIEW

end of the second quarter 2008, 16.2% at the end of the first quarter 2008, 16.0% at the end of the fourth quarter 2007, and 16.1% at the end of the third quarter 2007.

Class-B projects reported a vacancy rate of 19.0% at the end of the second quarter 2008, 19.1% at the end of the first quarter 2008, 18.8% at the end of the fourth quarter 2007, and 18.9% at the end of the third quarter 2007.

Class-C projects reported a vacancy rate of 10.1% at the end of the second quarter 2008, 10.4% at the end of first quarter 2008, 10.8% at the end of the fourth quarter 2007, and 11.2% at the end of the third quarter 2007.

The overall vacancy rate in Dallas/Ft. Worth's central business district at the end of the second quarter 2008 decreased to 17.8%. The vacancy rate was 18.0% at the end of the first quarter 2008, 18.4% at the end of the fourth quarter 2007, and 18.2% at the end of the third quarter 2007.

The vacancy rate in the suburban markets decreased to 16.6% in the second quarter 2008. The vacancy rate was 16.7% at the end of the first quarter 2008, 16.4% at the end of the fourth quarter 2007, and 16.6% at the end of the third quarter 2007.

Largest Lease Signings

The largest lease signings occurring in 2008 included: the 287,529-square-foot lease signed by Pioneer Natural Resources Company at Williams Square - West Tower in the Las Colinas market; the 220,000-square-foot deal signed by Pier 1 Imports, Inc. at Chesapeake Plaza in the South Ft Worth market; and the 204,000-square-foot lease signed by CIGNA Corporation at Cigna Pointe I in the Far North Dallas market.

Sublease Vacancy

The amount of vacant sublease space in the Dallas/Ft. Worth market increased to 2,786,524 square feet by the end of the second quarter 2008, from 2,511,799 square feet at the end of the first quarter 2008. There was 2,456,351 square feet vacant at the end of the fourth quarter 2007 and 2,751,056 square feet at the

end of the third quarter 2007.

Dallas/Ft. Worth's Class-A projects reported vacant sublease space of 1,657,507 square feet at the end of second quarter 2008, up from the 1,553,866 square feet reported at the end of the first quarter 2008. There were 1,324,412 square feet of sublease space vacant at the end of the fourth quarter 2007, and 1,533,201 square feet at the end of the third quarter 2007.

Class-B projects reported vacant sublease space of 1,108,014 square feet at the end of the second quarter 2008, up from the 939,670 square feet reported at the end of the first quarter 2008. At the end of the fourth quarter 2007 there were 1,110,361 square feet, and at the end of the third quarter 2007 there were 1,197,184 square feet vacant.

Class-C projects reported increased vacant sublease space from the first quarter 2008 to the second quarter 2008. Sublease vacancy went from 18,263 square feet to 21,003 square feet during that time. There was 21,578 square feet at the end of the fourth quarter 2007, and 20,671 square feet at the end of the third quarter 2007.

Sublease vacancy in Dallas/Ft. Worth's central business district stood at 533,540 square feet at the end of the second quarter 2008. It was 367,869 square feet at the end of the first quarter 2008, 245,584 square feet at the end of the fourth quarter 2007, and 389,711 square feet at the end of the third quarter 2007.

Sublease vacancy in the suburban markets ended the second quarter 2008 at 2,252,984 square feet. At the end of the first quarter 2008 sublease vacancy was 2,143,930 square feet, was 2,210,767 square feet at the end of the fourth quarter 2007, and was 2,361,345 square feet at the end of the third quarter 2007.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$21.01 per-square-foot per year at the end of the second quarter 2008 in the Dallas/Ft. Worth market area. This represented a 1.1% increase in quoted rental rates from the end of the first quarter 2008, when rents were reported at \$20.78 per-square-foot.

The average quoted rate within the Class-A sector was \$24.35 at the end of the second quarter 2008, while Class-B rates stood at \$19.19, and Class-C rates at \$15.68. At the end of the first quarter 2008, Class-A rates were \$23.95 per-square-foot, Class-B rates were \$18.98, and Class-C rates were \$15.71.

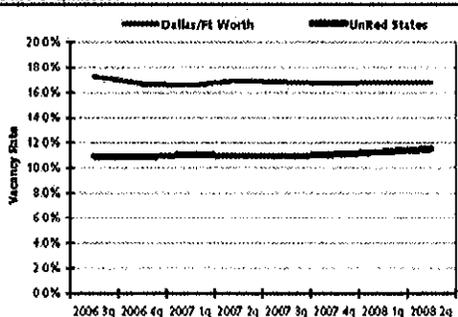
The average quoted asking rental rate in Dallas/Ft. Worth's CBD was \$20.69 at the end of the second quarter 2008, and \$21.07 in the suburban markets. In the first quarter 2008, quoted rates were \$19.96 in the CBD and \$20.91 in the suburbs.

Deliveries and Construction

During the second quarter 2008, 31 buildings totaling 834,902 square feet were completed in the Dallas/Ft. Worth market area. This compares to 40 buildings totaling 1,542,353 square feet that were completed in the first quarter 2008, 40 buildings

U.S. VACANCY COMPARISON

Past 8 Quarters



Source: CoStar Property

HIGHEST AND BEST USE

MID-YEAR 2008 - DALLAS/FT. WORTH

DALLAS/FT. WORTH OFFICE MARKET



OVERVIEW

totaling 1,840,858 square feet completed in the fourth quarter 2007, and 798,818 square feet in 47 buildings completed in the third quarter 2007.

There were 6,844,811 square feet of office space under construction at the end of the second quarter 2008.

Some of the notable 2008 deliveries include: Rosewood Court, a 405,291-square-foot facility that delivered in second quarter 2008 and is now 69% occupied, and One Legacy Circle, a 223,496-square-foot building that delivered in first quarter 2008 and is now 4% occupied.

The largest projects underway at the end of second quarter 2008 were Blue Cross and Blue Shield of TX, a 1,000,000-square-foot building with 100% of its space pre-leased, and One Victory Park, a 445,117-square-foot facility that is 87% pre-leased.

Inventory

Total office inventory in the Dallas/Ft. Worth market area amounted to 301,752,386 square feet in 7,185 buildings as of the end of the second quarter 2008. The Class-A office sector consisted of 111,122,600 square feet in 382 projects. There were 3,412 Class-B buildings totaling 150,212,969 square feet, and the Class-C sector consisted of 40,416,817 square feet in 3,391 buildings. Within the Office market there were 584 owner-occupied buildings accounting for 36,252,521 square feet of office space.

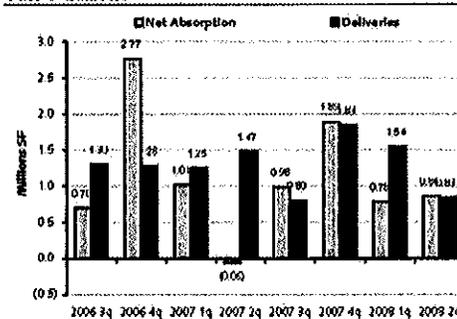
Sales Activity

Tallying office building sales of 15,000 square feet or larger, Dallas/Ft. Worth office sales figures fell during the first quarter 2008 in terms of dollar volume compared to the fourth quarter of 2007.

In the first quarter, 12 office transactions closed with a total volume of \$56,838,226. The 12 buildings totaled 728,350 square feet and the average price per square foot equated to \$78.04 per square foot. That compares to 20 transactions totaling \$683,839,400 in the fourth quarter 2007. The total square footage in the fourth quarter was 4,096,921 square feet for an average price per square foot of \$166.92.

ABSORPTION & DELIVERIES

Past 8 Quarters



Source: CoStar Research

Total office building sales activity in 2008 was down compared to 2007. In the first three months of 2008, the market saw 12 office sales transactions with a total volume of \$56,838,226. The price per square foot averaged \$78.04. In the same first three months of 2007, the market posted 11 transactions with a total volume of \$205,094,692. The price per square foot averaged \$83.44.

Cap rates have been higher in 2008, averaging 8.31% compared to the same period in 2007 when they averaged 8.27%.

One of the largest transactions that has occurred within the last 4 quarters in the Dallas/Ft. Worth market is the sale of Galleria Towers in Dallas. This three-building office portfolio totaling 1,418,000 square feet sold for about \$306,000,000, or \$215.80 per square foot. The property sold on 5/27/2008.

Reports compiled by: Debra Bixel, CoStar Sr. Research Manager and Jeff Hitch, CoStar Research Manager

HIGHEST AND BEST USE

MID-YEAR 2008 - DALLAS/FT. WORTH

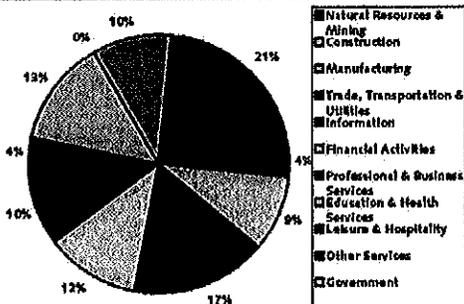
DALLAS/FT. WORTH OFFICE MARKET



EMPLOYMENT AND TENANT

TOTAL EMPLOYMENT BY INDUSTRY

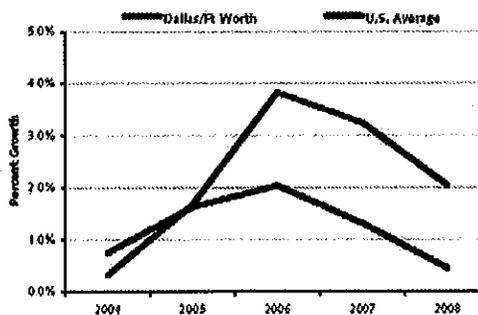
Percent of Total Employment by Industry



Source: Department of Labor, Bureau of Labor Statistics

TOTAL EMPLOYMENT GROWTH

Total Number of Jobs Added Per Year



Source: Department of Labor, Bureau of Labor Statistics

OFFICE EMPLOYMENT GROWTH

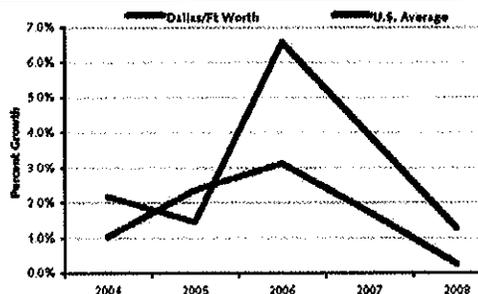
Cumulative Growth in Office Jobs Over the Past 5 Years

Market	Employment Growth	Inventory Growth	Difference
Atlanta	9.20%	6.50%	2.70%
Boston	7.70%	2.50%	5.20%
Chicago	6.10%	3.70%	2.40%
Dallas/Ft. Worth	15.80%	6.40%	7.40%
Denver	8.50%	3.80%	4.70%
Los Angeles	3.80%	2.00%	1.80%
New York City	9.10%	1.00%	8.10%
Seattle/Puget Sound	13.40%	4.60%	8.80%
Tampa/St. Petersburg	6.80%	7.70%	-0.90%
Washington	7.70%	8.50%	-0.80%

Source: Department of Labor, Bureau of Labor Statistics

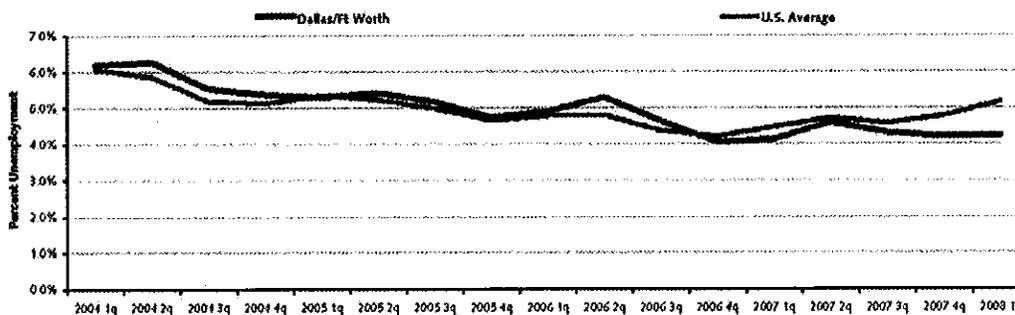
OFFICE EMPLOYMENT GROWTH

Number of Office Jobs Added Per Year



Source: Department of Labor, Bureau of Labor Statistics. * Office employment is defined as jobs in the Information, Financial Activities, and Professional & Business Services Industries.

HISTORICAL UNEMPLOYMENT RATES



Source: Department of Labor, Bureau of Labor Statistics.

HIGHEST AND BEST USE

DALLAS/FT. WORTH - MID-YEAR 2008

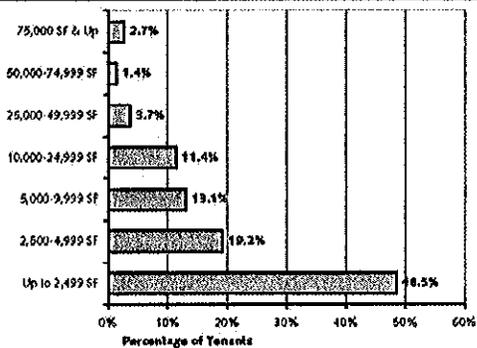


DALLAS/FT. WORTH OFFICE MARKET

EMPLOYMENT AND TENANTS

TENANT BY SIZE RANGE

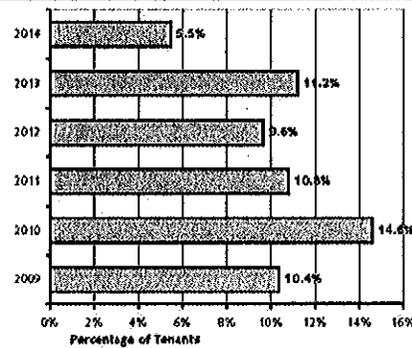
Based on Total Number of Tenants



Source: Costar Tenants

TENANTS BY LEASE EXPIRATION

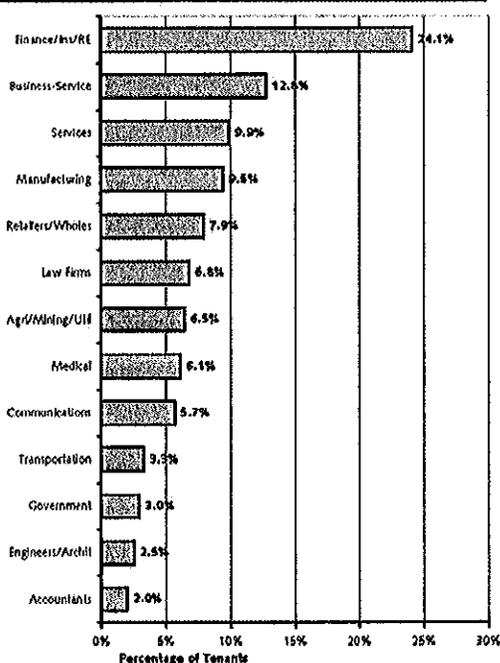
Based on Total Square Footage of Tenants



Source: Costar Tenants

TENANTS BY INDUSTRY

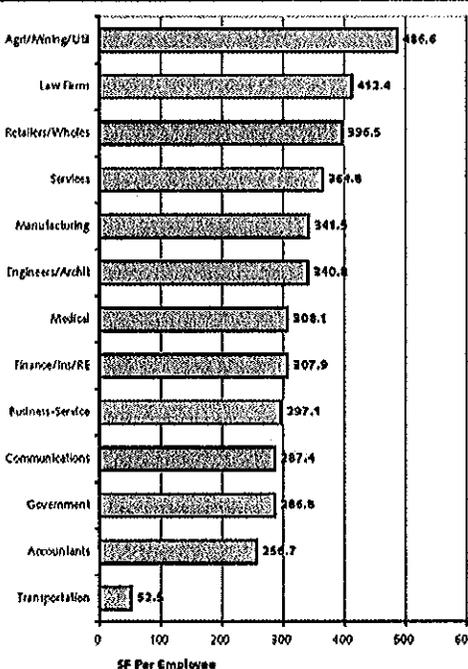
Based on Total Square Footage of Tenants



Source: Costar Tenants

SF PER EMPLOYEE BY INDUSTRY

Based on All Tenants



Source: Costar Tenants

HIGHEST AND BEST USE

DALLAS/FT. WORTH - MID-YEAR 2008



DALLAS/FT. WORTH OFFICE MARKET

FIGURES AT A GLANCE

CLASS C SUBMARKET STATISTICS

Mid-Year 2008

Market	Existing Inventory			Vacancy			YTD Net		Under		Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF			
Allen/McKinney	73	613,943	121,560	121,560	19.8%	525	0	0	0	\$20.08	
Alliance	10	104,318	6,610	6,610	6.3%	(2,010)	0	0	0	\$0.00	
Arlington/Mansfield	286	2,981,066	338,894	338,894	11.5%	(29,005)	0	0	0	\$14.64	
Central Expressway	126	1,627,065	107,976	112,284	6.9%	58,093	0	0	0	\$17.05	
Dallas CBD	97	5,884,493	664,397	669,277	11.4%	257,760	0	0	0	\$16.68	
Denton	121	1,067,673	47,867	48,467	4.5%	2,545	0	0	0	\$15.15	
DFW Freepor/Coppol	11	200,989	22,818	22,818	11.4%	(160)	0	0	0	\$13.81	
East LBJ Freeway	26	465,771	61,718	61,718	13.3%	0	0	0	0	\$14.12	
East Northeast Ft Worth	113	1,282,815	142,003	142,003	11.1%	3,607	0	0	0	\$15.19	
Ellis County	23	137,093	26,193	26,193	19.1%	13,118	0	0	0	\$16.47	
Frisco/The Colony	15	88,135	19,310	19,310	21.9%	(5,795)	0	0	0	\$26.10	
FL Worth CBD	70	2,123,697	117,110	117,110	5.5%	(13,970)	0	0	0	\$17.67	
Garland	83	878,694	79,748	79,748	9.1%	(30,761)	0	0	0	\$14.12	
Grand Prairie	46	533,322	118,440	118,440	22.2%	(4,796)	0	0	0	\$15.11	
HEB/Middle	139	1,588,583	228,614	228,614	14.4%	18,319	0	0	0	\$14.00	
Henderson County	11	26,224	1,207	1,207	4.8%	1,640	0	0	0	\$0.00	
Hood County	11	52,632	3,615	3,615	6.9%	65	0	0	0	\$14.46	
Hunt County	12	43,226	1,200	1,200	2.8%	4,762	0	0	0	\$17.52	
Johnson County	36	224,371	27,431	27,431	12.2%	(9,583)	0	0	0	\$14.74	
Lewisville	98	793,743	92,204	92,204	11.6%	(26,218)	0	0	0	\$17.32	
Mesquite/Forney/Terrell	47	395,051	27,146	27,146	6.9%	3,600	0	0	0	\$8.26	
Northwest Ft Worth	47	441,976	42,872	42,872	9.7%	6,224	0	0	0	\$17.73	
Office Ctr/West LBJ Ext	14	387,368	81,439	81,439	21.0%	(20,979)	0	0	0	\$14.08	
Outlying Collin County	4	9,732	2,236	2,236	23.0%	(2,236)	0	0	0	\$15.22	
Outlying Denton County	6	22,066	800	800	3.6%	(600)	0	0	0	\$11.93	
Outlying Kaufman County	1	7,496	0	0	0.0%	0	0	0	0	\$0.00	
Parker County	16	88,778	23,850	23,850	26.9%	(10,310)	0	0	0	\$13.77	
Plano	77	964,348	88,002	88,909	9.2%	26,110	0	0	0	\$16.48	
Preston Center	62	528,164	6,206	6,206	1.2%	(3,374)	0	0	0	\$21.39	
Quorum/Bent Tree	79	1,014,980	146,867	146,867	14.5%	(17,135)	0	0	0	\$14.51	
Richardson	77	1,422,406	149,830	149,830	10.5%	(13,171)	0	0	0	\$14.81	
Rockwall	19	78,660	7,710	7,710	9.8%	2,500	0	0	0	\$15.36	
South Irving	77	784,166	141,193	143,380	18.3%	10,829	0	0	0	\$14.08	
Southeast Dallas	45	379,110	39,733	39,733	10.5%	3,896	0	0	0	\$16.31	
Southeast Ft Worth	48	524,230	48,832	48,832	9.3%	1,594	0	0	0	\$18.24	
Southwest Dallas	231	1,631,728	123,721	123,721	7.6%	3,391	0	0	0	\$13.91	
Stemmons Freeway	117	2,682,063	299,423	299,423	11.2%	9,305	0	0	0	\$13.29	
Upper Tollway/West Plano	11	171,069	4,000	4,000	2.3%	8,770	3,807	0	0	\$13.08	
Uptown/Turtle Creek	220	1,297,322	71,796	73,122	5.6%	26,973	0	0	0	\$24.03	
Urban Center/Wingren	6	267,126	37,966	37,966	14.2%	(10,757)	0	0	0	\$15.60	
West LBJ Freeway	38	559,927	119,222	122,817	21.9%	2,778	0	0	0	\$13.90	
West Southwest Ft Worth	546	4,371,703	198,780	198,980	4.6%	9,225	0	0	0	\$17.92	
Westlake/Crapavino	92	579,832	52,350	52,350	9.0%	4,769	0	0	0	\$22.45	
White Rock	94	1,135,424	114,850	114,850	10.1%	(3,413)	0	0	0	\$14.62	
Wise County	5	15,900	1,300	1,300	8.2%	(1,300)	0	0	0	\$0.00	
TOTAL	4,431	40,416,817	7,638,059	7,407,662	10.1%	275,044	4,807	0	0	\$13.68	

Source: Costar Property®

HIGHEST AND BEST USE

MID-YEAR 2008 - DALLAS/Ft. WORTH

DALLAS/Ft. WORTH OFFICE MARKET

FIGURES AT A GLANCE

TOTAL OFFICE SUBMARKET STATISTICS

Mid-Year 2008

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Allen/Mckinney	219	5,290,883	888,182	921,722	17.4%	68,772	59,788	389,290	\$22.67
Alliance	54	1,835,879	201,221	202,166	13.2%	20,961	118,967	280,171	\$21.66
Arlington/Mansfield	497	10,549,295	1,355,383	1,372,308	13.0%	(24,449)	17,383	43,106	\$17.88
Central Expressway	240	15,822,842	2,006,788	2,072,480	13.4%	288,445	0	98,001	\$21.99
Dallas CBD	169	35,749,899	6,729,097	7,033,281	19.7%	282,351	0	0	\$20.06
Denton	192	2,832,445	258,632	267,816	9.5%	(12,914)	12,818	43,040	\$19.21
DFW Freeway/Coppell	144	10,367,095	2,123,323	2,261,792	21.8%	(119,408)	419,456	123,930	\$21.45
East LBJ Freeway	153	17,548,548	3,359,165	3,640,457	20.7%	(85,331)	0	0	\$18.61
East Northeast FtWorth	175	3,869,166	500,701	510,704	13.2%	(71,109)	12,600	0	\$16.95
Ellis County	43	885,259	72,227	72,227	13.0%	7,556	0	21,000	\$18.84
Frisco/The Colony	106	3,908,070	832,598	893,436	22.9%	(151,341)	63,808	344,629	\$24.84
Ft Worth CBD	118	10,800,868	1,007,044	1,236,430	11.4%	6,936	0	364,113	\$24.78
Gaillard	137	2,389,519	314,941	314,941	13.3%	3,923	0	6,340	\$20.81
Grand Prairie	93	4,005,708	244,475	244,475	6.1%	(18,104)	9,558	0	\$17.66
HEB/Middlelies	288	6,246,165	1,072,893	1,099,027	17.6%	42,404	26,107	12,273	\$19.96
Henderson County	15	41,853	3,879	3,879	9.3%	760	0	0	\$0.00
Hood County	33	199,926	39,072	39,072	19.5%	28,583	15,000	0	\$18.61
Hunt County	17	156,658	43,350	43,350	27.7%	6,630	0	0	\$21.57
Johnson County	60	442,766	38,533	38,533	8.7%	4,215	0	22,000	\$16.13
Lewisville	286	5,956,886	1,439,352	1,473,282	24.7%	26,632	72,676	376,512	\$21.33
Mesquite/Forney/Terrell	77	894,729	82,530	83,880	9.4%	(25,248)	19,582	54,000	\$18.41
Northwest Ft Worth	73	866,931	103,512	103,512	11.7%	4,700	10,000	0	\$19.32
Office Ctr/West LBJ Ext	131	14,973,413	2,517,504	2,634,306	17.6%	(204,570)	112,247	112,247	\$21.81
Outlying Collin County	10	89,209	23,286	23,286	26.1%	(2,236)	0	0	\$20.95
Outlying Denton County	11	83,146	800	800	1.0%	(800)	0	0	\$11.93
Outlying Kaufman County	5	7,600	0	0	0.0%	0	0	0	\$0.00
Park County	36	227,091	39,563	39,563	17.4%	8,965	0	17,250	\$15.89
Piano	250	9,385,027	1,563,893	1,632,603	17.4%	(104,703)	4,378	39,613	\$20.16
Preston Center	145	4,818,568	318,730	410,668	8.5%	(15,578)	0	140,047	\$28.58
Quorum/Dent Tree	334	22,623,537	3,676,767	4,097,635	18.1%	(261,614)	6,784	202,924	\$21.52
Richardson	231	14,313,311	2,018,904	2,076,051	14.5%	117,115	194,106	1,000,000	\$18.31
Rockwall	43	451,397	45,675	46,675	10.1%	6,215	0	22,120	\$23.75
South Irving	116	2,435,175	385,719	387,900	14.7%	25,517	0	0	\$17.46
Southeast Dallas	62	973,057	72,991	74,991	7.7%	(6,506)	0	0	\$16.74
Southeast Ft Worth	70	1,516,435	163,680	166,004	10.9%	(14,968)	20,000	0	\$17.87
Southeast Dallas	332	3,742,142	474,499	474,499	12.7%	(14,491)	0	80,150	\$16.85
Stemmons Freeway	227	14,435,573	4,016,116	4,028,099	27.9%	83,191	0	0	\$14.56
Upper Tollway/West Plano	238	19,520,197	2,507,272	3,261,132	16.7%	1,069,836	496,011	758,311	\$25.20
Uptown/Turtle Creek	322	11,198,003	931,479	1,064,238	9.5%	190,940	406,291	1,572,421	\$32.45
Urban Center/Wingren	62	9,348,943	2,330,018	2,473,324	26.5%	206,835	0	0	\$23.01
West LBJ Freeway	82	5,354,516	1,338,694	1,401,016	26.2%	143,404	0	50,000	\$15.88
West Southwest FtWorth	745	13,109,495	846,764	885,604	6.8%	186,138	168,906	561,306	\$21.70
Westlake/Grapevine	395	7,666,838	1,121,674	1,149,013	15.0%	(129,636)	111,990	110,857	\$25.88
White Rock	186	5,728,428	488,213	503,213	8.8%	41,483	0	0	\$19.48
Wise County	9	40,907	8,674	8,674	21.2%	(3,307)	0	0	\$15.36
Total	27,163	901,752,382	179,247,510	197,723,034	18.8%	1,045,184	2,377,253	3,644,610	\$21.01

Source: Colliers Property

HIGHEST AND BEST USE

The average rental rate for the subject's Allen/McKinney office submarket is \$22.67/SF on a full service basis. The average vacancy rate for this submarket is 17.4%. With both employment and office employment growth in decline and the US unemployment rate increasing, it is unlikely that demand for new office space is sufficient to warrant new office development.

Conclusions – As If Vacant

As if vacant, the highest and best use of the site is to hold future office or mixed use development when market conditions stabilize.

Highest and Best Use – As Improved

The subject property is a 174,978 square feet facility currently occupied by its owner; Collin County as a county courts facility. The facility was built as a hospital in 1957. Collin County purchased the building in 1999 and redeveloped it as a court facility. The facility is in good condition with no items of deferred maintenance noted.

The design, size, and construction of the improvements is currently limited to its specialized court facility use. With some remodeling, the building could be adaptable to other governmental uses, single tenant office use, a small college or school facility, or large church users. It appears physically possible that the building could also be subdivided into a multi-tenant office building.

Permissible Use

The site is currently zoned RG-18, General Residential. However, this zoning also allows office uses, nursing homes, hospitals, schools, colleges and multi-family development. The subject's existing county court offices (office improvements) are an allowable use.

Feasible Use

The current improvements have a significant amount of remaining economic life, and no other use of the improvements could provide a greater return in the current market. The Allen/McKinney Class C office market is currently experiencing a 19.8% vacancy rate and an average rental rate of \$20.08/SF. With employment and office employment declining in the Dallas/Fort Worth market, conversion to a multi-tenant office building in the near term would be risky. Governmental office space users account for only 3% of the total Dallas/Fort Worth office market and tenants over 75,000 SF account for only 2.7%. Therefore leasing or selling the facility to another governmental agency or large single user may prove difficult.

Conclusion – As Improved

Thus, it is concluded that the highest and best use of the subject as improved is for its current use as a county courts facility.

APPRAISAL PROCEDURE

DATA COLLECTION PROCESS

The term "scope of the appraisal" is defined by the Appraisal Foundation as: "The extent of the process of collecting, confirming, and reporting data". For purposes of this report, the subject market was researched for all pertinent data relating to the appraisal problem as stated below. This process typically includes collecting and confirming data through local real estate brokers, appraisers, property owners, lessee/lessors, and others familiar with the local real estate market. The information provided by these sources is deemed reliable but is not guaranteed.

APPRAISAL PROBLEM

The appraisal problem, as applied to the subject, is to determine the market value of the fee simple interest in the subject property. In addressing this problem, the principles of utility, substitution, and anticipation are considered in the following valuation.

APPRAISAL PROCEDURE

The rendered opinion of market value of a property that is being appraised is accomplished by the comparison and analysis of as many appraisal techniques as are appropriate. The following approaches are generally used to produce value indications.

Cost Approach: The value indication by this approach is accomplished by estimating the Reproduction (or Replacement) Cost New of the improvements and deducting accrued depreciation from all causes, if any. The value of the land (by comparison) is then added to this depreciated cost figure.

The cost approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements, such as the subject.

This report excludes any personal property, fixtures, or intangible items that are not real property.

Sales Comparison Approach: The comparison of similar properties, which have sold in the marketplace, is used to produce an indication of value. The comparison may either be direct or indirect through the use of commonly accepted units or elements of comparison.

The sales comparison approach is founded upon the principle of substitution, which holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed to reflect the value of the property appraised.

APPRAISAL PROCEDURE

The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

Income Capitalization Approach: This approach to value is applicable to properties capable of producing a net income stream. The net income stream is translated into a value indication through the capitalization process.

The income capitalization approach is based on the principle of anticipation, which recognizes the present value of the future income benefits to be derived from ownership in a particular property. The income capitalization approach is most applicable to properties that are bought and sold for investment purposes, and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for, or is easily capable of, producing a satisfactory rental income.

The strengths and weaknesses of each approach used are weighed in the final analysis. The approach or approaches offering the greatest quantity and quality of supporting data are typically emphasized, and the final opinion of value is correlated.

A preliminary survey of the property indicates the following:

- This report incorporates the cost approach, the sales comparison approach and the income capitalization approach, and reconciles these approaches into a final opinion of market value.

Secondary sources of market data and investor criteria were utilized including Real Estate Research Corporation's Real Estate Report (RERC), Korpacz Real Estate Investor Survey, Real Estate Investment Services (REIS), M/PF, ALN Systems, North Texas Real Estate Information Systems, Grubb-Ellis Market Reports, Cushman Wakefield Market Reports, Marcus Millichap Market Reports, CB Richard Ellis Market Reports, Insignia Market Reports, Staubach Market Reports, and other industry publications.

REASONABLE EXPOSURE TIME

When the purpose of an assignment is to develop an opinion of market value, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion.

Reasonable exposure time is one of a series of conditions in most market-value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

Exposure time, as defined by the Uniform Standards of Professional Appraisal Practice, Statement On Appraisal Standards No. 6, is the opinion of 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. It is a retrospective opinion based upon an analysis of past events assuming a competitive and open market.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process, i.e. supply/demand conditions as of the effective date of the appraisal, the use of current cost information, the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and the buyer), and the analysis of future income expectancy projected from the effective date of the appraisal. The opinion of the time period for reasonable exposure is not intended to be a prediction of a date of sale or a one-line statement. Instead, it is an integral part of the analyses conducted during the appraisal assignment. The opinion may be expressed as a range and can be based on one or more of the following:

- ✓ Statistical information about days on market
- ✓ Information gathered through sales verification
- ✓ Interviews of market participants

Related information garnered through this process may include the identification of typical buyers and sellers for the type of property involved and typical equity investment levels and/or financing terms.

The reasonable exposure period is a function of price, time, and use, not an isolated opinion of time alone. The answer to the question "what is reasonable exposure time?" should always incorporate the answers to the question "for what kind of property at what value range?" rather than appear as a statement of an isolated time period.

A reasonable exposure time for the subject property at the market value definition and market value conclusion in this appraisal was methodically developed by discussions with local market participants. The indicated amount of exposure time is an opinion based on discussions with market participants. According to local brokers, appraisers, and informed market participants, the reasonable exposure time for similar properties is considered to be 12 to 24 months. We have concluded exposure time at 12 months.

LAND VALUATION

Land value is directly related to highest and best use. The relationship between the highest and best use and land value may indicate whether an existing use is the highest and best use of the land.

Land valuation can be accomplished by six procedures. These include sales comparison, allocation, extraction, subdivision development, land residual, and ground rent capitalization.

Sales Comparison – Sales of similar, vacant parcels are analyzed, compared, and adjusted to provide a value indication for the land being appraised.

Allocation – Either sales of improved properties are analyzed and the prices paid are allocated between the land and the improvements, or comparable sites under development are analyzed and the costs of the finished properties are allocated between the land and improvements.

Extraction – Land value is indicated by subtracting the estimated value of the depreciated improvements from the known sale price of the property. This procedure is frequently used when the value of the improvements is relatively low or easily calculated.

Subdivision Development – The total value of undeveloped land is indicated as if the land were subdivided, developed and sold. Development costs, incentive costs, and carrying charges are subtracted from the estimated proceeds of sale, and the net income projection is discounted over the period required for market absorption of the developed sites.

Land Residual Technique – The land is assumed to be improved to its highest and best use. The income attributable to the return *on* and *of* the capital invested in the improvements is deducted from the net operating income. The result is the income attributable to the land. This income is capitalized to derive an opinion of land value.

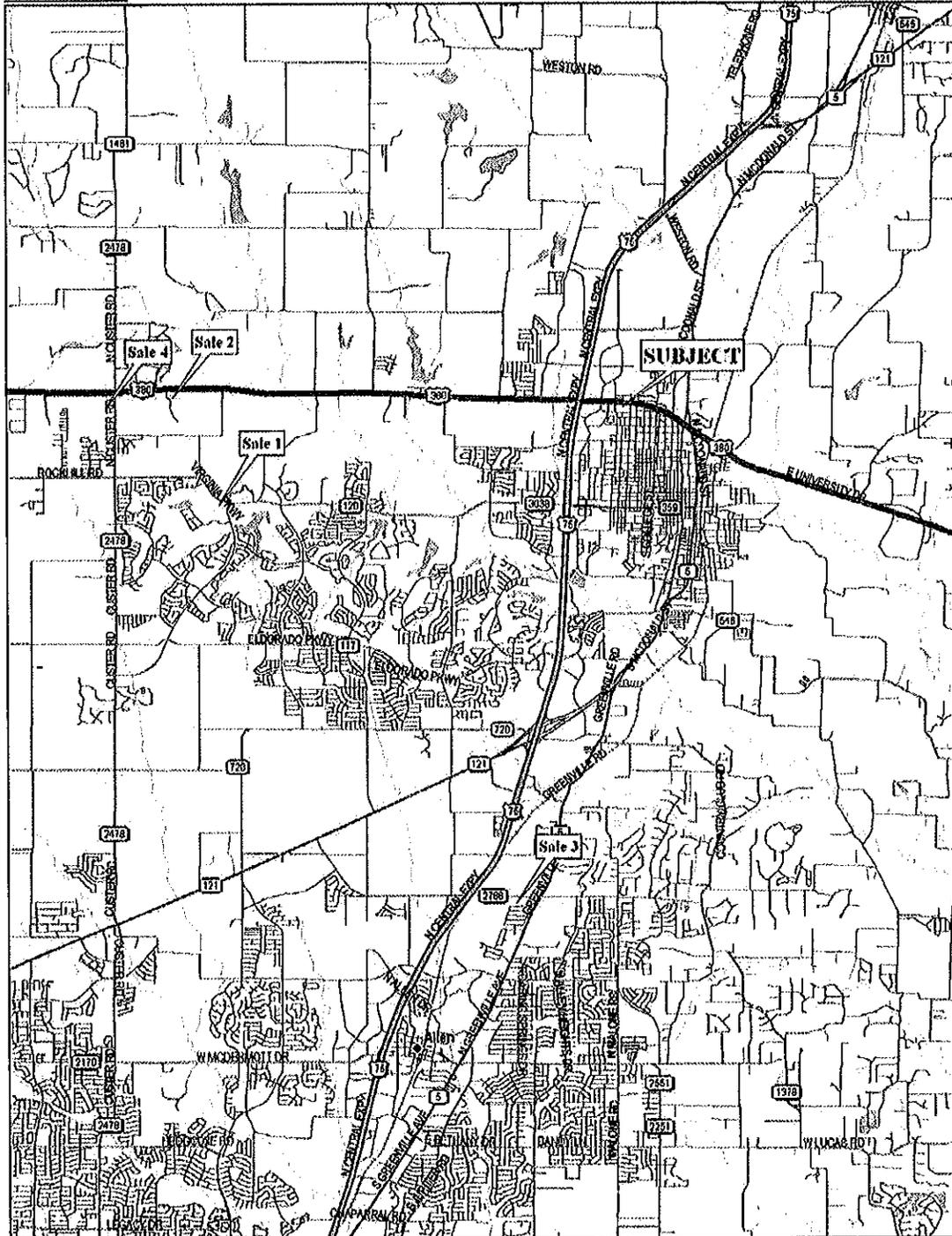
Ground Rent Capitalization – This procedure is used when land rents and land capitalization rates are readily available, e.g., for appraisals in well-developed areas. Net ground rent, the net amount paid for the right to use and occupy the land, is calculated and divided by a land capitalization rate. Either actual or estimated rents can be capitalized using rates that can be supported in the market.

The *sales comparison* method is the best method of developing an opinion of value of the subject. In this method, known sales of similar use land in the market area are compared to the subject to arrive at an indication of value. In arriving at value conclusions, the tracts are compared as to the rights conveyed, financing terms, sale conditions, market conditions, location, and physical characteristics. This approach is used to value land that is vacant or considered vacant for appraisal purposes.

The market was carefully researched for recent sales, leases, askings, or other transactions, which would provide a valid basis for developing an opinion of the market value of the subject by comparison. After reviewing and analyzing the sales, the most relevant sales were extracted from this sample and utilized for the land valuation. These sales are detailed subsequent to the summary of land sales.

LAND VALUATION

LAND SALE MAP



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Scale 1 : 100,000
 1" = 1.58 mi Data Zoom 11-0

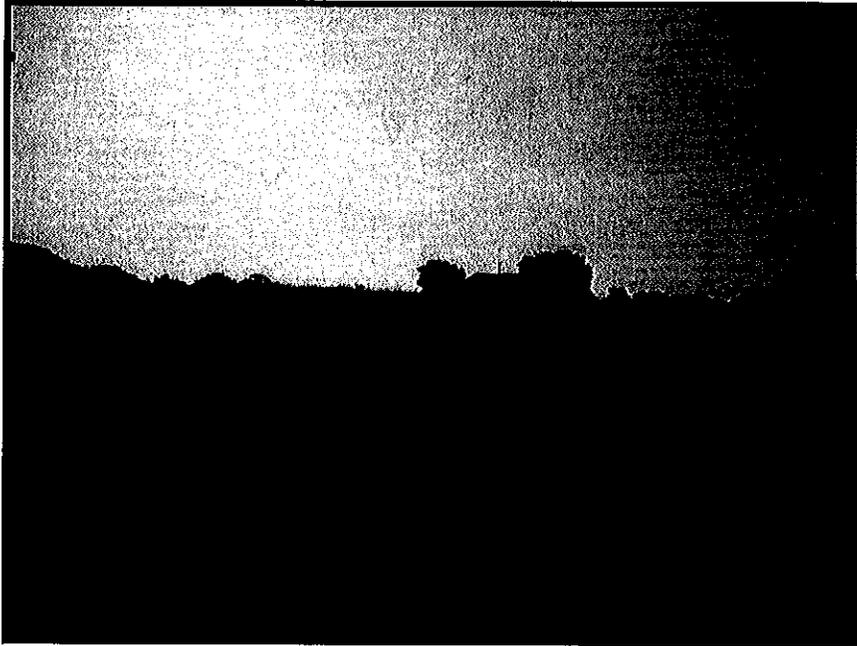
LAND VALUATION

Land Sale Number 1

Location	S/s of Virginia Parkway, 450 feet west of Ridge Road McKinney, Collin County, Texas
Mapsco	DA-359-E
Legal Description	Lot 1, Block A, Virginia Ridge Addition, Collin County, Texas
Grantor	Virginia Ridge LP
Grantee	V3 Commercial Investments, LP
Date of Sale	May 5, 2008
Record Data	Doc# 2008000538820
Consideration	\$791,4442 (calculated) or \$9.00/SF (stated)
Conditions of Sale	Cash to the seller
Land Area	
Acres	2.0188
Square Feet	87,938
Price Per SF	\$9.00
Zoning	PD, Planned Development
Flood Plain	No
Comments	All utilities available. The property is vacant. The closing was delay due to the pending approval of the proposed site plan.

LAND VALUATION**Land Sale Number 2**

Location	SE/c of Stonebridge Drive and US Highway 380 McKinney, Collin County, Texas
Mapsco	DA-258-Y
Legal Description	Lot 1, Block A, The Parcel 520 Addition, Collin County, Texas
Grantor	Poguerosa Investments, LP
Grantee	Stone Village Development, LP
Date of Sale	April 4, 2007
Record Data	
Instrument No.	2007-0412000493040
Consideration	\$2,850,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	8.755
Square Feet	381,368
Price Per SF	\$7.47
Zoning	PD, Planned Development
Flood Plain	No
Comments	All utilities available. The property is a part of Stonebridge Ranch.

LAND VALUATION
Land Sale Number 3

Location	South side of Stacy Road, 2,000 feet east of US 75 Allen, Collin County, Texas
Mapsco	DA-460-Q
Legal Description	Henry Wetsel Survey, Abstract 1026, Collin County, Texas
Grantor	BJ Development, Inc.
Grantee	75 & Stacy Road Partners, LLC
Date of Sale	February 26, 2007
Record Data	
Instrument No.	20070302000283250
Consideration	\$3,100,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	10.798 net (12.165 gross including right of way)
Square Feet	470,361
Price Per SF	\$6.59
Zoning	Commercial Corridor
Flood Plain	No
Comments	All utilities available. The property is adjacent to the Villages of Allen development.

LAND VALUATION

Land Sale Number 4

Location	W/s of Custer Road, 1,000 feet south of US Highway 380 McKinney, Collin County, Texas
Mapsco	DA-258-X
Legal Description	J.R. Burrows Survey, Abstract 0070, Tract 1, 14.9685 acres, Collin County, Texas
Grantor	Wal-Mart Stores, Texas LP
Grantee	Uptown Custer Partners LP
Date of Sale	October 6, 2006
Record Data	
Instrument No.	2006-1006001443750
Consideration	\$6,650,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	14.969
Square Feet	652,028
Price Per SF	\$10.20
Zoning	PD, Planned Development
Flood Plain	No
Comments	All utilities available. The property is a combination of four pad sites and one larger site.

LAND VALUATION

LAND SALES SUMMARY					
Sale No.	Location	Size		Price/SF	Date of Sale
		SF	AC		
1	S/s of Virginia Parkway, approximately 450 feet west of Ridge Road, McKinney	87,938	2.02	\$9.00	Feb-08
2	SE/c of Stonebridge Drive and US Highway 380, McKinney	381,368	8.76	\$7.47	Apr-07
3	S/s of Stacy Road, 2000 feet east of US 75, Allen	470,361	10.798	\$6.59	Feb-07
4	W/s of Custer Road, 1,000 feet south of US Highway 380, McKinney	652,028	14.97	\$10.20	Oct-06
Subject	SEC of North Graves Street & US 380 (University Drive) McKinney	514,752	11.817	-0-	-0-

The sales detailed in the preceding pages are the most recent land sales similar to the subject. The sales occurred between October 2006 and May 2008, range in size from 2.02 to 14.97 acres, and range in price from \$6.59 to \$10.20 per square foot.

The first step in any comparative analysis is to identify which elements of comparison affect property values in the subject market. Each of the basic elements of comparison must be analyzed to determine whether an adjustment is required. If sufficient information is available, a quantitative adjustment can be made.

Adjustments for differences are made to the price of each comparable property to make that property equivalent to the subject in market appeal on the effective date of the opinion of value. The magnitude of the adjustment made for each element of comparison depends on how much that characteristic of the comparable property differs from the subject property. We have considered all appropriate elements of comparison in the following discussions.

In the following analysis, consideration is given for rights conveyed, financing, sale and market conditions, location, and physical characteristics. Property rights conveyed and financing are basic components of sale. Rights conveyed should be identical and financing should be on a cash equivalent basis. Sale conditions require analysis to determine any unusual characteristics. Consideration of market conditions is necessary because of the cyclical nature of the real estate market and continuous economic change. The location adjustment considers factors such as type, compatibility, quality, desirability and accessibility of area development. Comparison of utility considers such factors as zoning, size, and frontage.

All the adjustments are estimations based on the experience of the appraisers after careful inspection and consideration of all the properties involved. These adjustments are not intended as exact measurements, but are used to more accurately define the range of values indicated by the market.

LAND VALUATION

ADJUSTMENT DESCRIPTIONS AND ANALYSIS

Rights Conveyed

When property rights are sold, they may be the sole subject of the contract or the contract may include other rights, less than all of the real property rights, or even another property or properties. Before the price of a comparable sale property can be used in sales comparison analysis, the appraiser must first ensure that the sale price of the comparable property applies to property rights that are similar to those being appraised. No adjustments are required for this category.

Financing

The transaction price of one property may differ from that of an identical property due to different financing arrangements. The cost of financing includes the interest rate and any points, discounts, equity participations, or other charges that the lender requires to increase the effective yield of the loan. The cost and availability of credit for real estate financing influence both the quantity and quality of real estate demanded and supplied. Additional financing adjustments could be made based on owner financing, favorable financing terms, or assumptions. The sales were purchased with cash, or third party financing which requires no adjustment.

Sale Conditions

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. Sales where the conditions significantly affect transaction prices are labeled non-arms length transactions. Any sales that reflect unusual sale conditions are adjusted accordingly and the circumstances of these non-arms length transactions are detailed on the sale summary pages. No adjustments are warranted as each of the sales transpired with no uncommon sale conditions.

Market Conditions

Comparable sales that occurred under market conditions different from those applicable to the subject on the effective date of value require adjustments for any differences that affect their values. An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. Appreciation is prevalent in the area and an adjustment of approximately 6% annually is applied to the sample transfers.

Location

An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different from those of the subject property. Most comparable properties in the same market area have similar locational characteristics, but variations may exist within that area of analysis.

LAND VALUATION

Sales No. 1, 2, and 4 are similar in terms of location as compared to the subject and do not warrant adjustment. Sale No. 3 is located adjacent to the Villages of Allen development. Given the increased amount of development activity in this area, a downward adjustment of 10% is estimated.

PHYSICAL CHARACTERISTICS

Sales typically require adjustment for the various physical factors influencing utility e.g., zoning, frontage, topography, visibility, access, and size. Zoning, frontage, visibility, and access are primary adjustment factors.

Access

Access has significant bearing on real estate in the subject's market. Ease of access considers the convenience of the route or routes of travel to the subject property and the proximity of those routes to major thoroughfares. Sale properties are adjusted based on their inferiority/superiority as compared with the subject.

Frontage

Frontage also has significant bearing on real estate in the subject's market. Frontage is the number of feet of frontage along the subject roadway or roadways. Sale properties are adjusted based on their inferiority/superiority as compared with the subject.

Exposure

Exposure is the visibility of the subject to the roadways or neighboring properties. The subject exhibits good visibility from traffic on University Drive with a 2004 traffic count of 33,660 cars per day and North Graves Street with 6,680 cars per day.

Sale 1 has frontage along Virginia Parkway (2004 traffic volume of 18,690 cars per day) and an upward adjustment of 5% is estimated.

Sale 2 is similar to the subject given its traffic volume on US 380, east of Stonebridge Parkway 2004 traffic count of 27,650 cars per day.

Sale 3 is located upward by 5% given its location on Stacy Road had only 14,290 cars per day in 2004. Custer Road had a count of only 6,490 cars per day in 2004.

Sale 4 is considered similar to the subject given its location Custer Road (6,490 cars per day and its exposure to the US 380 with 25,970 cars per day).

LAND VALUATION

Size

The size adjustment is based on the premise that, in general, the larger the tract, the less its selling price on a per unit basis. Recent experience with other properties utilizing a paired sales analysis indicates a 5% - 15% adjustment for each doubling/halving (100%) in size. A 10% adjustment for each doubling/halving (100%) in size is utilized.

Zoning

Sales 1, 2, and 4 are all zoned for either Planned Development or Commercial and are considered slightly superior in terms of zoning as compared to the subject, thus downward adjustments of 5% are estimated.

Utilities

The sales and the subject are all serviced by utilities, thus no adjustments are needed.

Topography

All of the sales are similar in terms of topography to the subject, thus no adjustments are made. These adjustments are predicated upon the potential inferior or superior income generation achievable as compared to the income generation potential of the subject under its concluded highest and best use, and based on the cost of construction and the recovery rate of those costs. We have only attempted to outline the reasoning and logic for the foregoing adjustments.

LAND VALUATION

The grid below outlines the pertinent characteristics of each of the comparables and the adjustments applied.

LAND SALES ADJUSTMENTS					
Sale No.	Subject	1	2	3	4
No. of Acres	11.817	2.019	8.755	10.798	14.969
Size SF	514,752	87,938	381,368	470,361	652,028
Sale Date		May-08	Apr-07	Feb-07	Oct-06
Sale Price		\$791,442	\$2,850,000	\$3,100,000	\$6,650,000
Sale Price Per SF		\$9.00	\$7.47	\$6.59	\$10.20
Rights Conveyed		-0-	-0-	-0-	-0-
Financing		-0-	-0-	-0-	-0-
Sale Conditions		-0-	-0-	-0-	-0-
Market Conditions		+2%	+8%	+9%	+11%
Adjusted Price		\$9.18	\$8.07	\$7.18	\$11.32
Location	McKinney	-0-	-0-	-10%	-0-
Access	Average	+5%	+5%	+5%	+5%
Frontage	Good	+5%	+5%	+5%	+5%
Exposure	Good	+5%	-0-	+5%	-0-
Size	11.817 AC	-24%	-4%	-0-	+4%
Zoning	RG-18	-5%	-5%	-5%	-5%
Utilities	All Available	-0-	-0-	-0-	-0-
Topography	Level	-0-	-0-	-0-	-0-
Net Adjustment		-14%	+1%	-0-	+9%
Adjusted Price/SF		\$7.90	\$8.15	\$7.18	\$12.34

Land Value Opinion:

After the adjustment process, the sales comparables range from \$7.18 to \$12.34 per square foot. The adjusted mean of the sales is \$8.89 per square foot with an adjusted median of \$8.03 per square foot. Sales No. 2 and 3 required the least amount of adjustment and are considered the best indicators of the value for the subject tract given its access, frontage and size. Based on the foregoing, the market data support an estimated fee simple market value of \$8.00 per square foot for the subject property, with an indicated value opinion of the subject land of \$4,120,000, rounded, calculated as follows:

Size SF		Price/SF		Indicated Value
514,752	x	\$8.00	=	\$4,118,016
Value by Land Sales Comparison				\$4,120,000

COST APPROACH

The purpose of the cost approach is to develop an opinion of the cost to construct a replacement for an existing structure or new structure and then deduct all accrued depreciation in the property being appraised from the cost new. When the value of the land and an entrepreneurial profit, if appropriate, are added to this figure, the result is an indication of the value of the fee simple interest in the property.

When applicable, the cost approach reflects market thinking by recognizing that market participants relate value to cost. Investors tend to judge the value of an existing structure by considering the prices and rents of similar buildings and the cost to create a new building with optimal physical and functional utility. Investors adjust the prices they are willing to pay by estimating the costs to bring an existing structure up to the level of physical and functional utility they desire.

The cost approach is based on the replacement cost of the improvements less depreciation from all causes, to which is added the market value of the land based on comparable sales.

The concept of highest and best use is fundamental to real property value. In one application of the concept, land is valued as though vacant and available for its highest and best use; in the other application, the highest and best use of the property as improved is estimated. Thus, a site may have one highest and best use as though vacant, and the existing combination of site and improvements may have another highest and best use. Existing improvements have a value equal to the amount they contribute to the site or they penalize value by an amount equal to the cost to remove them from the site. Existing improvements that do not develop the land to its highest and best use are usually worth less than their reproduction or replacement cost.

For building structure and components, the calculator method is utilized. Given its current use, the improvements most closely resemble a good quality, Class B office building, as described in the Marshall Valuation Service Handbook, Section 15, page 17.

CALCULATOR METHOD							<i>SECTION 15 PAGE 17 November 2007</i>		
OFFICE BUILDINGS (344)									
CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	Sq. M.	COST Cu. Ft.	Sq. Ft.	
A	Excellent	Best metal or stone, brick or block backup, solar glass	Plaster, best veneers, vinyl wall coverings, vinyl, terrazzo, carpet	*Luminous ceilings, many outlets, many private restrooms	Hot and chilled water (zoned)	\$2,379.80	\$18.42	\$221.07	
	Good	Good metal and solar glass, face brick, precast concrete panels	Drywall or plaster, some wall cover, acoustic tile, vinyl tile, carpet	*Good fluorescent, high intensity lighting, good restrooms	Hot and chilled water (zoned)	1,884.88	14.59	175.11	
	Average	Brick, concrete or metal and glass panels, little trim	Average partitions, acoustic tile, vinyl composition, some extras	*Average intensity fluorescent lighting, average restrooms	Warm and cool air (zoned)	1,421.60	11.01	132.07	
	Low cost	Minimum-cost walls and fenestration, little trim	Drywall, acoustic ceilings, asphalt tile, few partitions	*Minimum office lighting and plumbing	Warm and cool air (zoned)	1,133.45	8.78	105.30	
B	Excellent	Best metal or stone, brick or block backup, tinted glass	Plaster, best veneers, vinyl wall coverings, vinyl tile, terrazzo	*Luminous ceilings, many outlets, many private restrooms	Hot and chilled water (zoned)	2,325.89	18.01	216.08	
	Good	Good metal and solar glass, face brick, precast concrete panels	Drywall/plaster, some wall cover, acoustic tile, vinyl tile, carpet	*Good fluorescent, high intensity lighting, good restrooms	Hot and chilled water (zoned)	1,830.63	14.17	170.06	
	Average	Brick, concrete or metal and glass panels, little trim	Average partitions, acoustic tile, vinyl composition, some extras	*Average intensity fluorescent lighting, average restrooms	Warm and cool air (zoned)	1,369.81	10.60	127.24	
	Low cost	Minimum-cost walls and fenestration, little trim	Drywall, acoustic ceilings, asphalt tile, few partitions	*Minimum office lighting and plumbing	Warm and cool air (zoned)	1,085.68	8.41	100.88	
C	Excellent	Steel frame, masonry and glass, stone ornamentation, top quality	Plaster, paneling, carpet and terrazzo, suspended ceilings	*Best fluorescent ceiling panels, tiled restrooms, good fixtures	Warm and cool air (zoned)	2,017.93	16.62	187.47	
	Good	Steel frame or bearing walls, brick/conc. panels, some ornamentation	Plaster or drywall, good partitions, acoustic tile, carpet and vinyl	*Good fluorescent lighting, good restrooms and fixtures	Package A.C.	1,409.65	10.91	130.98	
	Average	Steel or concrete frame, or bearing walls, some trim	Paint, drywall partitions, acoustic tile, vinyl composition	*Fluorescent lighting, adequate outlets and plumbing	Forced air	999.98	7.74	92.90	
	Low cost	Masonry bearing walls, light rafters, very plain	Paint, few low-cost partitions, acoustic tile, asphalt tile	Minimum office lighting and plumbing	Wall furnace	875.01	6.23	82.71	

COST APPROACH

DIRECT COSTS

<u>Base Building Costs</u>	<u>Area</u>	<u>@</u>	<u>Base Cost</u>	
Office Building	174,978 SF	@	\$170.06/SF	\$ 29,756,759

<u>Total Base Cost</u>		<u>Multipliers</u>			
	<u>Height/Perimeter</u>	<u>Current</u>	<u>Local</u>		
\$29,756,759	x	1.000	0.97	0.90	\$ 25,977,651

Site Improvements

Paving				
Sidewalks	175,000 SF @ \$4.00/SF			\$ 700,000

Total Site Improvements				\$ 26,677,651
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Total Direct Costs				\$ 26,677,651
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INDIRECT COSTS

Loan, Appraisal, Closing Costs, Permits, etc.	@	3%	\$ 800,330
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Total Construction Costs			\$ 27,477,981
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Entrepreneurial Incentive	10%		\$ 2,747,798
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Replacement Cost New (RCN)			\$ 30,225,779
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The total estimated replacement cost includes entrepreneurial incentive, architects & engineering fees, permits, surveying, and miscellaneous lending fees. The replacement cost new is estimated at \$30,225,779 or \$172.74 per square foot and does not include land value.

COST APPROACH

DEPRECIATION

Appropriate items of depreciation must be deducted from the cost to replace the subject improvements as estimated above. Depreciation in this case is defined as "a loss in value from any cause". The accrued depreciation applicable is typically broken down as follows:

a. **Physical Depreciation**

Curable - refers to items of deferred maintenance.

Incurable - deterioration that is not practical or economically feasible to correct.

b. **Functional Obsolescence** - adverse effect on value resulting from defects in design, can also be caused by changes that, over time, have made some aspects of a structure, material, or design obsolete by current standards.

Curable - to be curable the cost must be at least offset by the anticipated increase in value.

Incurable - deficiencies or super adequacies not economically feasible to correct.

c. **External (Economic) Obsolescence** - result of diminished utility of a structure due to negative influences from outside the site and is always incurable. The total loss in value due to such influences is allocated between the land and the improvements with only that portion attributable to the improvements deducted from the current replacement cost.

Incurable Physical

The property suffers from deterioration as a result of the aging process. The method of estimating accrued depreciation utilized here is the modified economic age-life method. Briefly, this method consists of first estimating the cost to cure all curable items, deducting that figure from the replacement cost, and then applying to the remainder the deduction based on the ratio of effective age to total economic life.

Given its 1957 original construction date and its redevelopment in 1999, it is estimated that the subject has an effective age of 35 years. Please see a detail of the property's depreciation on the following page.

COST APPROACH

Depreciation

Replacement Costs **\$30,225,779**

Total Economic Life	55 years
Remaining Economic Life	20 years
Effective Age	35 years

Effective Age / Total Economic Life
Ratio Applied to Cost
Less: Incurable Items

\$30,225,779	x	64%	\$19,344,499
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Depreciated Value **\$10,881,280**

COST APPROACH SUMMARY

Estimated Total Construction Costs	\$30,225,779
Less: Curable Items	\$ 0
Less: Depreciation	\$19,344,499
Less: External/Functional Obsolescence	\$ 0

Total Depreciated Value of Improvements **\$10,881,280**

Plus: Indicated Value of Land \$ 4,120,000

Final Opinion of Value via the Cost Approach **\$15,001,280**

Rounded **\$15,000,000**

The stabilized market value indicated by the cost approach is \$15,000,000. However, the subject is unique since it was redeveloped in 1999 from a hospital into a county courthouse facility. Therefore our reproduction cost and depreciation estimates are subjective.

The property was purchased for \$1,350,000 in 1999 and \$10,000,000 was spent to renovate the building. If these costs are time adjusted for inflation, they are in line with our value estimate via the cost approach.

SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of estimating market value whereby a subject property is compared with comparable properties that have sold recently. One premise of the Sales Comparison Approach is that the market will determine a price for the property being appraised in the same manner that it determines the price of comparable, competitive properties. The principle of substitution is basic in this approach as it implies that a prudent person will not pay more for a property than an acceptable alternative available in the market.

The steps of the Sales Comparison Approach are outlined as follows:

- (a) Research the market to obtain information about sales, listings, and offerings of properties similar to the subject property.
- (b) Ascertain the nature of the conditions of sale, including the price, terms, motivating forces, and its bona fide nature.
- (c) Determine relevant units of comparison, e.g. sales price per square foot, multiplier, and develop a comparative analysis for each unit.
- (d) Compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristics, and conditions of sale.

Consider all dissimilarities and their probable effect on the price of each sale property to derive individual market indications for the property being appraised.

- (e) Formulate, in light of the comparison thus made, an opinion of the relative value of the subject property as a whole, or where appropriate, by applicable units, compared with each of the similar properties.

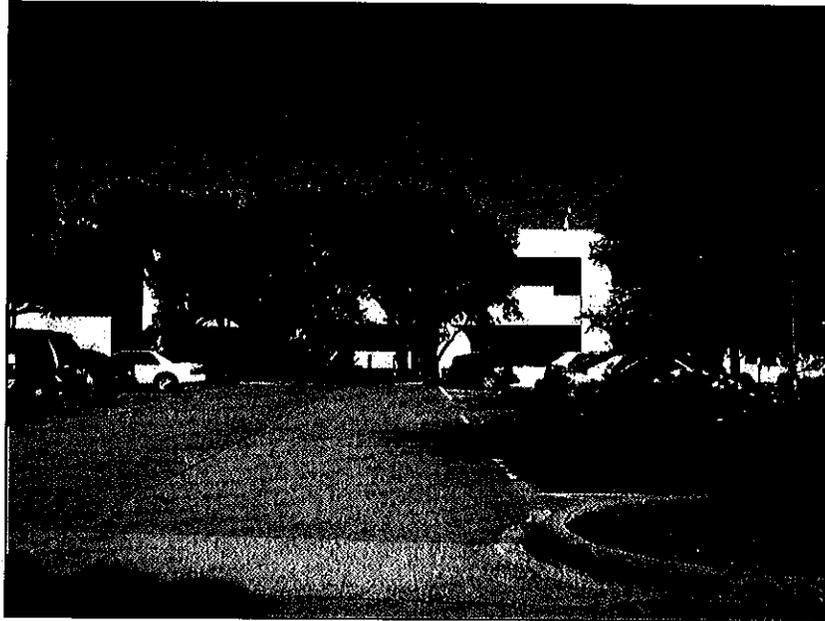
In the sales comparison approach, the property appraised is compared with known prices paid for similar properties in the open market. Typically, for most small office buildings and office condominium units, the most common unit of comparison used is the sales price per square foot.

Knowledgeable investors usually consider this method as a "rules of thumb" to establish a value range. To produce a highly meaningful answer, the comparable properties should be as highly similar in age and condition, land to building ratio, construction and land value as possible.

The following summary information on local county courts facility sales is judged to be comparable to the appraised property is included in establishing the probable value of the subject property by the sales comparison approach.

SALES COMPARISON APPROACH

Improved Sale Number 1



Address	601 and 701 Experian Parkway, Allen, Texas
MapSCO	DA-559-L
Grantor	Wells Operating Partnership
Grantee	Lexington Allen, LP
Date of Sale	April 13, 2005
Recording Data: Volume	5900
Page	2245
Consideration	\$44,197,700 (\$151.00/SF)
Financing	Cash to Seller
Property Description	
YOC	1982/1983
Construction	Tilt Wall
Net Rentable Area	292,700 SF (2 Bldgs.)
Quality/Condition	Very Good
Land Area	26.53 acres
Land to Building Ratio	3.95 to 1
Tenancy	
Number of Spaces/Tenants	Single Tenant – Experian
Parking Spaces	972 total spaces
Building Amenities	Conferencing facility, fitness center, security systems.

SALES COMPARISON APPROACH

Sale No. 1 Continued

<u>Pro Forma Income Data</u>	<u>Total</u>	<u>Per SF</u>	
Rental Income	\$3,579,000	\$12.33	
Less: Vacancy & Collection	\$ 178,950	\$ 0.61	5%
Effective Gross Income	\$3,400,050	\$11.62	
Less: Expenses	\$ 170,003	\$ 0.58	
Net Operating Income	\$3,230,047	\$11.04	

Units of Comparison

Sales Price/SF	\$44,197,700	\$151.00/SF
Overall Rate (Ro)	7.31%	

Comments

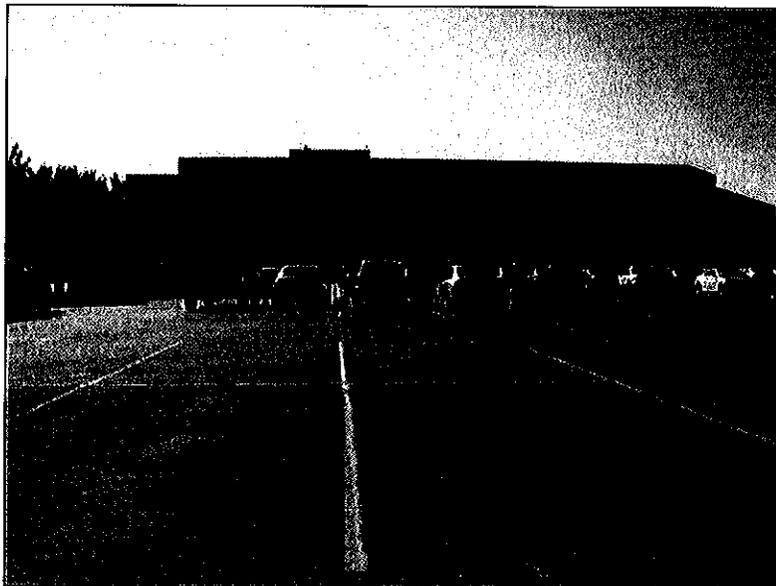
The building was leased at \$12.33/SF on a triple net basis to Experian. The term of the lease was not disclosed.

SALES COMPARISON APPROACH

Improved Sale Number 2

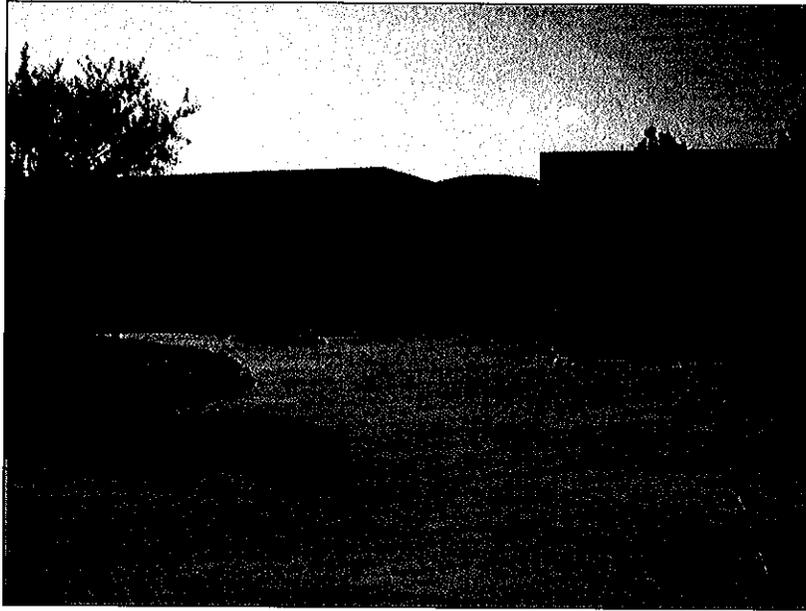
Address	1025 S. Central Expressway, (northeast corner of Central Expressway & Ridgemont), Allen, Texas
Mapsc	DA-559-Q
Grantor	L & B Depp Enterprise II, Inc.
Grantee	Jack Henry & Associates, Inc.
Date of Sale	June 30, 2005
Recording Data: Volume	5952
Page	1683
Consideration	\$12,750,000 (\$130.41/SF)
Financing	Cash to Seller
Property Description	
YOC	2000
Construction	Tilt Wall
Net Rentable Area	97,770 SF
Quality/Condition	Very Good
Land Area	5.70 acres
Land to Building Ratio	2.54 to 1
Number of Spaces/Tenants	2 - Micron & Buyer, Jack Henry & Associates
Parking Spaces	586 total spaces
Comments	The building was 50% occupied on a triple net basis by Micron Technology, however the actual rental rate was not available.

SALES COMPARISON APPROACH

Improved Sale Number 3

Address	2323 N. Central Expressway, (west side of Central Expressway, north of Campbell Road), Richardson, Texas
Mapsc0	DA-7-R
Grantor	Lehman Brothers
Grantee	Fossil, Inc.
Date of Sale	August 25, 2005
Recording Data: Volume	5987
Page	4322
Consideration	\$12,700,000 (\$96.55/SF)
Financing	Cash to Seller
Property Description	
YOC	1986
Construction	Brick and glass
Net Rentable Area	131,541 SF
Quality/Condition	Very Good
Land Area	11.14 acres
Land to Building Ratio	3.69 to 1
Number of Spaces/Tenants	Vacant at sale (buyer will occupy)
Parking Spaces	780 total spaces
Building Amenities	Building card key security system.

SALES COMPARISON APPROACH

Improved Sale Number 4

Address	830 S. Greenville Avenue, (west side of Greenville, south of Bethany Drive), Allen, Texas
Mapsc0	DA-559-M
Grantor	HIT Entertainment
Grantee	BG Properties Allen, LLC
Date of Sale	October 13, 2006
Recording Data:	Doc# 2006-001480280
Consideration	\$10,200,000 (\$144.31/SF)
Financing	Cash to Seller
Property Description	
YOC	1999/Renovated in 2006
Construction	Tilt Wall
Net Rentable Area	70,680 SF
Quality/Condition	Very Good
Land Area	6.08 acres
Land to Building Ratio	3.75 to 1
Number of Spaces/Tenants	HIT Entertainment
Parking Spaces	200 total spaces
Building Amenities	Conferencing facility, fitness center, security systems.

SALES COMPARISON APPROACH

Sale No. 4 Continued

<u>Pro Forma Income Data</u>	<u>Total</u>	<u>Per SF</u>	
Rental Income	\$1,219,230	\$17.25	
Less: Vacancy & Collection	\$ 121,923	\$ 1.73	10%
Effective Gross Income	\$1,097,307	\$15.52	
Less: Expenses	\$ 335,730	\$ 4.75	
Net Operating Income	\$ 761,577	\$10.77	

Units of Comparison

Sales Price/SF	\$10,200,000	\$144.31/SF
Overall Rate (Ro)	7.47%	

Comments

The building was 100% occupied on a plus electric basis (\$17.25/SF) by HIT Entertainment. This was a sale leaseback transaction.

SALES COMPARISON APPROACH

Improved Sale Number 5

Address	505 Millenium Drive (southwest corner of Millenium & Century), Allen, Texas
Mapsc0	DA-559-H
Grantor	Brandywine Acquisition Partners, LP.
Grantee	505 Millenium LP
Date of Sale	July 11, 2006
Recording Data:	Doc# 2006-000949410
Consideration	\$5,943,000 (\$61.99/SF)
Financing	Cash to Seller
Property Description	
YOC	1999
Construction	Tilt wall and glass exterior
Net Rentable Area	95,877 SF
Quality/Condition	Very Good
Land Area	10.00 acres
Land to Building Ratio	4.54 to 1
Number of Tenants	Single Tenant
Parking Spaces	Surface lot
Comments	This building was vacant at the time of sale.

SALES COMPARISON APPROACH

Improved Sale Number 6

Address	1515 Heritage Drive (east of US 75 and south of University Drive), McKinney, Texas
Mapsc0	DA-261-M
Grantor	Jersey Investments, Inc.
Grantee	Houck Family, LLC
Date of Sale	November 1, 2006
Recording Data:	Doc#2006-1576010
Consideration	\$6,412,500 (\$153.59/SF)
Financing	Cash to Seller
Property Description	
YOC	2004
Construction	Brick and glass exterior
Net Rentable Area	41,751 SF
Quality/Condition	Very Good
Land Area	2.55 acres
Land to Building Ratio	2.66 to 1
Number of Spaces/Tenants	Multi-tenant
Parking Spaces	Surface lot

SALES COMPARISON APPROACH

Sale No. 6 Continued**Pro Forma Income Data**

	<u>Total</u>	<u>Per SF</u>	
Rental Income	\$751,518	\$18.00	
Less: Vacancy & Collection	\$ 75,152	\$ 1.80	10%
Effective Gross Income	\$676,366	\$16.20	
Less: Expenses	\$271,382	\$ 6.50	
Net Operating Income	\$404,984	\$ 9.70	

Units of Comparison

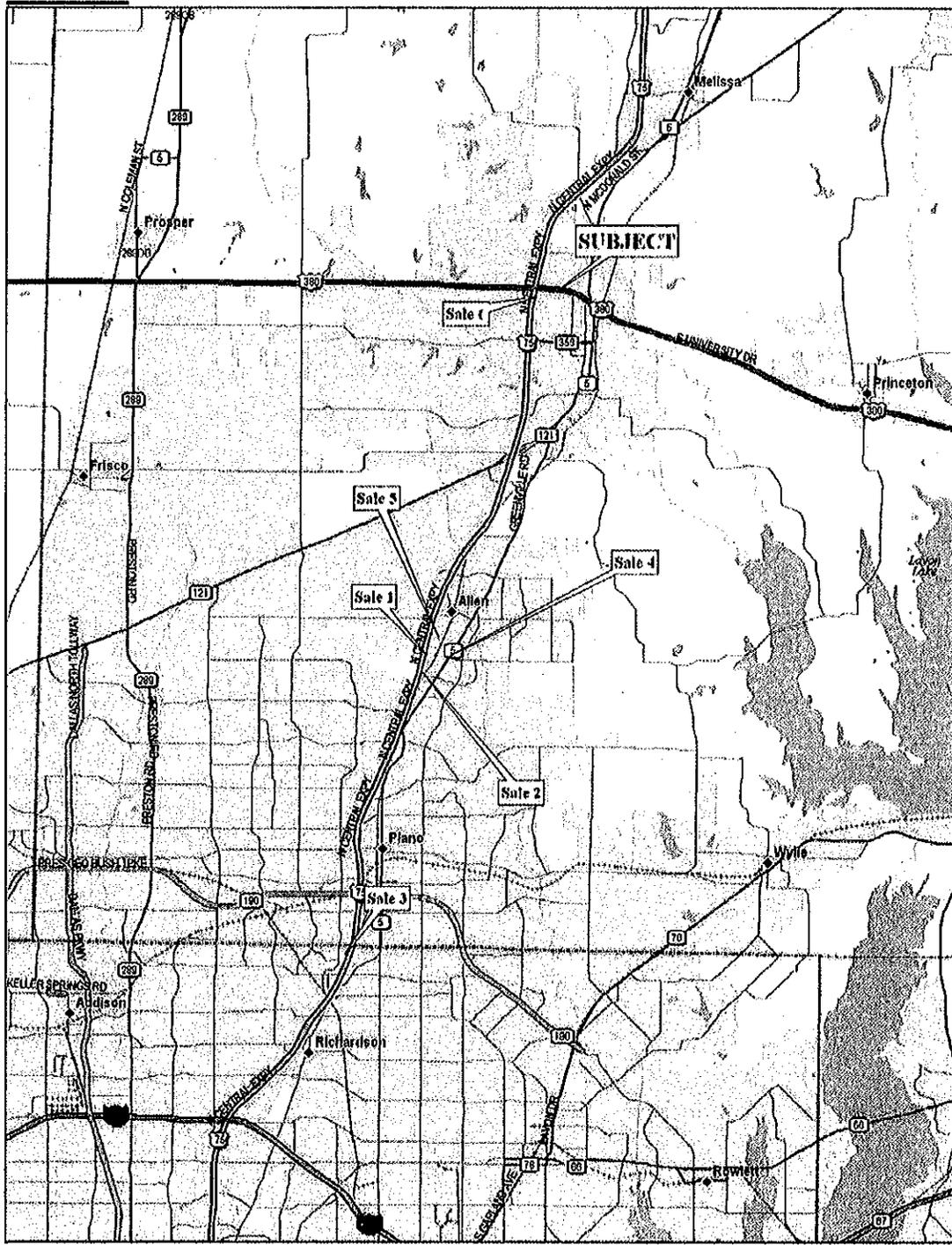
Sales Price/SF	\$6,412,500	\$153.59/SF
Overall Rate (Ro)	6.32%	

Comments

The building was 89% occupied at an average rental rate of \$18.00/SF on a full service basis.

SALES COMPARISON APPROACH

IMPROVED LAND SALE MAP



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Scale 1 : 200,000
 1" = 3.16 mi Date Zoom 10-0

SALES COMPARISON APPROACH

Office Building Sales Summary						
Sale No.	Address	YOC	Size SF	Sale Date	Occupancy	Price/SF
1	601/701 Experian Parkway, Allen	1982/1983	292,700	04/05	100%	\$151.00
2	1025 S. Central Expressway, Allen	2000	97,770	06/05	100%	\$130.41
3	2323 N. Central Expressway, Richardson	1986	131,541	08/05	0%	\$96.55
4	830 S. Greenville Ave, Allen	1999	70,680	10/05	100%	\$144.31
5	505 Millenium Drive, Allen	1999	95,877	07/06	0%	\$ 61.99
6	1515 Heritage Drive, McKinney	2004	41,751	11/06	98%	\$153.59
SUBJECT	1800 North Graves Street	1957 (Renovated in 1999)	171,978			

A search of the D/FW metroplex for municipal or governmental offices similar to the subject did not result in finding any recent sales. Since the primary use of the subject is for county office, it is most similar to single tenant office building. The comparables previously presented, represent recent sales of office buildings in the Richardson/Plano/Allen/McKinney area.

The first step in any comparative analysis is to identify which elements of comparison affect property values in the subject market. Each of the basic elements of comparison must be analyzed to determine whether an adjustment is required. If sufficient information is available, a quantitative adjustment can be made.

Adjustments for differences are made to the price of each comparable property to make that property equivalent to the subject in market appeal on the effective date of the opinion of value. The magnitude of the adjustment made for each element of comparison depends on how much that characteristic of the comparable property differs from the subject property. We have considered all appropriate elements of comparison in the following discussions.

In the following analysis, consideration is given for rights conveyed, financing, sale and market conditions, location, and physical characteristics. Property rights conveyed and financing are basic components of sale. Rights conveyed should be identical and financing should be on a cash equivalent basis. Sale conditions require analysis to determine any unusual characteristics. Consideration of market conditions is necessary because of the cyclical nature of the real estate market and continuous economic change. The location adjustment considers factors such as type, compatibility, quality, desirability, and accessibility of area development. Comparison of utility considers such factors as zoning, size, and frontage.

All the adjustments are estimations based on the experience of the appraisers after careful inspection and consideration of all the properties involved. These adjustments are not intended as exact measurements, but are used to more accurately define the range of values indicated by the market.

SALES COMPARISON APPROACH

ADJUSTMENT DESCRIPTIONS AND ANALYSIS

Rights Conveyed

When property rights are sold, they may be the sole subjects of the contract or the contract may include other rights, less than all of the real property rights, or even another property or properties. Before the price of a comparable sale property can be used in sales comparison analysis, the appraiser must first ensure that the sale price of the comparable property applies to property rights that are similar to those being appraised. To do so, adjustments may be required before specific differences in the physical real estate can be compared. No adjustments are made in this category.

Financing

The transaction price of one property may differ from that of an identical property due to different financing arrangements. The cost of financing includes the interest rate and any points, discounts, equity participations, or other charges that the lender requires to increase the effective yield of the loan. The cost and availability of credit for real estate financing influence both the quantity and quality of real estate demanded and supplied. Additional financing adjustments could be made based on owner financing, favorable financing terms, or assumptions. The sales were purchased with cash, or third party financing which requires no adjustment.

Sale Conditions

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. Sales where the conditions significantly affect transaction prices are labeled non-arms length transactions. Any sales that reflect unusual sale conditions are adjusted accordingly and the circumstances of these non-arms length transactions are detailed on the sale summary pages. No adjustments are warranted as each of the sales transpired with no uncommon sale conditions.

Market Conditions

Comparable sales that occurred under market conditions different from those applicable to the subject on the effective date of value require adjustments for any differences that affect their values. An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time. Market condition adjustments are applied at 6% per year.

PHYSICAL CHARACTERISTICS

Sales typically require adjustment for the various physical factors influencing utility e.g., zoning, frontage, topography, visibility, access, and size. Zoning, frontage, visibility, and access are primary adjustment factors.

SALES COMPARISON APPROACH

Location

An adjustment for location within a market area may be required when the location characteristics of a comparable property are different from those of the subject property. Most comparable properties in the same market area have similar location characteristics, but variations may exist within that area of analysis. Adjustments for location may also be needed to reflect the difference in demand for neighborhood services. A property's location is analyzed in relation to the location of other similar properties. Sales 1-5 are all located to the south of the subject in the cities of Allen and Richardson. Allen and Richardson both have high concentrations of office and office tech facilities and are considered superior areas to the subject. Downward adjustments of 20% are made to these sales to account for this factor. Sale No. 6 is located near the subject in the city of McKinney, thus no adjustment for location is required.

Size

The size adjustment is based on the premise that, in general, the larger the building, the less its selling price on a per unit basis. In as much as there was insufficient data to perform a reliable paired sales analysis isolating the variable of size, the adjustments were supported via conversations with local real estate market participants, including brokers and buyers. The adjustment for the larger facilities recognizes that there are typically fewer prospective buyers for a larger versus smaller facilities. Recent experience with other properties utilizing a paired sales analysis indicates a 5% - 15% adjustment for each doubling/halving (100%) in size. A 5% adjustment for each doubling/halving (100%) in size is utilized.

Age/Condition

Age adjustments are applied based on the effective age of the subject, as compared with the effective age of the sale. All of the sales are newer buildings and are considered superior to the subject in age/condition, therefore downward adjustments were warranted.

Land to Building Ratio

Sales 2 and 6 had similar land to building ratios as the subject, thus no adjustment for this factor was indicated. Sales 1, 3, 4 and 5 all have higher land to building ratios than the subject. The large site area of these sales in our opinion has a positive impact on their sales price per square foot. We have estimated a downward adjustment of 10% to account for this factor.

Occupancy

Sales 3 and 5 were completely vacant at the time of sales. Sale 3 was purchased by the Fossil Company and is now occupied as their headquarters. Sale No. 5 was purchased by an investor and remains vacant. In our opinion the prices of both these facilities were negatively impacted by their vacancy. A 20% upward adjustment to Sale 3 is estimated. Due to the greater risk taken on by the purchaser, a 50% upward adjustment to Sale 5 is estimated.

SALES COMPARISON APPROACH

Sales Adjustments

These adjustments are predicated upon the potential inferior or superior income generation achievable as compared to the income generation potential of the subject under its concluded highest and best use, and based on the cost of construction and the recovery rate of those costs. We have only attempted to outline the reasoning and logic for the adjustments. The adjusted sales ranged from \$67.25/SF to \$115.97/SF. All of the sales required substantial adjustments given their differences from the unique characteristics of the subject. It is our opinion that a value from the lower to middle of the adjusted range of \$80.00/SF is the best indicator for the subject property.

OFFICE BUILDING SALES ADJUSTMENT GRID						
Sale No.	1	2	3	4	5	6
Year Built	1982/1983	2000	1986	1999	1999	2004
Size SF	292,700	97,770	131,541	70,680	95,877	41,751
Sale Date	04/05	06/05	08/05	10/06	07/06	11/06
Sale Price Per SF	\$151.00	\$130.41	\$96.55	\$144.31	\$61.99	\$153.59
Rights Conveyed	-0-	-0-	-0-	-0-	-0-	-0-
Financing	-0-	-0-	-0-	-0-	-0-	-0-
Sale Conditions	-0-	-0-	-0-	-0-	-0-	-0-
Market Conditions	+20%	+19%	+18%	+11%	+13%	+10%
Adjusted Price	\$181.20	\$155.19	\$113.93	\$160.18	\$70.05	\$168.95
Location	-20%	-20%	-20%	-20%	-20%	-0-
Size	+4%	-4%	-2%	-6%	-4%	-25%
Age/Condition	-10%	-20%	-15%	-20%	-20%	-25%
L/B Ratio	-10%	-0-	-10%	-10%	-10%	-0-
Occupancy	-0-	-0-	+20%	-0-	+50%	-0-
Net Adjustment	-36%	-44%	-27%	-56%	-4%	-50%
Adjusted Price/SF	\$115.97	\$86.91	\$83.17	\$70.48	\$67.25	\$84.48
After Adjustments Mean		\$85.66				
After Adjustments Median		\$83.83				
VALUE INDICATED BY THE SALES PRICE PER SQUARE FOOT METHOD						
<u>Size SF</u> 174,978 SF	<u>Price/SF</u> X \$80.00		<u>Indicated Value</u> = \$13,998,240			
Value by Sales Comparison Rounded To \$14,000,000						

INCOME CAPITALIZATION APPROACH

The premise of the income capitalization approach is that an indication of value can be derived by capitalizing the net income a property will produce - under prudent management - at an appropriate rate which reflects the current market conditions, trends, and investor requirements. The approach is based on the principle of anticipation of future benefits, foremost of which is the stream of annual net income for a holding period plus a capital sum at the end of that period. The mechanism by which these benefits are translated to value i.e., present worth, is the capitalization process.

The income capitalization approach consists of the following steps:

Market Analysis: Research the market to determine relevant income parameters i.e., rental rate, vacancy rates, absorption trends, escalations, allowances, and other factors.

Operations: Estimate potential gross income. Then, deduct a vacancy and collection loss allowance to derive effective gross income. Finally, estimate and deduct expenses of operation to derive net operating income.

Capitalization: Select an applicable capitalization method and technique. Develop the appropriate rate or rates, and capitalize the net operating income or income stream to derive an indication of value.

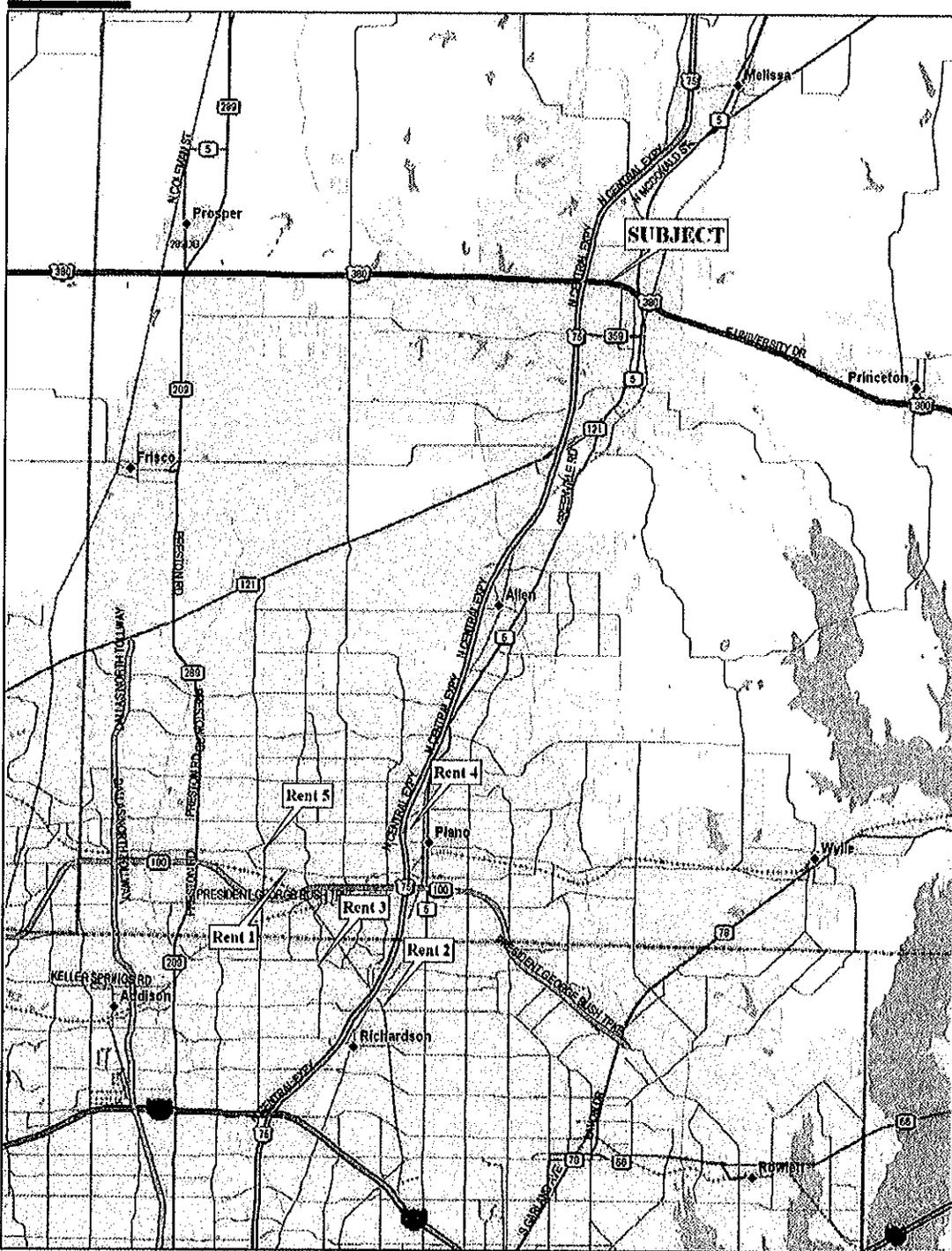
Market Rental Survey

The premise of the income capitalization approach is that an indication of value can be derived by capitalizing the net income a property will produce - under prudent management - at an appropriate rate which reflects the current market conditions, trends, and investor requirements.

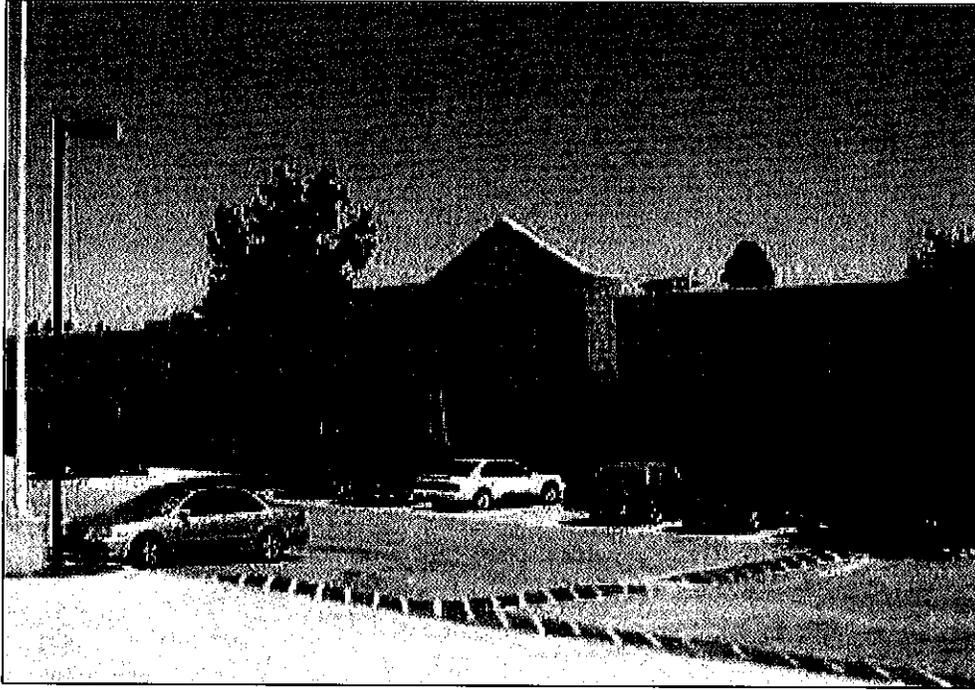
We surveyed five properties in the Richardson/Plano/Allen/McKinney area as well as larger single tenant facilities in the greater D/FW metropolitan area in order to estimate a market rent for the subject property.

INCOME CAPITALIZATION APPROACH

RENTAL MAP

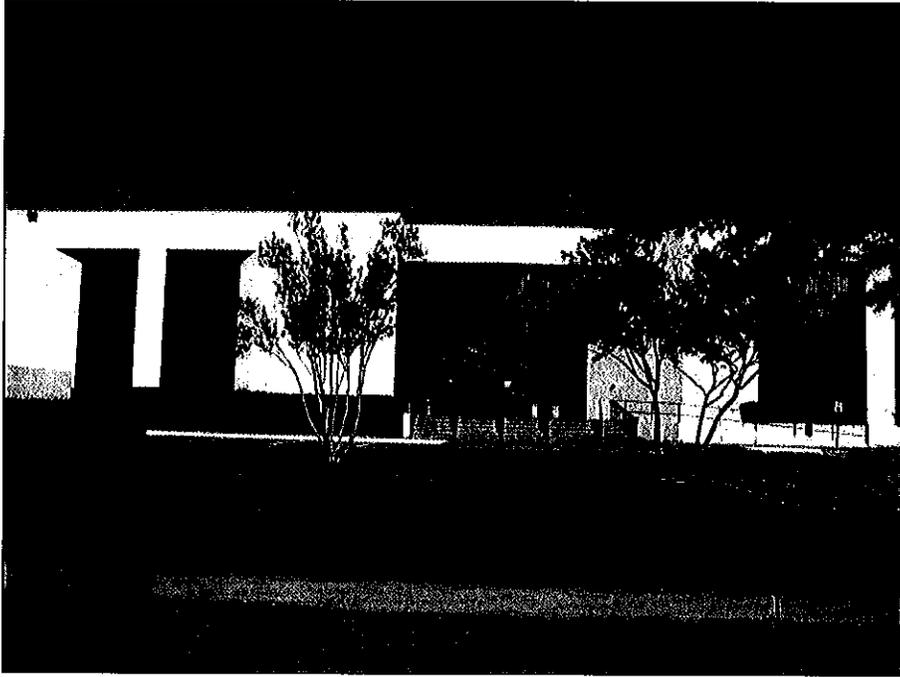


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INCOME CAPITALIZATION APPROACH
RENTAL NO. 1

Location:	600 Data Drive, Plano
Mapsc0:	DA-657-Y
Gross Building Area:	77,664 SF
Year of Construction:	1975/2006 Renovation
Construction Type:	Tilt Wall
Condition/Quality:	Very Good
Parking:	Surface
Occupancy:	100% (Tenant seeks sublease)
Lease Term:	3 years
Expenses:	NNN
Rental Rate:	\$8.00/SF NNN
Comments:	This single tenant office/tech building contains a high level of office finish and 16' clear heights.

INCOME CAPITALIZATION APPROACH

RENTAL NO. 2

Location: 1122 Alma Road, Richardson
Mapsc0: DA-7Y

Gross Building Area: 82,576 SF
Year of Construction: 1978
Construction Type: Concrete and glass
Condition/Quality: Good
Parking: Surface

Occupancy: 0%
Lease Term: Negotiable
Expenses: NNN
Rental Rates: \$10.00/SF plus electric

Comments: This single tenant office building is situated on 4 acres of land. The facility was built in 1978 and renovated in 1992.

INCOME CAPITALIZATION APPROACH

RENTAL NO. 3

Location:	677 West Campbell Rd. Richardson
Mapsc:	DA-7N
Gross Building Area:	76,802 SF
Year of Construction:	1978
Construction Type:	Tilt wall
Condition/Quality:	Good
Parking:	Surface
Occupancy:	0%
Lease Term:	Negotiable
Expenses:	NNN
Rental Rates:	\$12.90/SF NNN

Comments: This single tenant building is situated on 7.2 acres and has a high level of office finish. The facility has generators and battery units for undisturbed power supply, lightening protection, raised computer floors and 1,000 telephone line capacity. The building also has three loading docks.

HIGHEST AND BEST USE

DALLAS/FT. WORTH - MID-YEAR 2008



DALLAS/FT. WORTH OFFICE MARKET

OVERVIEW

end of the second quarter 2008, 16.2% at the end of the first quarter 2008, 16.0% at the end of the fourth quarter 2007, and 16.1% at the end of the third quarter 2007.

Class-B projects reported a vacancy rate of 19.0% at the end of the second quarter 2008, 19.1% at the end of the first quarter 2008, 18.8% at the end of the fourth quarter 2007, and 18.9% at the end of the third quarter 2007.

Class-C projects reported a vacancy rate of 10.1% at the end of the second quarter 2008, 10.4% at the end of first quarter 2008, 10.8% at the end of the fourth quarter 2007, and 11.2% at the end of the third quarter 2007.

The overall vacancy rate in Dallas/Ft. Worth's central business district at the end of the second quarter 2008 decreased to 17.8%. The vacancy rate was 18.0% at the end of the first quarter 2008, 18.4% at the end of the fourth quarter 2007, and 18.2% at the end of the third quarter 2007.

The vacancy rate in the suburban markets decreased to 16.6% in the second quarter 2008. The vacancy rate was 16.7% at the end of the first quarter 2008, 16.4% at the end of the fourth quarter 2007, and 16.6% at the end of the third quarter 2007.

Largest Lease Signings

The largest lease signings occurring in 2008 included: the 287,529-square-foot lease signed by Pioneer Natural Resources Company at Williams Square - West Tower in the Las Colinas market; the 220,000-square-foot deal signed by Pier 1 Imports, Inc. at Chesapeake Plaza in the South Ft Worth market; and the 204,000-square-foot lease signed by CIGNA Corporation at Cigna Pointe I in the Far North Dallas market.

Sublease Vacancy

The amount of vacant sublease space in the Dallas/Ft. Worth market increased to 2,786,524 square feet by the end of the second quarter 2008, from 2,511,799 square feet at the end of the first quarter 2008. There was 2,456,351 square feet vacant at the end of the fourth quarter 2007 and 2,751,056 square feet at the

end of the third quarter 2007.

Dallas/Ft. Worth's Class-A projects reported vacant sublease space of 1,657,507 square feet at the end of second quarter 2008, up from the 1,553,866 square feet reported at the end of the first quarter 2008. There were 1,324,412 square feet of sublease space vacant at the end of the fourth quarter 2007, and 1,533,201 square feet at the end of the third quarter 2007.

Class-B projects reported vacant sublease space of 1,108,014 square feet at the end of the second quarter 2008, up from the 939,670 square feet reported at the end of the first quarter 2008. At the end of the fourth quarter 2007 there were 1,110,361 square feet, and at the end of the third quarter 2007 there were 1,197,184 square feet vacant.

Class-C projects reported increased vacant sublease space from the first quarter 2008 to the second quarter 2008. Sublease vacancy went from 18,263 square feet to 21,003 square feet during that time. There was 21,578 square feet at the end of the fourth quarter 2007, and 20,671 square feet at the end of the third quarter 2007.

Sublease vacancy in Dallas/Ft. Worth's central business district stood at 533,540 square feet at the end of the second quarter 2008. It was 367,869 square feet at the end of the first quarter 2008, 245,584 square feet at the end of the fourth quarter 2007, and 389,711 square feet at the end of the third quarter 2007.

Sublease vacancy in the suburban markets ended the second quarter 2008 at 2,252,984 square feet. At the end of the first quarter 2008 sublease vacancy was 2,143,930 square feet, was 2,210,767 square feet at the end of the fourth quarter 2007, and was 2,361,345 square feet at the end of the third quarter 2007.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$21.01 per-square-foot per year at the end of the second quarter 2008 in the Dallas/Ft. Worth market area. This represented a 1.1% increase in quoted rental rates from the end of the first quarter 2008, when rents were reported at \$20.78 per-square-foot.

The average quoted rate within the Class-A sector was \$24.35 at the end of the second quarter 2008, while Class-B rates stood at \$19.19, and Class-C rates at \$15.68. At the end of the first quarter 2008, Class-A rates were \$23.95 per-square-foot, Class-B rates were \$18.98, and Class-C rates were \$15.71.

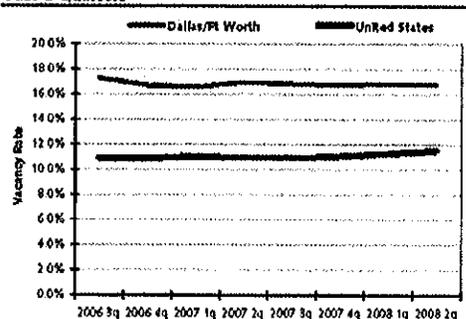
The average quoted asking rental rate in Dallas/Ft. Worth's CBD was \$20.69 at the end of the second quarter 2008, and \$21.07 in the suburban markets. In the first quarter 2008, quoted rates were \$19.96 in the CBD and \$20.91 in the suburbs.

Deliveries and Construction

During the second quarter 2008, 31 buildings totaling 834,902 square feet were completed in the Dallas/Ft. Worth market area. This compares to 40 buildings totaling 1,542,353 square feet that were completed in the first quarter 2008, 40 buildings

U.S. VACANCY COMPARISON

Past 8 Quarters



Source: Costar Group Inc.

HIGHEST AND BEST USE

MID-YEAR 2008 - DALLAS/FT. WORTH

DALLAS/FT. WORTH OFFICE MARKET



OVERVIEW

totaling 1,840,858 square feet completed in the fourth quarter 2007, and 798,818 square feet in 47 buildings completed in the third quarter 2007.

There were 6,844,811 square feet of office space under construction at the end of the second quarter 2008.

Some of the notable 2008 deliveries include: Rosewood Court, a 405,291-square-foot facility that delivered in second quarter 2008 and is now 69% occupied, and One Legacy Circle, a 223,496-square-foot building that delivered in first quarter 2008 and is now 4% occupied.

The largest projects underway at the end of second quarter 2008 were Blue Cross and Blue Shield of TX, a 1,000,000-square-foot building with 100% of its space pre-leased, and One Victory Park, a 445,117-square-foot facility that is 87% pre-leased.

Inventory

Total office inventory in the Dallas/Ft. Worth market area amounted to 301,752,386 square feet in 7,185 buildings as of the end of the second quarter 2008. The Class-A office sector consisted of 111,122,600 square feet in 382 projects. There were 3,412 Class-B buildings totaling 150,212,969 square feet, and the Class-C sector consisted of 40,416,817 square feet in 3,391 buildings. Within the Office market there were 584 owner-occupied buildings accounting for 36,252,521 square feet of office space.

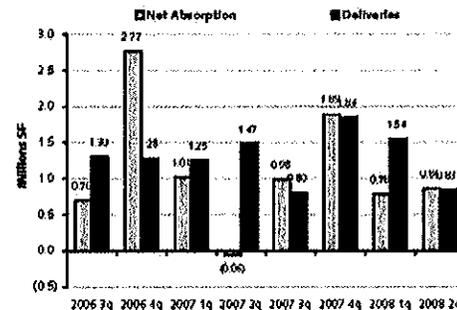
Sales Activity

Tallying office building sales of 15,000 square feet or larger, Dallas/Ft Worth office sales figures fell during the first quarter 2008 in terms of dollar volume compared to the fourth quarter of 2007.

In the first quarter, 12 office transactions closed with a total volume of \$56,838,226. The 12 buildings totaled 728,350 square feet and the average price per square foot equated to \$78.04 per square foot. That compares to 20 transactions totaling \$683,839,400 in the fourth quarter 2007. The total square footage in the fourth quarter was 4,096,921 square feet for an average price per square foot of \$166.92.

ABSORPTION & DELIVERIES

Fast 8 Quarters



Source: CoStar Research

Total office building sales activity in 2008 was down compared to 2007. In the first three months of 2008, the market saw 12 office sales transactions with a total volume of \$56,838,226. The price per square foot averaged \$78.04. In the same first three months of 2007, the market posted 11 transactions with a total volume of \$205,094,692. The price per square foot averaged \$83.44.

Cap rates have been higher in 2008, averaging 8.31% compared to the same period in 2007 when they averaged 8.27%.

One of the largest transactions that has occurred within the last 4 quarters in the Dallas/Ft Worth market is the sale of Galleria Towers in Dallas. This three-building office portfolio totaling 1,418,000 square feet sold for about \$306,000,000, or \$215.80 per square foot. The property sold on 5/27/2008.

Reports compiled by: Debra Bixel, CoStar Sr. Research Manager and Jeff Hitch, CoStar Research Manager

HIGHEST AND BEST USE

MID-YEAR 2008 - DALLAS/FT. WORTH

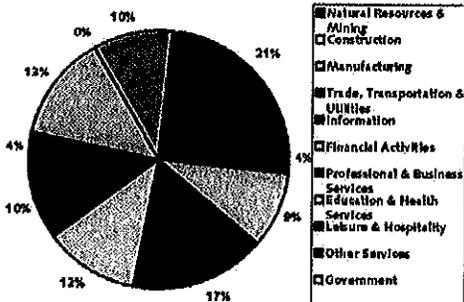
DALLAS/FT. WORTH OFFICE MARKET

EMPLOYMENT AND TENANT



TOTAL EMPLOYMENT BY INDUSTRY

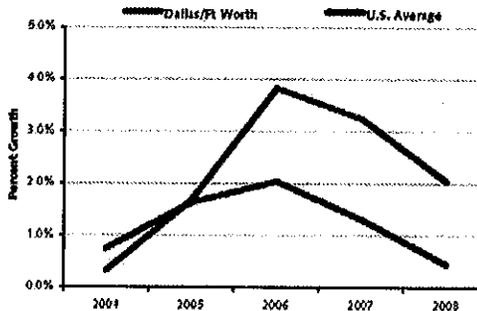
Percent of Total Employment by Industry



Source: Department of Labor, Bureau of Labor Statistics

TOTAL EMPLOYMENT GROWTH

Total Number of Jobs Added Per Year



Source: Department of Labor, Bureau of Labor Statistics

OFFICE* EMPLOYMENT GROWTH

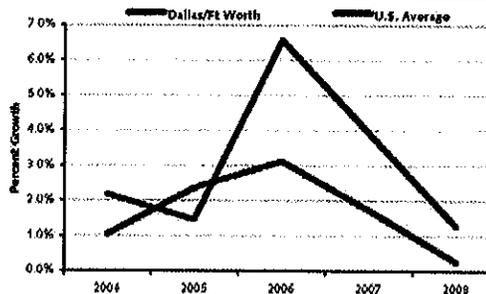
Cumulative Growth in Office* Jobs Over the Past 5 Years

Market	Employment Growth	Inventory Growth	Difference
Atlanta	9.20%	6.50%	2.70%
Boston	7.70%	2.50%	5.20%
Chicago	6.10%	3.70%	2.40%
Dallas/Ft. Worth	13.20%	5.70%	7.50%
Denver	8.50%	3.80%	4.70%
Los Angeles	9.80%	2.60%	7.20%
New York City	9.10%	1.00%	8.10%
Seattle/Puget Sound	13.40%	4.60%	8.80%
Tampa/St. Petersburg	6.80%	7.70%	-0.90%
Washington	7.70%	8.50%	-0.80%

Source: Department of Labor, Bureau of Labor Statistics

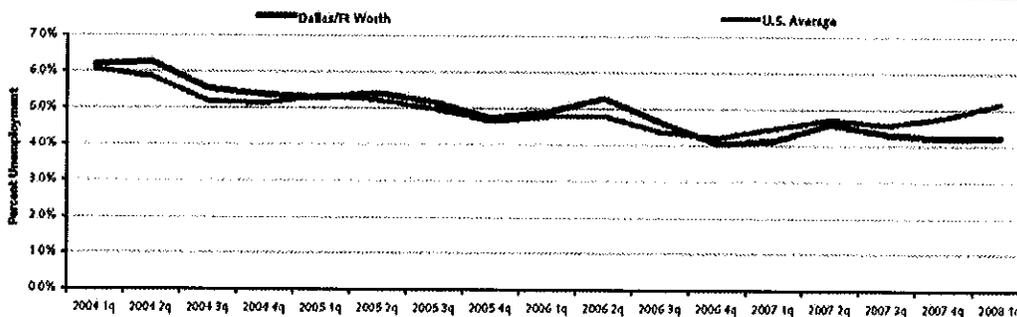
OFFICE* EMPLOYMENT GROWTH

Number of Office* Jobs Added Per Year



Source: Department of Labor, Bureau of Labor Statistics * Office employment is defined as jobs in the Information, Financial Activities, and Professional & Business Services industries

HISTORICAL UNEMPLOYMENT RATES



Source: Department of Labor, Bureau of Labor Statistics

HIGHEST AND BEST USE

DALLAS/FT. WORTH - MID-YEAR 2008

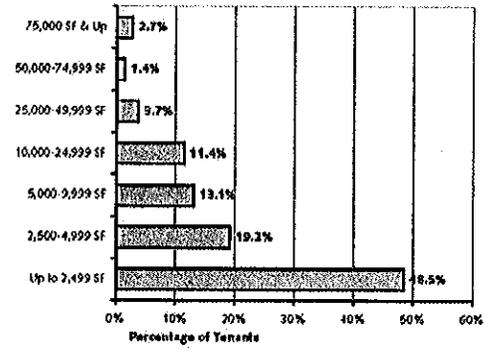


DALLAS/FT. WORTH OFFICE MARKET

EMPLOYMENT AND TENANTS

TENANT BY SIZE RANGE

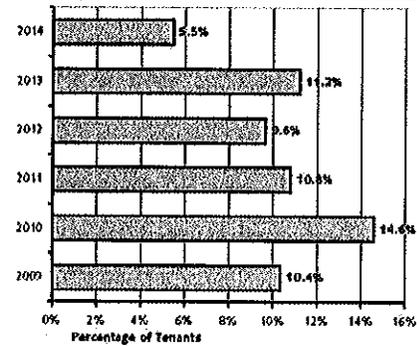
Based on Total Number of Tenants



SOURCE: COSTAR TENANT

TENANTS BY LEASE EXPIRATION

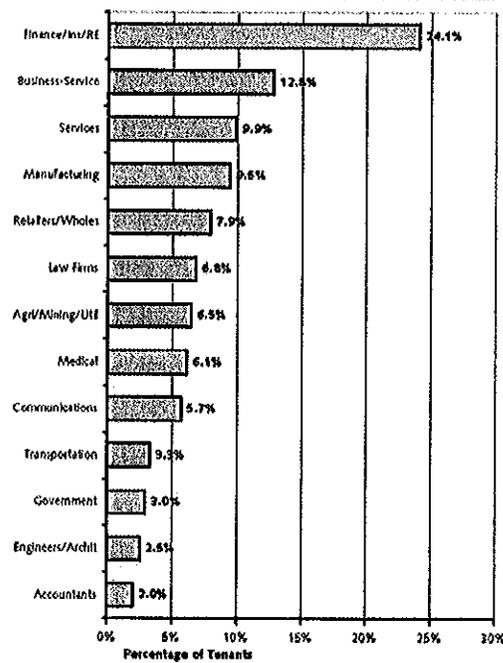
Based on Total Square Footage of Tenants



SOURCE: COSTAR TENANT

TENANTS BY INDUSTRY

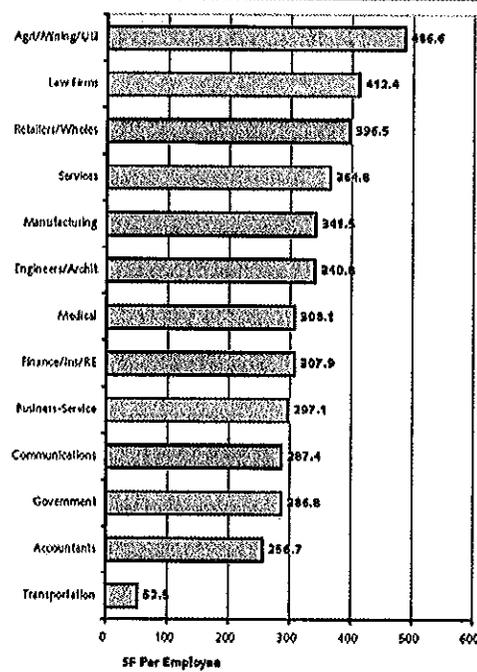
Based on Total Square Footage of Tenants



SOURCE: COSTAR TENANT

SF PER EMPLOYEE BY INDUSTRY

Based on All Tenants



SOURCE: COSTAR TENANT

HIGHEST AND BEST USE

DALLAS/FT. WORTH - MID-YEAR 2008



DALLAS/FT. WORTH OFFICE MARKET

FIGURES AT A GLANCE

CLASS C SUBMARKET STATISTICS

Mid-Year 2008

Market	Existing Inventory		Vacancy			YTD Net		YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %	Absorption	YTD			
Allen/McKinney	73	613,943	121,560	121,560	19.8%	525	0	0	\$20.08	
Allamore	10	104,318	6,610	6,610	6.3%	(2,010)	0	0	\$0.00	
Arlington/Mansfield	286	2,951,066	338,894	338,894	11.5%	(29,005)	0	0	\$14.64	
Central Expressway	126	1,627,055	107,976	112,284	6.9%	58,093	0	0	\$17.05	
Dallas CBD	97	5,854,453	664,397	669,277	11.4%	257,760	0	0	\$16.68	
Denton	121	1,067,673	47,867	48,467	4.5%	2,545	0	0	\$16.19	
DFW Freeway/Coppell	11	200,989	22,818	22,818	11.4%	(160)	0	0	\$13.81	
East LBJ Freeway	26	465,771	61,718	61,718	13.3%	0	0	0	\$14.12	
East Northeast LFLWorth	113	1,282,815	142,003	142,003	11.1%	3,607	0	0	\$16.19	
Ellis County	23	137,093	26,193	26,193	19.1%	13,118	0	0	\$16.47	
Frisco/The Colony	15	86,135	19,310	19,310	21.9%	(5,796)	0	0	\$26.10	
FL Worth CBD	70	2,123,097	117,110	117,110	5.5%	(13,970)	0	0	\$17.67	
Guland	83	878,694	79,748	79,748	9.1%	(30,761)	0	0	\$14.12	
Grand Prairie	48	533,322	118,440	118,440	22.2%	(4,796)	0	0	\$15.11	
HEB/Mid/ILies	139	1,588,583	228,614	228,614	14.4%	18,349	0	0	\$14.00	
Henderson County	11	25,224	1,207	1,207	4.8%	1,640	0	0	\$0.00	
Hood County	11	52,632	3,645	3,645	6.9%	55	0	0	\$14.48	
Hunt County	12	43,226	1,200	1,200	2.8%	4,762	0	0	\$17.52	
Johnson County	36	224,371	27,431	27,431	12.2%	(9,580)	0	0	\$14.74	
Lewisville	96	793,743	92,204	92,204	11.6%	(26,216)	0	0	\$17.32	
Mesquite/Forney/Terrell	47	395,051	27,146	27,146	6.9%	3,600	0	0	\$8.26	
Northwest FL Worth	47	441,876	42,872	42,872	9.7%	6,224	0	0	\$17.73	
Office Ctr/West LBJ Ext	14	387,368	81,439	81,439	21.0%	(20,979)	0	0	\$14.08	
Outlying Collin County	4	9,732	2,236	2,236	23.0%	(2,236)	0	0	\$15.22	
Outlying Denton County	5	22,066	800	800	3.6%	(800)	0	0	\$11.93	
Outlying Kaufman County	1	7,496	0	0	0.0%	0	0	0	\$0.00	
Parker County	16	88,778	23,850	23,850	26.9%	(10,310)	0	0	\$13.77	
Plano	77	964,348	88,002	88,909	9.2%	26,110	0	0	\$16.48	
Preston Center	62	528,164	6,206	6,206	1.2%	(3,374)	0	0	\$21.39	
Quorum/Bent Tree	79	1,014,980	146,857	146,857	14.5%	(17,135)	0	0	\$14.51	
Richardson	77	1,422,406	149,830	149,830	10.5%	(13,171)	0	0	\$14.81	
Rockwell	19	78,660	7,710	7,710	9.8%	2,500	0	0	\$16.36	
South Irving	77	784,166	141,193	143,380	18.3%	10,829	0	0	\$14.08	
Southeast Dallas	45	379,110	39,733	39,733	10.5%	3,896	0	0	\$16.31	
Southeast FL Worth	48	524,230	48,832	48,832	9.3%	1,994	0	0	\$18.24	
Southwest Dallas	231	1,631,728	123,721	123,721	7.6%	3,591	0	0	\$19.91	
Stemmons Freeway	117	2,682,063	299,423	299,423	11.2%	9,306	0	0	\$13.29	
Upper Tollway/West Plano	11	171,069	4,000	4,000	2.3%	8,770	3,807	0	\$13.08	
Uptown/Turilo Creek	220	1,297,322	71,796	73,122	5.6%	26,973	0	0	\$24.03	
Urban Center/Wingren	6	267,126	37,966	37,966	14.2%	(10,757)	0	0	\$16.60	
West LBJ Freeway	38	559,927	119,222	122,817	21.9%	2,778	0	0	\$13.90	
West Southwest FL Worth	546	4,371,703	195,780	196,980	4.6%	9,225	0	0	\$17.92	
Westlake/Grapevine	92	579,832	52,350	52,350	9.0%	4,769	0	0	\$22.45	
White Rock	94	1,135,424	114,850	114,850	10.1%	(3,413)	0	0	\$14.62	
Wise County	5	15,900	1,300	1,300	8.2%	(1,300)	0	0	\$0.00	
Total	4,197	40,416,817	4,036,056	4,077,982	10.1%	275,044	6,807	0	\$15.68	

Source: CoStar Property®

HIGHEST AND BEST USE

MID-YEAR 2008 - DALLAS/FT. WORTH

DALLAS/FT. WORTH OFFICE MARKET

FIGURES AT A GLANCE

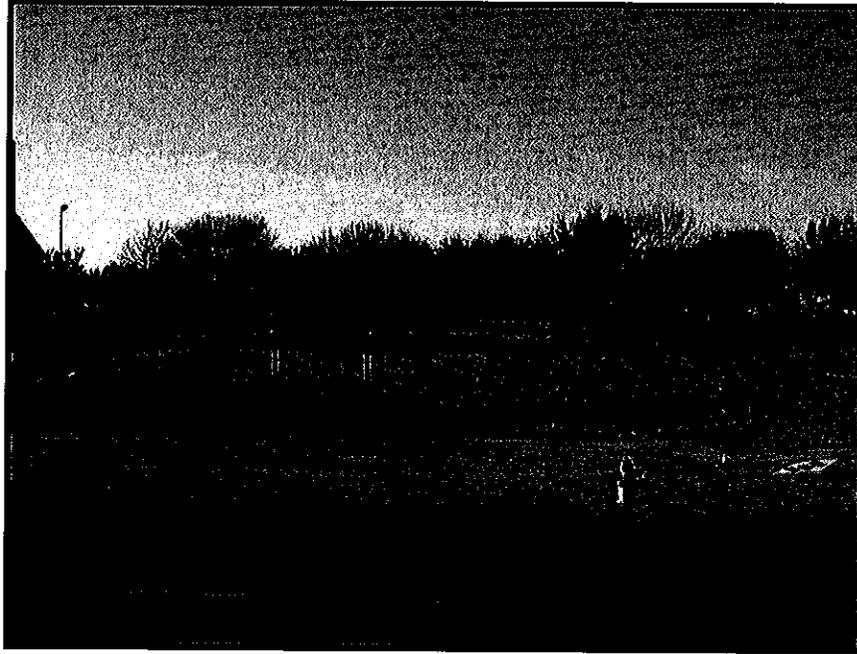
TOTAL OFFICE SUBMARKET STATISTICS

Mid-Year 2008

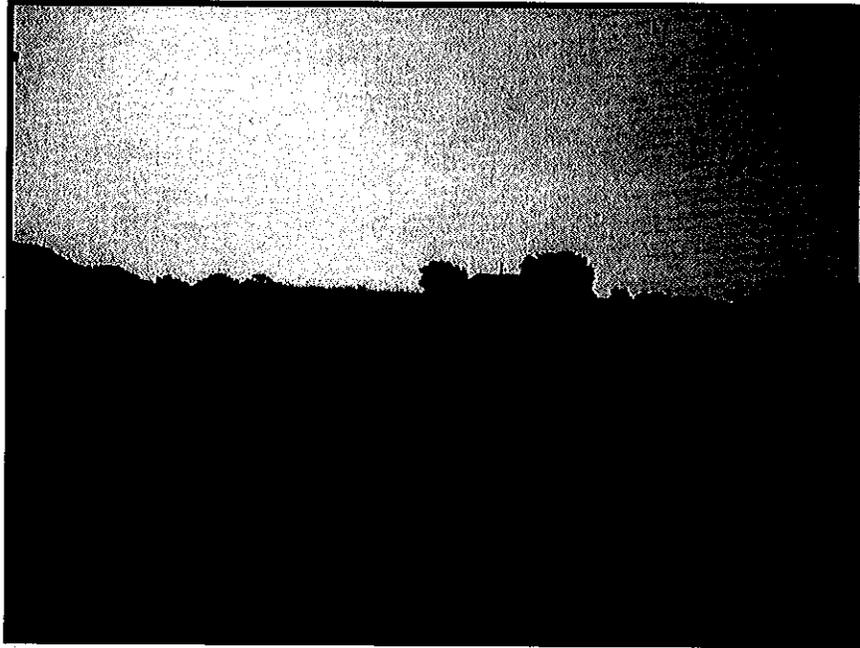
Market	Existing Inventory		Vacancy			YTD Net		YTD		Under		Quoted Rates
	# Bldgs	Total RGA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF				
Allen/McKinney	213	6,290,883	858,182	921,722	17.4%	68,772	59,788	389,250	\$22.67			
Alliance	51	1,835,879	201,221	202,166	13.2%	20,961	118,967	280,171	\$21.66			
Arlington/Wansford	497	10,549,295	1,355,383	1,372,308	13.0%	(24,449)	17,383	43,106	\$17.88			
Central Expressway	240	16,622,842	2,006,788	2,072,480	13.4%	288,446	0	98,001	\$21.99			
Dallas CRD	159	35,749,899	6,729,097	7,033,251	19.7%	283,351	0	0	\$20.06			
Denton	192	2,832,445	258,632	267,816	9.5%	(12,914)	12,818	43,040	\$19.21			
DFW Freeway/Coppell	144	10,367,096	2,123,323	2,261,792	21.8%	(119,408)	419,455	123,930	\$21.45			
East LBJ Freeway	153	17,548,548	3,359,168	3,640,457	20.7%	(65,331)	0	0	\$18.61			
East Northeast Ft Worth	175	3,859,166	500,704	510,704	13.2%	(71,109)	12,500	0	\$16.85			
Ellis County	43	555,259	72,227	72,227	13.0%	7,556	0	21,000	\$18.84			
Frisco/The Colony	106	3,908,070	632,898	693,436	22.9%	(151,341)	63,808	344,829	\$24.84			
FL Worth CBD	118	10,800,868	1,607,044	1,236,430	11.4%	6,936	0	364,113	\$24.78			
Garkland	137	2,359,519	314,941	314,941	13.3%	3,923	0	6,340	\$20.81			
Grand Prairie	93	4,005,708	244,475	244,475	6.1%	(18,104)	9,558	0	\$17.66			
HEB/Wildflies	288	6,246,165	1,072,593	1,099,027	17.6%	42,404	26,107	12,273	\$18.98			
Henderson County	15	41,653	3,879	3,879	9.3%	760	0	0	\$0.00			
Hood County	33	199,926	39,072	39,072	19.5%	28,583	15,000	0	\$18.61			
Hunt County	17	156,658	43,350	43,350	27.7%	6,630	0	0	\$21.57			
Johnson County	60	442,366	38,533	38,533	8.7%	4,215	0	22,000	\$16.13			
Lewisville	286	5,956,886	1,439,352	1,473,282	24.7%	26,632	72,576	375,512	\$21.33			
Mesquite/Forney/Terrell	77	894,729	82,530	83,880	9.4%	(25,248)	19,582	54,000	\$18.41			
Northwest FL Worth	73	888,931	103,512	103,512	11.7%	4,700	10,000	0	\$19.32			
Office Ctr/West LBJ Ext	131	14,973,413	2,517,504	2,634,306	17.6%	(204,570)	112,247	112,247	\$21.81			
Outlying Collin County	10	89,209	23,286	23,286	26.1%	(2,236)	0	0	\$20.95			
Outlying Denton County	11	83,145	800	800	1.0%	(800)	0	0	\$11.93			
Outlying Kaufman County	5	7,600	0	0	0.0%	0	0	0	\$0.00			
Parker County	36	227,091	39,563	39,563	17.4%	8,965	0	17,250	\$15.89			
Plano	250	9,385,027	1,563,893	1,632,603	17.4%	(104,703)	4,378	39,613	\$20.16			
Preston Center	115	4,818,555	318,730	410,668	8.5%	(15,578)	0	140,047	\$28.58			
Quorum/Bent Tree	334	22,623,537	3,676,767	4,097,635	18.1%	(261,614)	6,784	202,924	\$21.52			
Richardson	231	14,313,311	2,018,904	2,076,031	14.5%	117,115	194,105	1,000,000	\$18.31			
Rockwall	43	451,397	45,675	45,675	10.1%	6,215	0	22,120	\$25.75			
South Irving	116	2,435,175	355,719	357,900	14.7%	25,517	0	0	\$17.46			
Southeast Dallas	62	973,057	72,991	74,991	7.7%	(6,506)	0	0	\$16.74			
Southeast FL Worth	70	1,516,435	163,630	166,004	10.9%	(14,968)	20,000	0	\$17.87			
Southwest Dallas	332	3,742,142	474,499	474,499	12.7%	(14,491)	0	80,150	\$16.85			
Stemmons Freeway	227	14,435,573	4,016,116	4,025,099	27.9%	83,191	0	0	\$14.56			
Upper Tollway/West Plano	238	19,520,197	2,507,272	3,261,132	16.7%	1,069,836	496,011	758,311	\$25.28			
Uptown/Turtle Creek	322	11,198,003	931,479	1,064,238	9.5%	190,940	405,291	1,572,421	\$32.45			
Urban Center/Wingren	62	9,348,943	2,330,018	2,473,324	26.5%	205,835	0	0	\$23.01			
West LBJ Freeway	82	5,354,518	1,338,694	1,401,016	26.2%	143,404	0	50,000	\$15.88			
West Southwest FL Worth	745	13,109,495	846,764	885,604	6.8%	186,136	169,906	561,306	\$21.70			
Westlake/Grapentine	395	7,666,838	1,121,674	1,149,013	15.0%	(129,636)	111,990	110,887	\$25.88			
White Rock	186	5,728,428	488,213	503,213	8.8%	41,483	0	0	\$19.48			
Wise County	9	40,907	8,674	8,674	21.2%	(3,307)	0	0	\$15.36			
TOTAL	7,163	201,757,198	47,947,870	50,733,824	16.9%	1,635,184	2,317,353	3,844,611	\$21.01			

Source: CoStar Property

LAND VALUATION

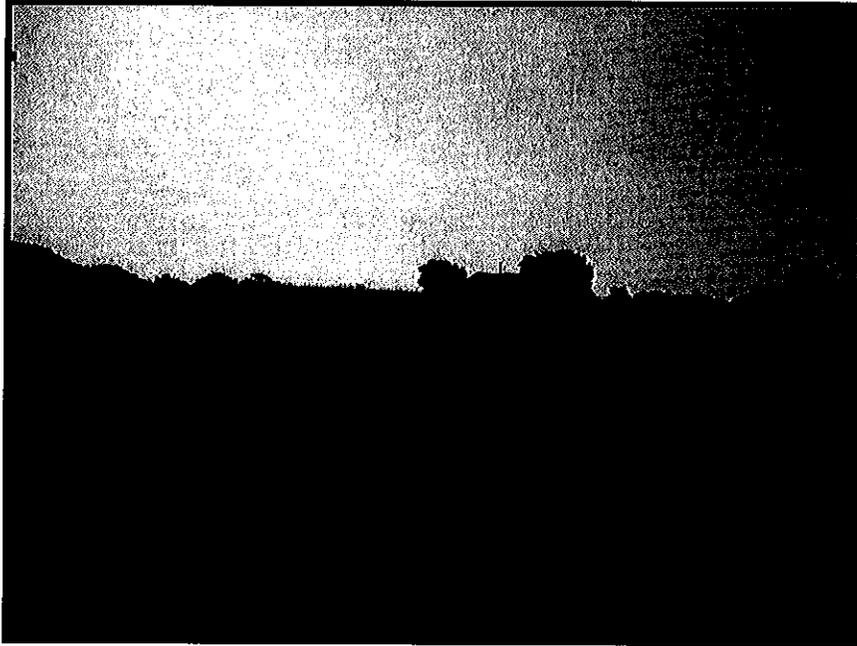
Land Sale Number 1

Location	S/s of Virginia Parkway, 450 feet west of Ridge Road McKinney, Collin County, Texas
Mapsco	DA-359-E
Legal Description	Lot 1, Block A, Virginia Ridge Addition, Collin County, Texas
Grantor	Virginia Ridge LP
Grantee	V3 Commercial Investments, LP
Date of Sale	May 5, 2008
Record Data	Doc# 2008000538820
Consideration	\$791,4442 (calculated) or \$9.00/SF (stated)
Conditions of Sale	Cash to the seller
Land Area	
Acres	2.0188
Square Feet	87,938
Price Per SF	\$9.00
Zoning	PD, Planned Development
Flood Plain	No
Comments	All utilities available. The property is vacant. The closing was delay due to the pending approval of the proposed site plan.

LAND VALUATION
Land Sale Number 2

Location	SE/c of Stonebridge Drive and US Highway 380 McKinney, Collin County, Texas
Mapsco	DA-258-Y
Legal Description	Lot 1, Block A, The Parcel 520 Addition, Collin County, Texas
Grantor	Poguerosa Investments, LP
Grantee	Stone Village Development, LP
Date of Sale	April 4, 2007
Record Data	
Instrument No.	2007-0412000493040
Consideration	\$2,850,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	8.755
Square Feet	381,368
Price Per SF	\$7.47
Zoning	PD, Planned Development
Flood Plain	No
Comments	All utilities available. The property is a part of Stonebridge Ranch.

LAND VALUATION

Land Sale Number 3

Location	South side of Stacy Road, 2,000 feet east of US 75 Allen, Collin County, Texas
Mapsco	DA-460-Q
Legal Description	Henry Wetsel Survey, Abstract 1026, Collin County, Texas
Grantor	BJ Development, Inc.
Grantee	75 & Stacy Road Partners, LLC
Date of Sale	February 26, 2007
Record Data	
Instrument No.	20070302000283250
Consideration	\$3,100,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	10.798 net (12.165 gross including right of way)
Square Feet	470,361
Price Per SF	\$6.59
Zoning	Commercial Corridor
Flood Plain	No
Comments	All utilities available. The property is adjacent to the Villages of Allen development.

LAND VALUATION
Land Sale Number 4

Location	W/s of Custer Road, 1,000 feet south of US Highway 380 McKinney, Collin County, Texas
Mapsco	DA-258-X
Legal Description	J.R. Burrows Survey, Abstract 0070, Tract 1, 14.9685 acres, Collin County, Texas
Grantor	Wal-Mart Stores, Texas LP
Grantee	Uptown Custer Partners LP
Date of Sale	October 6, 2006
Record Data	
Instrument No.	2006-1006001443750
Consideration	\$6,650,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	14.969
Square Feet	652,028
Price Per SF	\$10.20
Zoning	PD, Planned Development
Flood Plain	No
Comments	All utilities available. The property is a combination of four pad sites and one larger site.

LAND VALUATION

The grid below outlines the pertinent characteristics of each of the comparables and the adjustments applied.

LAND SALES ADJUSTMENTS					
Sale No.	Subject	1	2	3	4
No. of Acres	11.817	2.019	8.755	10.798	14.969
Size SF	514,752	87,938	381,368	470,361	652,028
Sale Date		May-08	Apr-07	Feb-07	Oct-06
Sale Price		\$791,442	\$2,850,000	\$3,100,000	\$6,650,000
Sale Price Per SF		\$9.00	\$7.47	\$6.59	\$10.20
Rights Conveyed		-0-	-0-	-0-	-0-
Financing		-0-	-0-	-0-	-0-
Sale Conditions		-0-	-0-	-0-	-0-
Market Conditions		+2%	+8%	+9%	+11%
Adjusted Price		\$9.18	\$8.07	\$7.18	\$11.32
Location	McKinney	-0-	-0-	-10%	-0-
Access	Average	+5%	+5%	+5%	+5%
Frontage	Good	+5%	+5%	+5%	+5%
Exposure	Good	+5%	-0-	+5%	-0-
Size	11.817 AC	-24%	-4%	-0-	+4%
Zoning	RG-18	-5%	-5%	-5%	-5%
Utilities	All Available	-0-	-0-	-0-	-0-
Topography	Level	-0-	-0-	-0-	-0-
Net Adjustment		-14%	+1%	-0-	+9%
Adjusted Price/SF		\$7.90	\$8.15	\$7.18	\$12.34

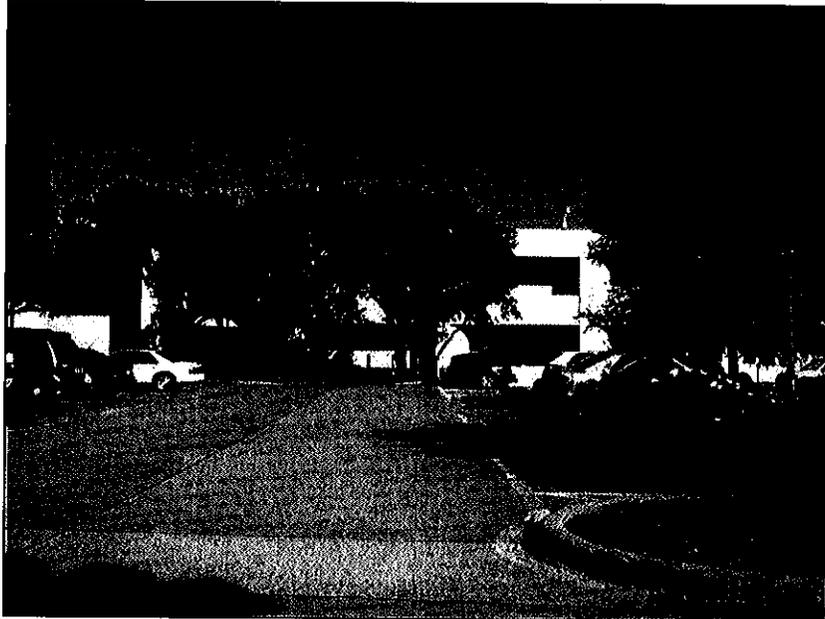
Land Value Opinion:

After the adjustment process, the sales comparables range from \$7.18 to \$12.34 per square foot. The adjusted mean of the sales is \$8.89 per square foot with an adjusted median of \$8.03 per square foot. Sales No. 2 and 3 required the least amount of adjustment and are considered the best indicators of the value for the subject tract given its access, frontage and size. Based on the foregoing, the market data support an estimated fee simple market value of \$8.00 per square foot for the subject property, with an indicated value opinion of the subject land of \$4,120,000, rounded, calculated as follows:

<u>Size SF</u>		<u>Price/SF</u>		<u>Indicated Value</u>
514,752	x	\$8.00	=	\$4,118,016
Value by Land Sales Comparison				\$4,120,000

SALES COMPARISON APPROACH

Improved Sale Number 1



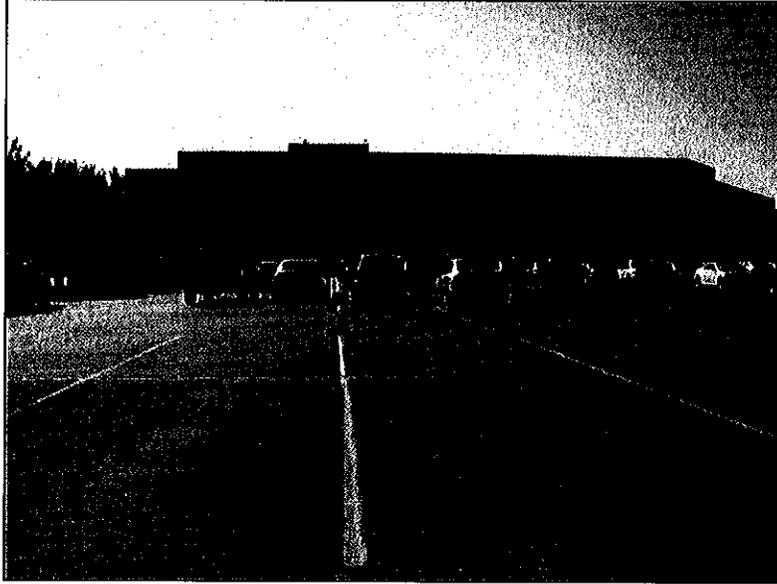
Address	601 and 701 Experian Parkway, Allen, Texas
Mapsc	DA-559-L
Grantor	Wells Operating Partnership
Grantee	Lexington Allen, LP
Date of Sale	April 13, 2005
Recording Data:	Volume
	5900
	Page
	2245
Consideration	\$44,197,700 (\$151.00/SF)
Financing	Cash to Seller
 Property Description	
YOC	1982/1983
Construction	Tilt Wall
Net Rentable Area	292,700 SF (2 Bldgs.)
Quality/Condition	Very Good
Land Area	26.53 acres
Land to Building Ratio	3.95 to 1
 Tenancy	
Number of Spaces/Tenants	Single Tenant – Experian
Parking Spaces	972 total spaces
Building Amenities	Conferencing facility, fitness center, security systems.

SALES COMPARISON APPROACH

Improved Sale Number 2

Address	1025 S. Central Expressway, (northeast corner of Central Expressway & Ridgemont), Allen, Texas
Mapsc0	DA-559-Q
Grantor	L & B Depp Enterprise II, Inc.
Grantee	Jack Henry & Associates, Inc.
Date of Sale	June 30, 2005
Recording Data: Volume	5952
Page	1683
Consideration	\$12,750,000 (\$130.41/SF)
Financing	Cash to Seller
Property Description	
YOC	2000
Construction	Tilt Wall
Net Rentable Area	97,770 SF
Quality/Condition	Very Good
Land Area	5.70 acres
Land to Building Ratio	2.54 to 1
Number of Spaces/Tenants	2 - Micron & Buyer, Jack Henry & Associates
Parking Spaces	586 total spaces
Comments	The building was 50% occupied on a triple net basis by Micron Technology, however the actual rental rate was not available.

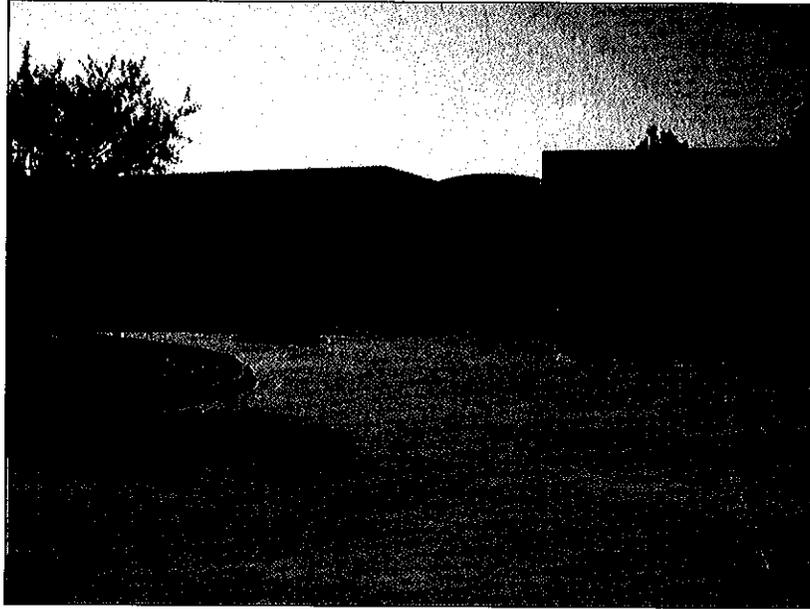
SALES COMPARISON APPROACH

Improved Sale Number 3

Address	2323 N. Central Expressway, (west side of Central Expressway, north of Campbell Road), Richardson, Texas
Mapsc	DA-7-R
Grantor	Lehman Brothers
Grantee	Fossil, Inc.
Date of Sale	August 25, 2005
Recording Data: Volume	5987
Page	4322
Consideration	\$12,700,000 (\$96.55/SF)
Financing	Cash to Seller
Property Description	
YOOC	1986
Construction	Brick and glass
Net Rentable Area	131,541 SF
Quality/Condition	Very Good
Land Area	11.14 acres
Land to Building Ratio	3.69 to 1
Number of Spaces/Tenants	Vacant at sale (buyer will occupy)
Parking Spaces	780 total spaces
Building Amenities	Building card key security system.

SALES COMPARISON APPROACH

Improved Sale Number 4



Address	830 S. Greenville Avenue, (west side of Greenville, south of Bethany Drive), Allen, Texas
Mapsc0	DA-559-M
Grantor	HIT Entertainment
Grantee	BG Properties Allen, LLC
Date of Sale	October 13, 2006
Recording Data:	Doc# 2006-001480280
Consideration	\$10,200,000 (\$144.31/SF)
Financing	Cash to Seller
Property Description	
YOc	1999/Renovated in 2006
Construction	Tilt Wall
Net Rentable Area	70,680 SF
Quality/Condition	Very Good
Land Area	6.08 acres
Land to Building Ratio	3.75 to 1
Number of Spaces/Tenants	HIT Entertainment
Parking Spaces	200 total spaces
Building Amenities	Conferencing facility, fitness center, security systems.

SALES COMPARISON APPROACH

Improved Sale Number 5

Address	505 Millenium Drive (southwest corner of Millenium & Century), Allen, Texas
Mapsc0	DA-559-H
Grantor	Brandywine Acquisition Partners, LP.
Grantee	505 Millenium LP
Date of Sale	July 11, 2006
Recording Data:	Doc# 2006-000949410
Consideration	\$5,943,000 (\$61.99/SF)
Financing	Cash to Seller
Property Description	
YO0	1999
Construction	Tilt wall and glass exterior
Net Rentable Area	95,877 SF
Quality/Condition	Very Good
Land Area	10.00 acres
Land to Building Ratio	4.54 to 1
Number of Tenants	Single Tenant
Parking Spaces	Surface lot
Comments	This building was vacant at the time of sale.

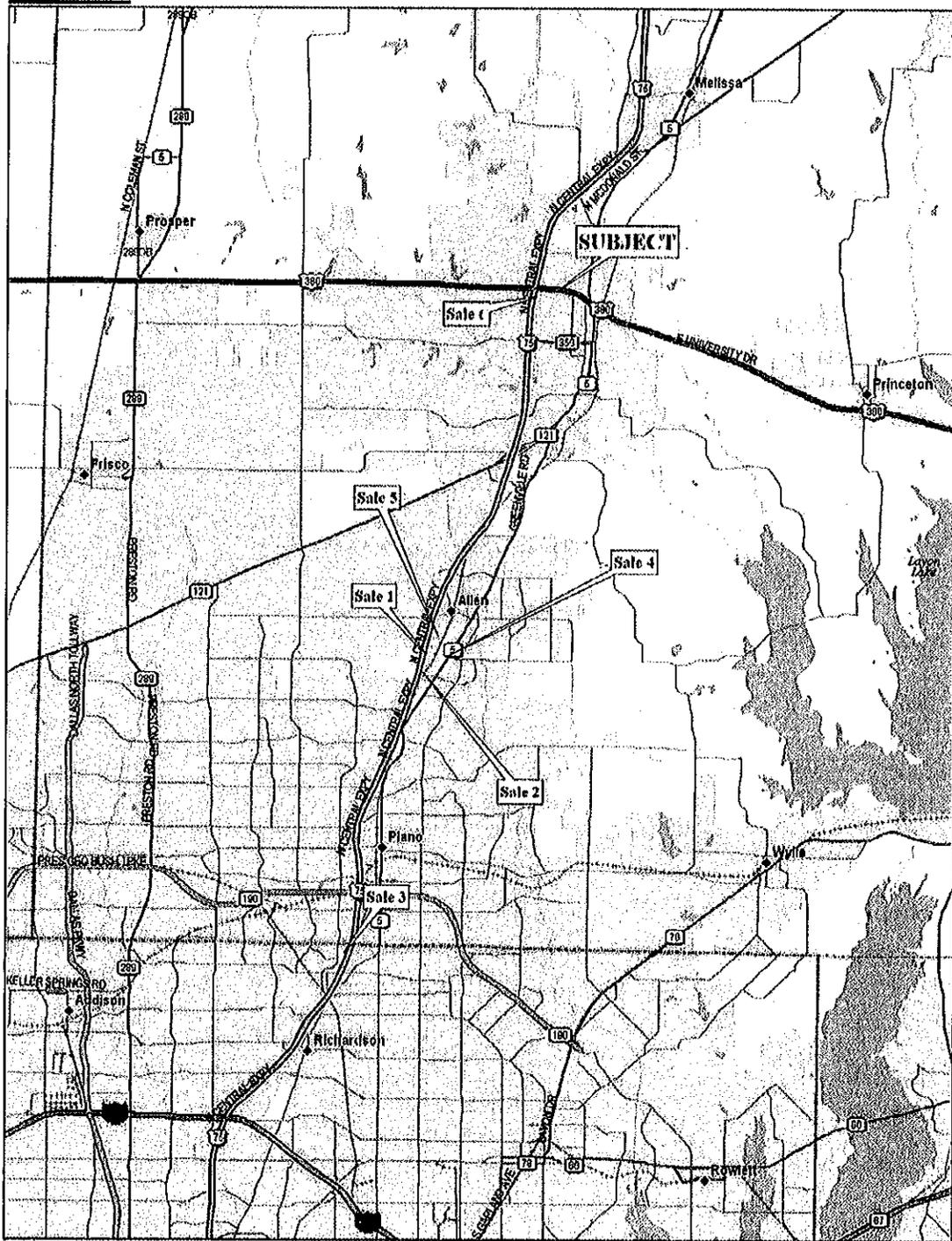
SALES COMPARISON APPROACH

Improved Sale Number 6

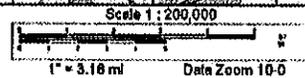
Address	1515 Heritage Drive (east of US 75 and south of University Drive), McKinney, Texas
Mapsc0	DA-261-M
Grantor	Jersey Investments, Inc.
Grantee	Houck Family, LLC
Date of Sale	November 1, 2006
Recording Data:	Doc#2006-1576010
Consideration	\$6,412,500 (\$153.59/SF)
Financing	Cash to Seller
Property Description	
YOC	2004
Construction	Brick and glass exterior
Net Rentable Area	41,751 SF
Quality/Condition	Very Good
Land Area	2.55 acres
Land to Building Ratio	2.66 to 1
Number of Spaces/Tenants	Multi-tenant
Parking Spaces	Surface lot

SALES COMPARISON APPROACH

IMPROVED LAND SALE MAP



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SALES COMPARISON APPROACH

Office Building Sales Summary						
Sale No.	Address	YOC	Size SF	Sale Date	Occupancy	Price/SF
1	601/701 Experian Parkway, Allen	1982/1983	292,700	04/05	100%	\$151.00
2	1025 S. Central Expressway, Allen	2000	97,770	06/05	100%	\$130.41
3	2323 N. Central Expressway, Richardson	1986	131,541	08/05	0%	\$96.55
4	830 S. Greenville Ave, Allen	1999	70,680	10/05	100%	\$144.31
5	505 Millenium Drive, Allen	1999	95,877	07/06	0%	\$ 61.99
6	1515 Heritage Drive, McKinney	2004	41,751	11/06	98%	\$153.59
SUBJECT	1800 North Chaves Street	1957/ (Renovated in 1999)	174,978			

A search of the D/FW metroplex for municipal or governmental offices similar to the subject did not result in finding any recent sales. Since the primary use of the subject is for county office, it is most similar to single tenant office building. The comparables previously presented, represent recent sales of office buildings in the Richardson/Plano/Allen/McKinney area.

The first step in any comparative analysis is to identify which elements of comparison affect property values in the subject market. Each of the basic elements of comparison must be analyzed to determine whether an adjustment is required. If sufficient information is available, a quantitative adjustment can be made.

Adjustments for differences are made to the price of each comparable property to make that property equivalent to the subject in market appeal on the effective date of the opinion of value. The magnitude of the adjustment made for each element of comparison depends on how much that characteristic of the comparable property differs from the subject property. We have considered all appropriate elements of comparison in the following discussions.

In the following analysis, consideration is given for rights conveyed, financing, sale and market conditions, location, and physical characteristics. Property rights conveyed and financing are basic components of sale. Rights conveyed should be identical and financing should be on a cash equivalent basis. Sale conditions require analysis to determine any unusual characteristics. Consideration of market conditions is necessary because of the cyclical nature of the real estate market and continuous economic change. The location adjustment considers factors such as type, compatibility, quality, desirability, and accessibility of area development. Comparison of utility considers such factors as zoning, size, and frontage.

All the adjustments are estimations based on the experience of the appraisers after careful inspection and consideration of all the properties involved. These adjustments are not intended as exact measurements, but are used to more accurately define the range of values indicated by the market.

SALES COMPARISON APPROACH

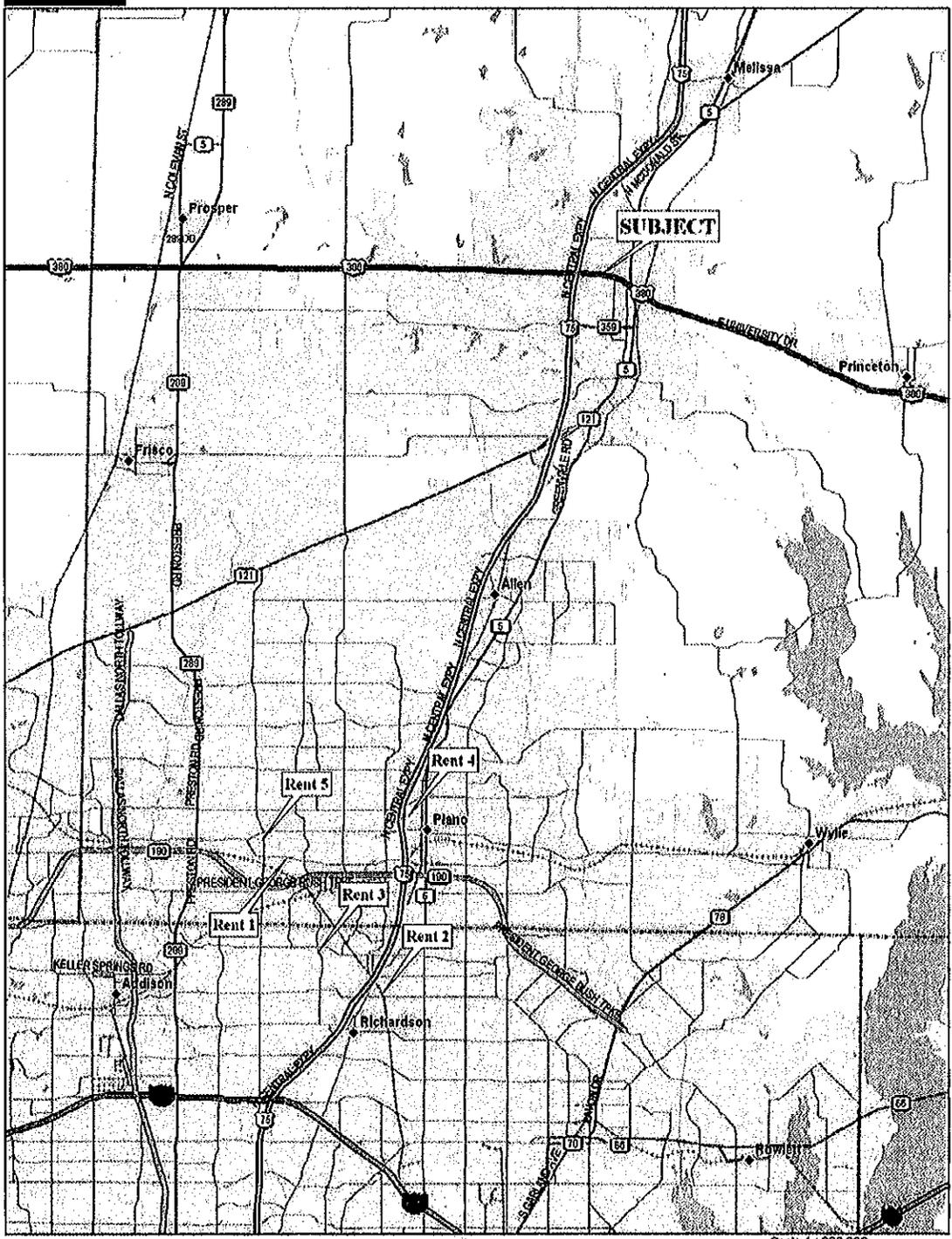
Sales Adjustments

These adjustments are predicated upon the potential inferior or superior income generation achievable as compared to the income generation potential of the subject under its concluded highest and best use, and based on the cost of construction and the recovery rate of those costs. We have only attempted to outline the reasoning and logic for the adjustments. The adjusted sales ranged from \$67.25/SF to \$115.97/SF. All of the sales required substantial adjustments given their differences from the unique characteristics of the subject. It is our opinion that a value from the lower to middle of the adjusted range of \$80.00/SF is the best indicator for the subject property.

OFFICE BUILDING SALES ADJUSTMENT GRID						
Sale No.	1	2	3	4	5	6
Year Built	1982/1983	2000	1986	1999	1999	2004
Size SF	292,700	97,770	131,541	70,680	95,877	41,751
Sale Date	04/05	06/05	08/05	10/06	07/06	11/06
Sale Price Per SF	\$151.00	\$130.41	\$96.55	\$144.31	\$61.99	\$153.59
Rights Conveyed	-0-	-0-	-0-	-0-	-0-	-0-
Financing	-0-	-0-	-0-	-0-	-0-	-0-
Sale Conditions	-0-	-0-	-0-	-0-	-0-	-0-
Market Conditions	+20%	+19%	+18%	+11%	+13%	+10%
Adjusted Price	\$181.20	\$155.19	\$113.93	\$160.18	\$70.05	\$168.95
Location	-20%	-20%	-20%	-20%	-20%	-0-
Size	+4%	-4%	-2%	-6%	-4%	-25%
Age/Condition	-10%	-20%	-15%	-20%	-20%	-25%
L/B Ratio	-10%	-0-	-10%	-10%	-10%	-0-
Occupancy	-0-	-0-	+20%	-0-	+50%	-0-
Net Adjustment	-36%	-44%	-27%	-56%	-4%	-50%
Adjusted Price/SF	\$115.97	\$86.91	\$83.17	\$70.48	\$67.25	\$84.48
After Adjustments Mean		\$85.66				
After Adjustments Median		\$83.83				
VALUE INDICATED BY THE SALES PRICE PER SQUARE FOOT METHOD						
<u>Size SF</u> 174,978 SF	<u>Price/SF</u> X \$80.00		<u>Indicated Value</u> = \$13,998,240			
Value by Sales Comparison Rounded To \$14,000,000						

INCOME CAPITALIZATION APPROACH

RENTAL MAP



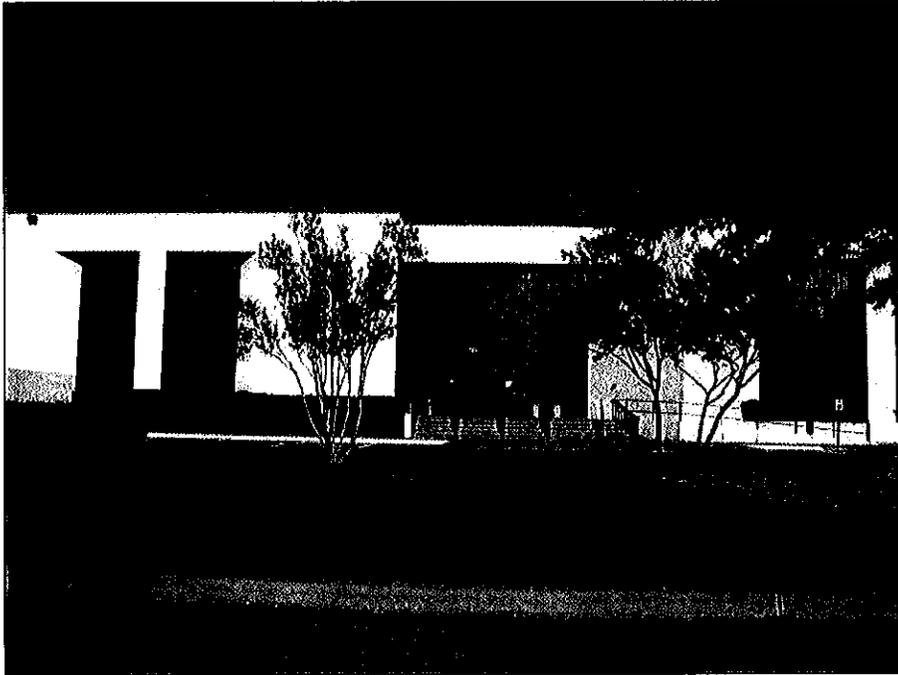
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 www.delorme.com

INCOME CAPITALIZATION APPROACH
RENTAL NO. 1

Location:	600 Data Drive, Plano
Mapsc0:	DA-657-Y
Gross Building Area:	77,664 SF
Year of Construction:	1975/2006 Renovation
Construction Type:	Tilt Wall
Condition/Quality:	Very Good
Parking:	Surface
Occupancy:	100% (Tenant seeks sublease)
Lease Term:	3 years
Expenses:	NNN
Rental Rate:	\$8.00/SF NNN
Comments:	This single tenant office/tech building contains a high level of office finish and 16' clear heights.

INCOME CAPITALIZATION APPROACH

RENTAL NO. 2



Location:	1122 Alma Road, Richardson
Mapsc0:	DA-7Y
Gross Building Area:	82,576 SF
Year of Construction:	1978
Construction Type:	Concrete and glass
Condition/Quality:	Good
Parking:	Surface
Occupancy:	0%
Lease Term:	Negotiable
Expenses:	NNN
Rental Rates:	\$10.00/SF plus electric
Comments:	This single tenant office building is situated on 4 acres of land. The facility was built in 1978 and renovated in 1992.

INCOME CAPITALIZATION APPROACH

RENTAL NO. 4

Location: 651 East 18th Street, Plano
Mapco: DA-658-V

Gross Building Area: 20,329 SF
Year of Construction:
Construction Type: Tilt wall
Condition/Quality: Good
Parking: Surface

Occupancy: 0%
Lease Term: Negotiable
Expenses: NNN
Rental Rates: \$10.50/SF NNN

Comments: This single tenant building was formerly occupied by the city of Plano and subsequently a software company. The facility is built out with a high level of office finish.

INCOME CAPITALIZATION APPROACH

RENTAL NO. 5

Location: 1221 Coit Road, Plano
Mapsc0: DA-657-X

Gross Building Area: 131,374 SF
Year of Construction: 1986/2008 Renovated
Construction Type: Tilt wall
Condition/Quality: Very Good
Parking: Surface

Occupancy: 0%
Lease Term: Negotiable
Expenses: NNN
Rental Rates: \$12.00/SF Triple Net

Comments: This single tenant building was formerly a call center. The building has 85,000 square feet of raised computer floor space, back-up generators and a cafeteria. There are 115,248 square feet on the first floor and 16,126 square feet on the mezzanine level.

INCOME CAPITALIZATION APPROACH

Summary of Comparable Rentals				
Bldg. Name/Location	Size (SF)	Year Built	Lease Rate/SF	Lease Basis
600 Data Drive, Plano	77,664	1978/2006	\$8.00/SF	NNN
1122 Alma Road, Richardson	82,576	1978	\$10.00/SF	+ Electric
677 West Campbell, Richardson	76,802	1978/2004	\$12.90/SF	NNN
651 East 18 th Street, Plano	20,329	1962/2006	\$10.50/SF	NNN
1221 Coit Road, Plano	131,374	1986/2008	\$12.00/SF	NNN
SUBJECT 1800 North Graves Street	174,978	1957 (Renovated in 1999)		

Analysis of Comparable Data

Due to the unique nature of the subject property, we surveyed a variety of single tenant buildings from neighboring Richardson, Plano and Allen. Most facilities similar to the subject are owner occupied, thus actual lease data is rare. In addition to the rent comparables previously presented, we have researched some additional large single tenant facilities in other areas of the Dallas/Fort Worth metroplex.

AT& T Call Center	15100 FAA Blvd.	64,292 SF leased	at \$8.00/SF NNN
Experian	601/701 Experian Parkway	292,700 SF leased	at \$12.33/SF NNN.
Hoya Optical	651 E. Corporate Drive	100,000 SF leased	at \$11.00/SF NNN.
HIT Entertainment	803 Greenville	70,680 SF leased	at \$17.25/SF+Electric
The Hills	6311 Grapevine Highway	299,626 SF leasing	at \$10.00/SF NNN

In particular, the Hills office complex in North Richland Hills has some similarities to the subject property in that it is the redevelopment of a former regional mall into a mix of office buildings. The mall buildings were constructed in 1962 and renovated in 1999. The buildings are being leased at rates between \$9.00/SF and \$11.00/SF on a triple net basis.

The results of this survey indicate lease rates ranging from \$8.00/SF to \$17.25/SF on a triple net or plus electric basis. Based on visual observation of the market rent comparables as compared with the subject, it is our opinion that the subject would command a rental rate from the lower end of the range on an absolute net lease basis given its age, size and special use nature.

INCOME CAPITALIZATION APPROACH

Market Rent and Gross Potential Rental Income

Based on the preceding, and realizing differences in similar office projects, in areas of age, size, condition/quality, and location, a market rental range for the subject is indicated to be at the lower to middle of the range at approximately \$10.00 per square foot on an triple net lease basis. Therefore, based on the estimated market rate, the Gross Potential Rental Income for the subject is \$1,749,780.

Expense Reimbursements

As shown in the rental sample, single tenant office properties are typically leased on an absolute or triple net lease basis with the tenant paying all utilities, insurance, routine maintenance expenses and taxes. Therefore, no reimbursements or detailed expenses are estimated.

Market Vacancy and Collection Loss

The rent comparables surveyed ranged from 0% to 100% occupied. Given that the subject is a single tenant facility, it will be either 100% occupied or completely vacant. The subject property has been 100% owner occupied since 1999. Assuming an average of one year of vacancy every ten years, a collection loss factor of 10% is estimated to account for any potential rent loss.

Effective Gross Income

The effective gross income is the remaining income after anticipated vacancy and collection losses have been deducted from the potential gross income.

OPERATING EXPENSES

This generally denotes all expenses necessary to maintain the production of income from the operation of the property. The subject is projected to lease on an absolute or triple net basis with the tenant responsible for all expenses except management fees and replacement reserves.

Management Fees

This expense item covers the fee charged by a management company for overseeing leasing operations, collecting rent, and coordinating and supervising maintenance. Typical management fees for office properties range from 3% to 5% of effective gross income. In this analysis, a 5% management fee is estimated.

INCOME CAPITALIZATION APPROACH

Structural Maintenance and Repairs

The replacement reserve expense category pertains to exterior maintenance and major systems of the building. Given its 1999 renovation and its very good condition, a reserves expense estimate of \$0.50 per square foot will be used.

Net Operating Income

The net operating income estimated for the subject property is calculated below.

ESTIMATED INCOME AND EXPENSE SUMMARY			
Potential Gross Rental Income		Total	\$/SF
Total Potential Income		\$1,749,780	\$10.00
Less: Vacancy @	10%	\$ 174,978	\$ 1.00
Effective Gross Income		\$1,574,802	\$ 9.00
<u>Less Expenses</u>			
Management Fee at 5%		\$ 78,740	\$ 0.45
Replacement Reserves		\$ 87,489	\$ 0.50
Total Expenses		\$166,229	\$ 0.95
Net Operating Income (NOI)		\$1,408,573	\$ 8.05

INCOME CAPITALIZATION APPROACH

CAPITALIZATION USING AN OVERALL RATE

The method of capitalization selected for this appraisal is the Direct Capitalization Method in which the net income stream attributable to the entire property is capitalized into an indication of value by a single overall rate (OAR). Income producing property is usually bought as an investment. That is, the purchaser wants the property for the return it will yield on the capital (whether owned or borrowed) used to buy it. The rate of return the investor receives is the capitalization rate (also called the overall rate), which can be expressed as a relationship between the annual net operating income a property produces and its value. By dividing the indicated net operating income of a property by the appropriate capitalization (cap) rate, the property's value can be indicated.

Two methods of developing capitalization rates are illustrated below. First is the band of investment method. This method considers the financial components, or bands, of debt and equity capital required to support the investment. Second is the market capitalization rate. This is an overall rate exhibited in the market and is the ratio between the total net operating income (NOI) produced by the property and the sales price from the property.

Generally the overall rate is extracted from the transactions of similar type properties. However, only three of the six comparable sales presented in this report had report income information from which to extract a market capitalization rate. The overall capitalization rates from these sales are summarized below.

Overall Capitalization Rate Summary	
Sale 1 – 601 Experian	7.3%
Sale 4 – 830 Greenville	7.5%
Sale 6 – 1515 Heritage	6.32%

Band of Investment Method

A method commonly used to calculate an overall capitalization rate is the band of investment method. This method considers the financial components, or bands, of debt and equity capital required to support the investment. This method thus takes into account everyone who has a financial interest in the real estate being appraised. Not every investor will be satisfied with the same rate of return on an investment. For example, the owner may regard his or her position as riskier than that of the first or second lien holder. Each mortgage creates a lien on the property. If the owner defaults, the property may be sold to pay such liens, and the owner will receive only those proceeds that may remain from the sale of the property after the lien holders have been paid. Since the owner's interest is generally considered inferior to those of lien holders, the owner may require a higher total return on the investment but accept a lower cash flow return, given the value of the owner's residual interest in the property in addition to the owner's subordinated claim on the cash flow.

INCOME CAPITALIZATION APPROACH

The band of investment method must take into account both the rate required by the lender and the rate necessary for the equity investor's desired pretax cash flow. The rate required by the lender is termed the mortgage constant and is annual debt service expressed as a percentage of the original principal amount.

The rate required by the equity investor, which is the ratio of the investor's expected pretax cash flow to the investment's value, is called the equity capitalization rate.

The equity capitalization rate also may be referred to at the cash on cash rate, cash flow rate or equity dividend rate.

The overall rate developed by the band of investment method thus is based on (1) the capitalization rate for debt, called the mortgage constant, and (2) the rate of return required on equity, called the equity capitalization rate.

The chart below outlines current commercial loan terms from mortgage brokerage firm Steelhead Capital. The subject property is an owner occupied, single tenant building.

OFFICE / INDUSTRIAL / NNN / RETAIL / STORAGE LOANS			
Single Tenant / NNN - Credit - Non-Recourse (\$1mm To \$10mm+)			
Max LTV	Fixed Term	Loan Rate	Max Amort.
80% Purchase And Refinance	5 Year	6.50%	30
	10 Year	6.75%	30
	30 Year	8.97%	30
Single Tenant / NNN - Non-Credit - Non-Recourse (\$500k To \$10mm+)			
Max LTV	Fixed Term	Loan Rate	Max Amort.
75% Purchase 75% Refinance	3 Year	6.48%	30
	5 Year	6.96%	30
	10 Year	7.39%	30
	30 Year	9.11%	30
Multi-Tenant - Recourse (\$500k To \$10mm)			
Max LTV	Fixed Term	Loan Rate	Max Amort.
75% Purchase 75% Refinance	3 Year	6.48%	30
	5 Year	6.96%	30
	10 Year	7.39%	30
	30 Year	9.11%	30

Given the subject's age, special use nature and size, we are predicting a 30-year amortization period, covering 75% of the value at 8.25% interest. Typically a buyer would require a 12% equity dividend rate on this type of real estate investment, considering the risk inherent in a single tenant building and given the atypical characteristics of the subject. The band of investment method is developed on the following page.

INCOME CAPITALIZATION APPROACH

Band of Investment Calculations					
Amortization Period	30 Years		Mortgage Constant	0.0902	
Loan	75%				
Equity	25%				
Interest Rate	8.25%				
Equity Cap	12%				
	<u>% Total Value</u>		<u>Return Required</u>		
Loan	0.75	X	0.0902	(mortgage constant)	= 0.06761
Equity	0.25	X	0.1200	(equity cap rate)	= 0.03000
			Overall Rate		0.09761
				Rounded	10%

Secondary Data Sources

Real Estate Research Corporation (RERC) conducts a quarterly survey of major knowledgeable real estate participants include large insurance companies, financial institutions, property owners, brokers, appraisers, and other market participants. This survey tracks target rates of return for predominately investment-grade properties. The average overall rate for the suburban office market in the Dallas/Fort Worth metroplex was 6.8%.

Dallas/Ft. Worth

2nd Quarter 2008

	Dallas Investment Criteria													
	Pre-Tax Yield (%)				Going-In Cap Rate (%)				Terminal Cap Rate (%)				Anticipated Growth Rates	
	1990-95	1996-01	2002-07	11/08	RERC Estimate	Dallas Survey	South Region	U.S.	RERC Estimate	2008-11/07	2009-11/07	2010-11/07	11/08	1-Year Value
CBD	8.8	8.5	9.6	8.8	7.1	6.8	7.2	7.3	7.7	8.0	7.6	7.9	1.2	3.2
Suburban	8.0	8.5	8.9	9.2	7.1	6.8	7.3	7.5	7.8	7.5	7.9	8.1	1.4	4.4
Warehouse	8.0	9.3	8.6	9.1	7.0	6.8	7.4	7.5	7.5	7.3	7.9	8.1	2.0	0.4
R&D	8.0	9.5	9.2	9.4	7.5	7.5	7.8	7.8	8.0	8.0	8.2	8.5	2.1	1.6
Flex	8.0	9.5	9.7	9.3	7.4	7.0	7.1	7.7	7.8	7.5	7.9	8.3	2.0	1.9
Regional Mall	8.0	8.0	7.9	8.8	6.6	6.5	6.9	7.2	7.2	7.0	7.8	7.9	1.3	2.6
Power Center	8.6	8.5	8.6	8.9	7.1	7.0	7.1	7.4	7.7	7.5	7.8	8.1	1.2	2.5
Neigh/Comm.	8.8	8.0	9.1	9.1	7.2	6.8	7.6	7.6	7.7	7.0	8.0	8.3	1.3	2.6
Apartment	8.6	9.0	8.7	8.7	6.5	6.0	7.2	8.8	7.1	6.5	7.0	7.5	2.9	2.6
Hotel	9.9	10.5	10.4	10.5	9.0	8.5	8.0	8.6	8.7	9.3	9.5	9.3	1.2	1.0
Average	8.8	8.8	8.9	9.2	7.2	7.0	7.5	7.5	7.7	7.6	8.0	8.2	1.7	2.3

Metro survey results may not be statistically valid.
Source: RERC Investment Survey

INCOME CAPITALIZATION APPROACH

In addition to RERC, another secondary source of published actual capitalization rates is the Korpacz Investor Survey. The 2nd Quarter of 2008 Korpacz Survey reports an overall rate range of between 6% and 9%, with an average capitalization rate or 7.15%.

Exhibit 3 BREAKOUT OF KEY INDICATORS Second Quarter 2008						
CBD Of:	DISCOUNT RATE		OVERALL CAPITALIZATION RATE		RESIDUAL CAP RATE	
	RANGE	AVERAGE	RANGE	AVERAGE	RANGE	AVERAGE
Atlanta	6.00% - 10.00%	8.38%	5.25% - 9.00%	7.19%	6.50% - 9.00%	7.63%
Boston	7.00% - 11.00%	8.67%	5.00% - 9.75%	6.82%	6.50% - 9.50%	7.73%
Charlotte	7.00% - 10.00%	8.40%	6.00% - 9.00%	7.33%	6.50% - 8.50%	7.30%
Chicago	7.00% - 10.00%	7.98%	4.50% - 9.00%	6.57%	6.50% - 9.00%	7.27%
Dallas	7.50% - 9.00%	8.41%	6.00% - 9.00%	7.15%	6.50% - 9.25%	7.59%
Denver	7.00% - 9.00%	8.18%	5.50% - 7.00%	6.23%	6.50% - 7.90%	7.08%
Houston	7.50% - 10.00%	8.46%	5.00% - 10.00%	7.11%	7.00% - 10.00%	8.04%
Los Angeles	6.75% - 11.00%	8.24%	3.00% - 9.00%	5.86%	6.00% - 9.00%	7.32%
Manhattan	6.00% - 9.50%	7.72%	3.50% - 8.00%	5.67%	5.75% - 9.25%	6.91%
Pacific Northwest	5.00% - 11.00%	8.60%	5.00% - 11.00%	7.15%	6.25% - 9.00%	7.44%
Philadelphia	8.00% - 10.50%	9.00%	5.00% - 9.00%	7.38%	7.00% - 9.50%	8.38%
Phoenix	5.00% - 9.50%	7.88%	5.00% - 8.50%	6.81%	6.50% - 9.00%	7.52%
San Diego	5.60% - 10.00%	8.17%	4.75% - 7.50%	5.95%	6.00% - 7.00%	6.64%
San Francisco	6.50% - 12.00%	7.60%	4.50% - 9.00%	5.83%	5.00% - 9.00%	6.73%
Southeast Florida	7.00% - 11.00%	8.75%	6.00% - 8.50%	7.34%	7.50% - 8.75%	7.88%
Washington, DC	6.00% - 9.50%	7.51%	5.00% - 8.00%	6.23%	5.00% - 9.00%	6.85%

The secondary capitalization rate information presented below is for investment grade properties. An older, special use property such as the subject would require a higher capitalization rate due to the increased risk of long term vacancy. We estimate a 3% to 4% premium would be added to account for the subject's age, size, construction type and potential rent loss.

CAPITALIZATION OF NET OPERATING INCOME

The band of investment technique yielded an overall rate of 10%. Secondary data sources report a range of 6.8% to 7.15% (9.8% to 10.15% with a 3% premium for risk added) dependent upon location, class, etc. Considering that is subject is a single tenant owner occupied property, and given the characteristics of the area and market demand, an overall capitalization rate of 10.00% is supported. Using the net operating income and capitalizing it at that OAR produces the following value.

Net Operating Income		\$1,408,573
Capitalization Rate	÷	0.10
Value Indicated By Direct Capitalization		\$14,085,730
Rounded To		\$14,085,000

RECONCILIATION

In the preceding sections, the city of McKinney, subject neighborhood, and the office market are studied. The market was investigated for comparable land sales, comparable office building rental information and for sales of comparable office buildings.

The subject is a county courts facility containing 174,978 gross square feet and is located at the southeast corner of North Graves Street and University Boulevard. The property is approximately one half mile east of US 75, along the south side of University Boulevard. Currently the property is 100% occupied by a single owner user; Collin County.

Value of Land by Market Comparison **\$4,120,000**

Since the property was built in 1957 and renovated in 1999, depreciation is difficult to estimate. Therefore given its age and special use nature, the cost approach is not the primary method of valuation for the subject.

Value by the Cost Approach **\$15,000,000**

The price per square foot is used in the sales comparison approach to provide an indication of value for the subject. These transactions are considered to reflect the behavior of typical market participants. Although the sales were somewhat different in age, size and condition/quality, they provide reasonable value indications of the subject, after adjustment for these various differences. The value range derived by this approach is reasonable based on the best available market data.

Value by the Sales Comparison Approach **\$14,000,000**

The direct capitalization method is used in the income capitalization approach to develop an indication of market value. As both the income and expenses estimated based on market data and the subject property is owner occupied, the value estimate via the income approach is also considered a supportive indicator.

Value by the Income Capitalization Approach **\$14,085,000**

Value Conclusion

In conclusion, sales comparison approach and the income approach are considered the most reliable indicators of value for the subject. Based on the foregoing, our opinion of the market value of the subject office building, as of August 28, 2008 is estimated at:

Market Value, As Is **\$14,000,000**

REASONABLE MARKETING PERIOD

The request to provide a reasonable marketing time opinion exceeds the normal information required for the conduct of the appraisal process, and is treated separately from the process.

Reasonable marketing time, as defined by the Uniform Standards of Professional Appraisal Practice, Advisory Opinion No. 7, is an opinion of the amount of time it might take to sell a real or personal property interest in at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

The development of a marketing time opinion uses some of the same data analyzed in the process of developing a reasonable exposure time opinion as part of the appraisal process and is not intended to be a prediction of a date of sale or a one-line statement. It is an integral part of the analyses conducted during the appraisal assignment. This opinion may be expressed as a range and can be based on one or more of the following:

- ✓ Statistical information about days on market
- ✓ Information gathered through sales verification
- ✓ Interviews of market participants
- ✓ Anticipated changes in market conditions

Related information of market conditions that may affect marketing time includes identification of typical buyers and sellers for the type of real estate involved and typical equity investment levels and financing terms. Reasonable marketing time is a function of price, time, use, and shifting market conditions, e.g. changes in the cost and availability of funds-not an isolated opinion of time alone. The price that may be achieved in the future, at the end of the marketing period, may or may not be equal to the current appraised value opinion, depending on potential changes in the physical real estate, demographic and economic trends, the real estate market, tenancy, property operations and the effectiveness of the marketing program, among other factors.

A reasonable marketing period for the subject property at the market value opinion stated above is developed in the following manner:

- The opinion of value reached herein is considered to be supportable and reliable. It is based upon recent market data including conversations with area brokers and principals involved in the comparable sales utilized in the valuation of the subject.

According to local brokers, appropriately priced properties similar to the subject generally sell within time periods ranging from approximately 12 to 24 months. This opinion was supported by the marketing times reported by several of the parties to the improved comparable sales utilized herein. A reasonable marketing time for the subject property, priced in accordance with the market value opinion concluded in this report, is considered to be 12 months.

APPRAISER'S CERTIFICATE

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved. Our engagement in this assignment was not contingent upon developing or reporting predetermined results. Our 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.

To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which analyses, opinions and conclusions expressed herein are based, are true and correct.

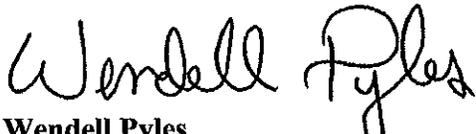
This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report. These are our personal, impartial, unbiased professional analyses, opinions, and conclusions.

This appraisal report has been made in conformity with the Uniform Standards of Professional Appraisal Practice. We certify that, to the best of my knowledge and belief, 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 Practice of the Appraisal Institute and in conformity with the rules of the Texas Real Estate Commission. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

The Appraisal Institute conducts a program of continuing education for its designated members. As of the date of this report, Wendell Pyles and Christi Boyd Glendinning have completed the requirements of the continuing education program of the Appraisal Institute.

I certify that Wendell Pyles and Christi Boyd Glendinning have personally inspected the property appraised and that no one provided significant real property appraisal assistance to the person(s) signing this certification.

PYLES★WHATLEY CORPORATION



Wendell Pyles
Appraisal Institute, MAI #6698
State of Texas Certification #1320453-G



Christi Boyd Glendinning
Appraisal Institute, MAI#9505
State of Texas Certification #1321645-G

QUALIFICATIONS OF APPRAISER

WENDELL PYLES, MAI, SR/WA

Real estate appraiser practicing as a co-owner of PYLES WHATLEY CORPORATION.

Appraisal assignments include office buildings, multi-family dwellings, commercial and industrial properties, condemnation work, automobile dealerships, land development, and specialized properties, as well as feasibility and marketing studies.

Qualified as expert witness in Texas District Courts and U.S. Bankruptcy courts.

Experience

- ◆ Since 1983, owner of Wendell Pyles & Company, predecessor firm to Pyles Whatley Corporation, conducting appraisal assignments throughout Texas and the Southwest
- ◆ Experience in commercial real estate sales and mortgage brokerage
- ◆ Financial Analyst with W. R. Grace & Company. Involved in capital expenditure analysis, financial reporting, and acquisition evaluation

Education

- ◆ Master of Business Administration
Oklahoma State University
- ◆ Bachelor of Science - Business Administration
(Banking & Finance)
Oklahoma State University
- ◆ Completed numerous appraisal courses and seminars conducted by the Appraisal Institute and various real estate and financial organizations.

Professional

- ◆ Member - Appraisal Institute (MAI), Certificate No. 6698. The Appraisal Institute conducts a program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification, and I am currently certified under this program.
- ◆ Certified by State of Texas as General Real Estate Appraiser TX-1320453-G
- ◆ Senior Member (SR/WA) -- International Right-of-Way Association, Registration Number 4444
- ◆ Right-of-Way Professional of the Year, 2004 - IRWA Chapter 36

Membership

- ◆ North Texas Chapter Appraisal Institute - Board of Directors, 1989-1991; 1998-2000
Chairman, Candidate Guidance Committee, 1990; Regional Representative, 1993
- ◆ International Right of Way Association Member
Chapter 36 - Secretary, 2001; Vice President, 2002; President, 2003; Board of Directors, 2004-2005

QUALIFICATIONS OF APPRAISER

CHRISTI BOYD GLENDINNING, MAI

Appraisal assignments include retail centers, restaurants, office buildings, multi-family dwellings, commercial and industrial properties, condemnation work, automobile dealerships, subdivisions, special use properties. Consulting assignments include site selection, feasibility studies and market studies.

Experience

- ◆ Over 20 years experience in commercial real estate valuation, brokerage and consulting
- ◆ Consulting and valuation assignments performed throughout Texas, Virginia, Maryland and the District of Columbia
- ◆ Experience in real estate acquisitions, zoning entitlements and development due diligence
- ◆ Property tax consulting for commercial, residential and business personal property

Education

- ◆ University of Texas at Arlington, Bachelor of Business Administration - Real Estate
- ◆ Appraisal Institute, MAI Curriculum & Continuing Education
- ◆ Basic Economic Development Course, Texas A& M University

Professional

- ◆ Member - Appraisal Institute (MAI), Certificate No. 9505. The Appraisal Institute conducts a program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification, and I am currently certified under this program.
- ◆ Certified by State of Texas as General Real Estate Appraiser TX-1321645-G

Memberships

- ◆ North Texas Chapter Appraisal Institute
- ◆ Metro Tex Association of Realtors, Inc.
- ◆ Texas and National Association of Realtors

ADDENDA

PURCHASE ORDER

Collin County
TAX EXEMPT
Under section 151.309
Vernon's Texas Codes Annotated
TAX CODE



**COLLIN COUNTY
PURCHASE ORDER**

1
07/25/08

P.O.# 831221

MATT DOBECKA

SHIP TO: **COLLIN COUNTY**
ON SITE REPAIR OR SERVICE
AT COUNTY LOCATION AS
SPECIFIED
VENDOR NO. **MCKINNEY, TX 75069**
16870

SCHEDULE DELIVERY ON
OR BEFORE: **10/01/08**
DEPT: **TERESA NELSON**
REQ. REF: **118245**
PROJECT:

SHOW THE ABOVE PURCHASE ORDER
NUMBER ON ALL SHIPPING CONTAIN-
ERS, PACKING LISTS CONTAINERS,
AND CORRESPONDENCE.

PYLES WHATLEY CORPORATION
11551 FOREST CENTRAL DRIV
SUITE 220
DALLAS, TX 75243

WENDELL PYLES

TEL# (214) 340-5880
FAX# (214) 340-5422

SHIPPING INSTRUCTIONS
F.O.B. .
 DESTINATION
 SHIP POINT
(SEE BELOW)

SEND ORIG. & ONE COPY OF INVOICE TO:
COLLIN COUNTY
200 E. McDONALD ST. STE 300
MCKINNEY, TX 75069
ATTN: AUDITOR

ITEM	ACCT/DESCRIPTION	QUANTITY	COST	AMOUNT
	001-1001-411.87-01			
1	946 017 APPRAISAL SERVICES; COLLIN COUNTY FACILITY 1800 NORTH GRAVES STREET, MCKINNEY PER PROPOSAL DATED 7-23-08	5000.00	1.0000 EA	5000.00
			SUB-TOTAL	5000.00
			TOTAL	5000.00

AUTHORIZED BY **FRANK YBARBO**
PURCHASING AGENT

THIS ORDER IS SUBJECT TO THE TERMS AND CONDITIONS SHOWN
ON THE FACE AND REVERSE SIDE HEREOF. NO CHANGES MAY BE
MADE WITHOUT THE WRITTEN CONSENT OF THE PURCHASER.

FAXED / MAILED / VERBAL DATE 7/25/08
 E-MAIL / ON-LINE

Purchasing Auditor/Receiving
PURCHASING DEPARTMENT MCKINNEY, TEXAS 75069 METRO (972) 424-1400, EXT 4168 (872) 548-4185

TAX CARD

COLLIN CAD Property Information

COLLIN Short Account Number: 1076873 Long Account Number: R-6937-000-0180-1

Owner's Name and Mailing Address	COLLIN COUNTY 210 S McDONALD ST MCKINNEY, TX 75069		
Location	1800 GRAVES ST N MCKINNEY		
Legal Description	ABSTRACT A0637 STAPP, B F, TRACT 16, ACRES 11.8170		
Taxing Entities	Code	Name	2007 Tax Rate
	CMC	MCKINNEY CITY	0.685500000
	GCN	COLLIN COUNTY	0.245000000
	JCN	COLLIN CO COM COLLEGE	0.086884000
	BMC	MCKINNEY ISD	1.617000000

EXEMPTION INFORMATION

Exemption Code	Exemption Description
EX	TOTAL EXEMPTION

Data up to date as of 2008-07-29.

PROPERTY	VALUE INFORMATION	2008 Certified
Exemptions	(See Improvement Value Subject To Below)	\$0
Land Acres	11.817	\$14,572,742
Last Deed Date		\$14,572,742
Last Deed Volume		\$3,088,494
Last Deed Page		\$0
Last Deed Inst. Num.		\$17,661,236
Agent Code		

* 'Nov' means that this property was added after the values were prepared.

MAPS and FORMS

- [Plot Map Image \(TIFF Form\)](#)
- [Homeless Exemption Application](#)
- [New Plot Map \(PDF Form\)](#)
- [Over 65 Exemption Application](#)
- [GIS Digital Map](#)
- [Disabled Person Exemption Application](#)

<http://www.collincad.org/collindetail.php?theKey=1076873>

9/3/2008

General Questions Request Notice of Appraised Value Appraisal Review Request

IMPROVEMENT INFORMATION

Imp. ID	State Category	Descr
7542	F3 COMMERCIAL	COMMERCIAL
7543	F3 COMMERCIAL	COMMERCIAL

SEGMENT INFORMATION

Imp ID	Seg ID	Description	Area	Actual Year Bld
7542	12610	MA MAIN AREA	177,105	1957
7543	12611	ASP ASPHALT PAVING	195,411	1972
Total Living Area			177,105	

LAND INFORMATION

Land ID	State Category	Size-Acres	Size-Sqft
6460	EXEMPT (COUNTY)	11.817000	0

DEED HISTORY

Deed ID	Seller Name	Buyer Name	Deed Date	Deed Vol	Deed Page
898564	COLLIN COUNTY	COLLIN COUNTY			
569302	MCKINNEY HOSPITAL VENTURE	COLLIN COUNTY	Feb 18 1999	00-0021343	4258-1985
303366	NTMC VENTURE INC	MCKINNEY HOSPITAL VENTURE	Feb 1 1990	3212	634
303365	AMI CENTRAL REGION	NTMC VENTURE INC	Jan 31 1990	3212	629
279740	AMI CENTRAL REGION	AMI CENTRAL REGION	Jul 1 1983	16920341	

CERTIFIED VALUE HISTORY

Tax Year	2007	2006	2005
Improvements	\$14,456,447	\$13,916,774	\$12,288,637
Land Market	\$3,088,494	\$3,088,494	\$3,088,494
Ag. Land Market			
TOTAL MARKET	\$17,554,941	\$17,008,268	\$15,377,131
Land Ag. Use			

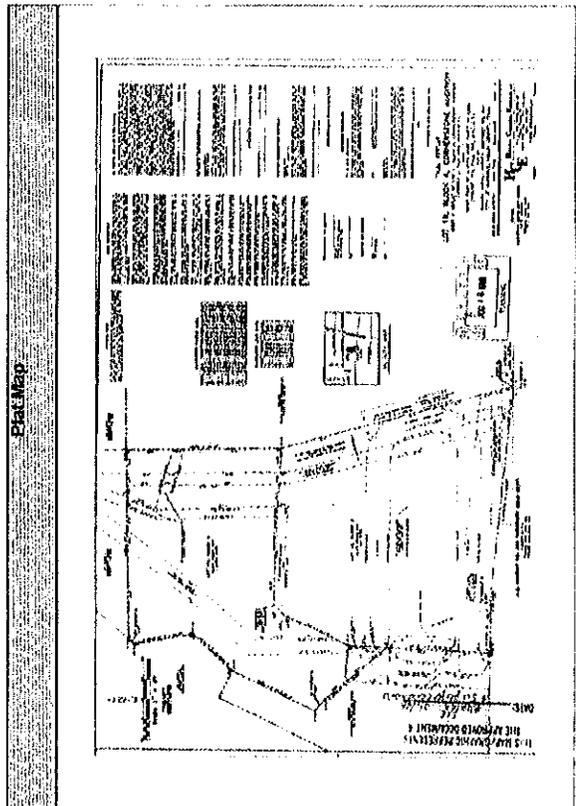
<http://www.collincad.org/collindetail.php?theKey=1076873>

9/3/2008

10% Limited Adjustment			
APPRAISED	\$17,554,941	\$17,008,268	\$15,377,131
Exemptions			
Special Exemptions			

For prior years' history, please click here

SB 541, effective September 1, 2005, provides that appraisal district webpages cannot display photographs, sketches, or floor plans of an improvement to real property that is designed primarily for use as a human residence. Likewise, aerial photography of residential property will also be unavailable unless the photo depicts five or more separately owned buildings.



UTILITY EXPENSE STATEMENTS

Electric June 2007 - June 2008

Total Cost	2007												2008													
	June	July	August	September	October	November	December	January	February	March	April	May	June	June	July	August	September	October	November	December	January	February	March	April	May	June
County Facilities	\$24,859.39	\$24,636.78	\$24,281.89	\$23,058.53	\$20,130.12	\$21,430.25	\$21,672.34	\$19,017.50	\$20,196.51	\$21,337.99	\$19,028.91	\$23,841.07	\$23,383.02	\$24,859.39	\$24,636.78	\$24,281.89	\$23,058.53	\$20,130.12	\$21,430.25	\$21,672.34	\$19,017.50	\$20,196.51	\$21,337.99	\$19,028.91	\$23,841.07	\$23,383.02
University Drive Courts Facility	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,258.23	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,258.23	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99	\$1,178.99

Kwh

County Facilities	2007												2008													
	June	July	August	September	October	November	December	January	February	March	April	May	June	June	July	August	September	October	November	December	January	February	March	April	May	June
University Drive Courts Facility	267,412.50	256,050.00	253,764.00	243,036.00	203,498.00	210,052.00	201,712.50	170,451.00	182,552.00	195,075.00	198,162.00	254,212.00	249,107.00	267,412.50	256,050.00	253,764.00	243,036.00	203,498.00	210,052.00	201,712.50	170,451.00	182,552.00	195,075.00	198,162.00	254,212.00	249,107.00
University Drive Parking Lot	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	7,253.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	7,253.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00

Water June 2007 - June 2008

Total Cost	2007												2008													
	June	July	August	September	October	November	December	January	February	March	April	May	June	June	July	August	September	October	November	December	January	February	March	April	May	June
County Facilities	\$1,362.63	\$1,227.63	\$2,279.45	\$2,174.32	\$1,727.44	\$1,371.00	\$1,046.48	\$1,041.16	\$902.84	\$1,003.92	\$1,291.26	\$1,637.00	\$1,961.52	\$1,362.63	\$1,227.63	\$2,279.45	\$2,174.32	\$1,727.44	\$1,371.00	\$1,046.48	\$1,041.16	\$902.84	\$1,003.92	\$1,291.26	\$1,637.00	\$1,961.52
University Drive Courts Facility	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52	\$28.52
University Drive Fire Hydrant	\$199.35	\$199.35	\$199.35	\$270.10	\$594.23	\$508.94	\$239.94	\$239.94	\$239.94	\$239.94	\$239.94	\$239.94	\$239.94	\$199.35	\$199.35	\$199.35	\$270.10	\$594.23	\$508.94	\$239.94	\$239.94	\$239.94	\$239.94	\$239.94	\$239.94	\$239.94

Gallons

County Facilities	2007												2008													
	June	July	August	September	October	November	December	January	February	March	April	May	June	June	July	August	September	October	November	December	January	February	March	April	May	June
University Drive Courts Facility	305,000.00	251,000.00	374,000.00	351,000.00	267,000.00	200,000.00	139,000.00	138,000.00	112,000.00	131,000.00	185,000.00	250,000.00	311,000.00	305,000.00	251,000.00	374,000.00	351,000.00	267,000.00	200,000.00	139,000.00	138,000.00	112,000.00	131,000.00	185,000.00	250,000.00	311,000.00
University Drive Fire Hydrant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
University Drive Irrigation Meter	0.00	0.00	0.00	26,000.00	135,000.00	87,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,000.00	135,000.00	87,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Gas June 2007 - June 2008

Total Cost	2007												2008													
	June	July	August	September	October	November	December	January	February	March	April	May	June	June	July	August	September	October	November	December	January	February	March	April	May	June
County Facilities	\$1,527.37	\$37.62	\$1,570.05	\$37.62	\$1,267.71	\$7,941.50	\$10,954.87	\$8,938.87	\$7,401.37	\$8,882.31	\$3,482.35	\$945.14	\$1,267.27	\$1,527.37	\$37.62	\$1,570.05	\$37.62	\$1,267.71	\$7,941.50	\$10,954.87	\$8,938.87	\$7,401.37	\$8,882.31	\$3,482.35	\$945.14	\$1,267.27
University Drive Courts Facility	\$1,527.37	\$37.62	\$1,570.05	\$37.62	\$1,267.71	\$7,941.50	\$10,954.87	\$8,938.87	\$7,401.37	\$8,882.31	\$3,482.35	\$945.14	\$1,267.27	\$1,527.37	\$37.62	\$1,570.05	\$37.62	\$1,267.71	\$7,941.50	\$10,954.87	\$8,938.87	\$7,401.37	\$8,882.31	\$3,482.35	\$945.14	\$1,267.27

MCF

County Facilities	2007												2008													
	June	July	August	September	October	November	December	January	February	March	April	May	June	June	July	August	September	October	November	December	January	February	March	April	May	June
University Drive Courts Facility	144.40	3.30	145.70	3.30	220.50	769.30	1,168.20	974.10	886.80	792.70	325.40	72.20	81.60	144.40	3.30	145.70	3.30	220.50	769.30	1,168.20	974.10	886.80	792.70	325.40	72.20	81.60

Sanitation June 2007 - June 2008

Total Cost	2007												2008												
	June	July	August	September	October	November	December	January	February	March	April	May	June	June	July	August	September	October	November	December	January	February	March	April	May
County Facilities	\$410.32	\$410.31	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$505.33	\$505.33	\$410.32	\$410.31	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$505.33	\$505.33
University Drive Courts Facility	\$410.32	\$410.31	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$505.33	\$505.33	\$410.32	\$410.31	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$410.32	\$505.33	\$505.33

CONFLICT OF INTEREST QUESTIONNAIRE FORM CIQ

For vendor or other person doing business with local governmental entity

<p>This questionnaire is being filed in accordance with chapter 176 of the Local Government Code by a person doing business with the governmental entity.</p> <p>By law this questionnaire must be filed with the records administrator of the local government not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.</p> <p>A person commits an offense if the person violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.</p>	<p>OFFICE USE ONLY</p> <p>Date Received</p>
<p>1 Name of person doing business with local governmental entity.</p> <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	
<p>2 <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire.</p> <p>(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than September 1 of the year for which an activity described in Section 176.006(a), Local Government Code, is pending and not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)</p>	
<p>3 Name each employee or contractor of the local governmental entity who makes recommendations to a local government officer of the governmental entity with respect to expenditures of money AND describe the affiliation or business relationship.</p> <div style="border: 1px solid black; height: 80px; width: 100%; margin-top: 5px; position: relative;"> <div style="position: absolute; right: -20px; top: 50%; transform: translateY(-50%); border-left: 1px solid black; border-right: 1px solid black; border-bottom: 1px solid black; width: 10px; height: 100%; text-align: center;"> ▲ ▼ </div> </div>	
<p>4 Name each local government officer who appoints or employs local government officers of the governmental entity for which this questionnaire is filed AND describe the affiliation or business relationship.</p> <div style="border: 1px solid black; height: 80px; width: 100%; margin-top: 5px; position: relative;"> <div style="position: absolute; right: -20px; top: 50%; transform: translateY(-50%); border-left: 1px solid black; border-right: 1px solid black; border-bottom: 1px solid black; width: 10px; height: 100%; text-align: center;"> ▲ ▼ </div> </div>	

Adopted 11/02/2005

FORM CIQ

CONFLICT OF INTEREST QUESTIONNAIRE

Page 2

For vendor or other person doing business with local governmental entity

**5 Name of local government officer with whom filer has affiliation or business relationship.
(Complete this section only if the answer to A, B, or C is YES.)**

This section, item 5 including subparts A, B, C & D, must be completed for each officer with whom the filer has affiliation or other relationship. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income from the filer of the questionnaire? Yes No

B. Is the filer of the questionnaire receiving or likely to receive taxable income from or at the direction of the local government officer named in this section AND the taxable income is not from the local governmental entity? Yes No

C. Is the filer of this questionnaire affiliated with a corporation or other business entity that the local government officer serves as an officer or director, or holds an ownership of 10 percent or more? Yes No

D. Describe each affiliation or business relationship.

6

Signature of person doing business with the governmental entity

Date

Adopted 11/02/2005

AFFIDAVIT OF COMPLIANCE

I, the undersigned, declare and affirm that my company is in compliance with the Immigration and Reform Act of 1986 and all employees are legally eligible to work in the United States of America.

I further understand and acknowledge that any non-compliance with the Immigration and Reform Act of 1986 at any time during the term of this contract will render the contract voidable.

Name of Company	<input type="text"/>
Title of Officer	<input type="text"/>
Name of Officer	<input type="text"/>
Date:	<input type="text"/>

In order to better serve our bidders, the Collin County Purchasing Department is conducting the following survey. We appreciate your time and effort expended to submit your bid. Please take a moment to complete the below. Should you have any questions or require more information please call (972) 548-4165.

HOW DID YOU RECEIVE NOTICE OF THIS REQUEST FOR BID OR PROPOSALS?

McKinney Courier-Gazette?	€	Yes	€	No
Plan Room?	€	Yes	€	No
Collin County Web-Site?	€	Yes	€	No
Facsimile or email from BidSync?	€	Yes	€	No
Other <input type="text"/>				

HOW DID YOU RECEIVE THE BID DOCUMENTS?

Downloaded from Home Computer?	€	Yes	€	No
Downloaded from Company Computer?	€	Yes	€	No
Requested a Copy from Collin County?	€	Yes	€	No
Other <input type="text"/>				

Thank You,

Collin County Purchasing Department

Question and Answers for Bid #09435-10 - Broker Services: Sale of University Drive Courthouse Facility

OVERALL BID QUESTIONS

There are no questions associated with this bid. If you would like to submit a question, please click on the "Create New Question" button below.