

ENCLOSURE #2

APPRAISAL CONSULTATION GROUP

SUMMARY AND CONCLUSIONS

SUBJECT PROPERTY: Proposed road abandonment
A portion of CR 26/Rockhill Road
Owner: Collin County

PROPERTY LOCATION: A portion of CR-26, approximately 2,800 feet west of
Dallas North Tollway and 2,700 feet south of US 380

PROPERTY RIGHTS APPRAISED: Fee simple

SITE AREA: 150.000 AC (Defined subject property)

WHOLE PROPERTY IMPROVEMENTS: None of value

PARTIAL ACQUISITION: Elongated strip of land that is part of the existing CR
26 right of way

ZONING: Not yet zoned; designated Flood Plain/Open Space,
Residential and Mixed-Use Residential on the City of
Frisco Future Land Use Map

HIGHEST AND BEST USE: Assemble with the adjacent tract and hold for future
development

VALUATION DATE: February 13, 2013

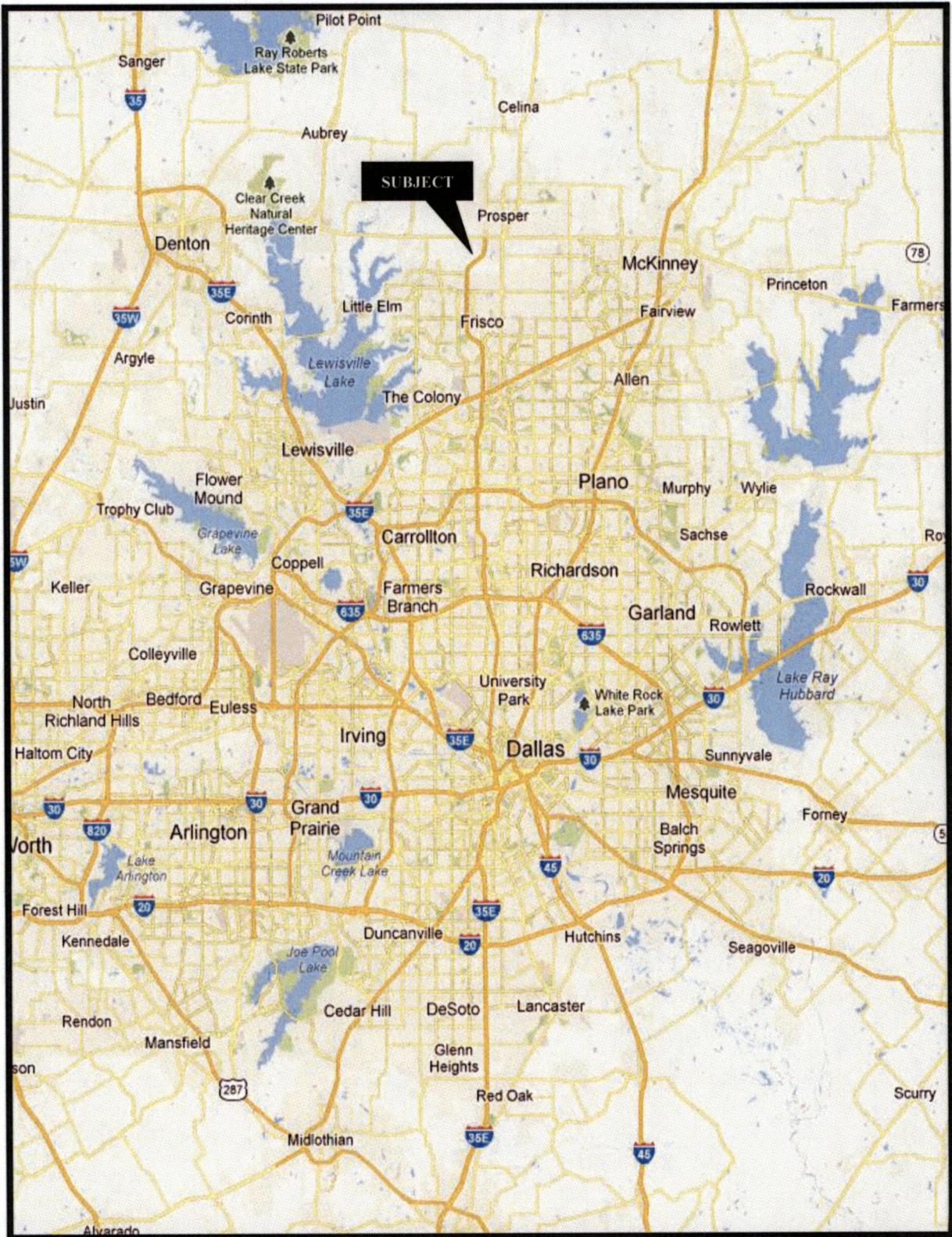
INDICATIONS OF VALUE:

Cost Approach	NA
Sales Comparison Approach	\$ 94,000
Income Approach	NA

FINAL OPINION OF VALUE: \$ 94,000

Values are subject to the Assumptions and Limiting Conditions included in this report

METRO LOCATION



Appraisal Consultation Group

REAL ESTATE VALUATION & CONSULTATION

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March 1, 2013

Kathleen Stewart
Strategic Services Manager
City of Frisco
6101 Frisco Square Boulevard, 3rd Floor
Frisco, Texas 75034

RE: Proposed road abandonment

A portion of CR-26, approximately 2,800' west of DNT and 2,700' south of US 380

Owner: Collin County

PURPOSE OF THE APPRAISAL: The purpose of this appraisal is to provide my opinion of the market value of the subject property as of the report's effective date.

Market Value is the price which the property would bring when it is offered for sale by one who desires to sell, but is under no obligation to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.

Supreme Court of Texas, City of Austin versus Cannizzo et al, No. A-4360, March 31, 2001, 267 South Western Reporter, 2nd Series, Page 815

INTENDED USE OF REPORT: This appraisal is intended to present to the client, the City of Frisco the data and reasoning that the appraiser has used in forming the opinion of value. It is my understanding that the report will be used for internal decision making purposes and as an aid in the acquisition of the subject tract.

INTEREST VALUE: Fee simple

EFFECTIVE DATE OF VALUE: February 13, 2013

DATE OF REPORT: March 1, 2013

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: The valuation of the subject involved the following steps:

- inspected of the subject property and surrounding neighborhood to determine the physical condition, amenities and services available to it as of the effective date of the appraisal. Inspections took place on February 13, 2013 and other dates. The property owner did not accompany the appraiser during the inspection;
- the market was researched to obtain data on sales of tracts similar to the adjacent tract to south and west with which the subject might logically be assembled. The time period of investigation for this assignment ranged from 2010 to the present. Sources used to collect and verify the data included the principals to the transactions (i.e., grantors, grantees), selling and listing brokers, appraisal district and county deed records;
- the market data was analyzed to compare the selected comparable properties with the subject, as assembled, to arrive at an opinion of market value.

The subject property is a narrow strip of land partially improved with a two-lane, two-way roadway paved with crush rock that serves the adjacent tracts and provides a connection between Dallas North Tollway to the east with US 380 to the north. It is legally described as being a tract of land out of the Collin County School Land Surveys, Abstract Nos. 147 and 148, Collin County, Texas.

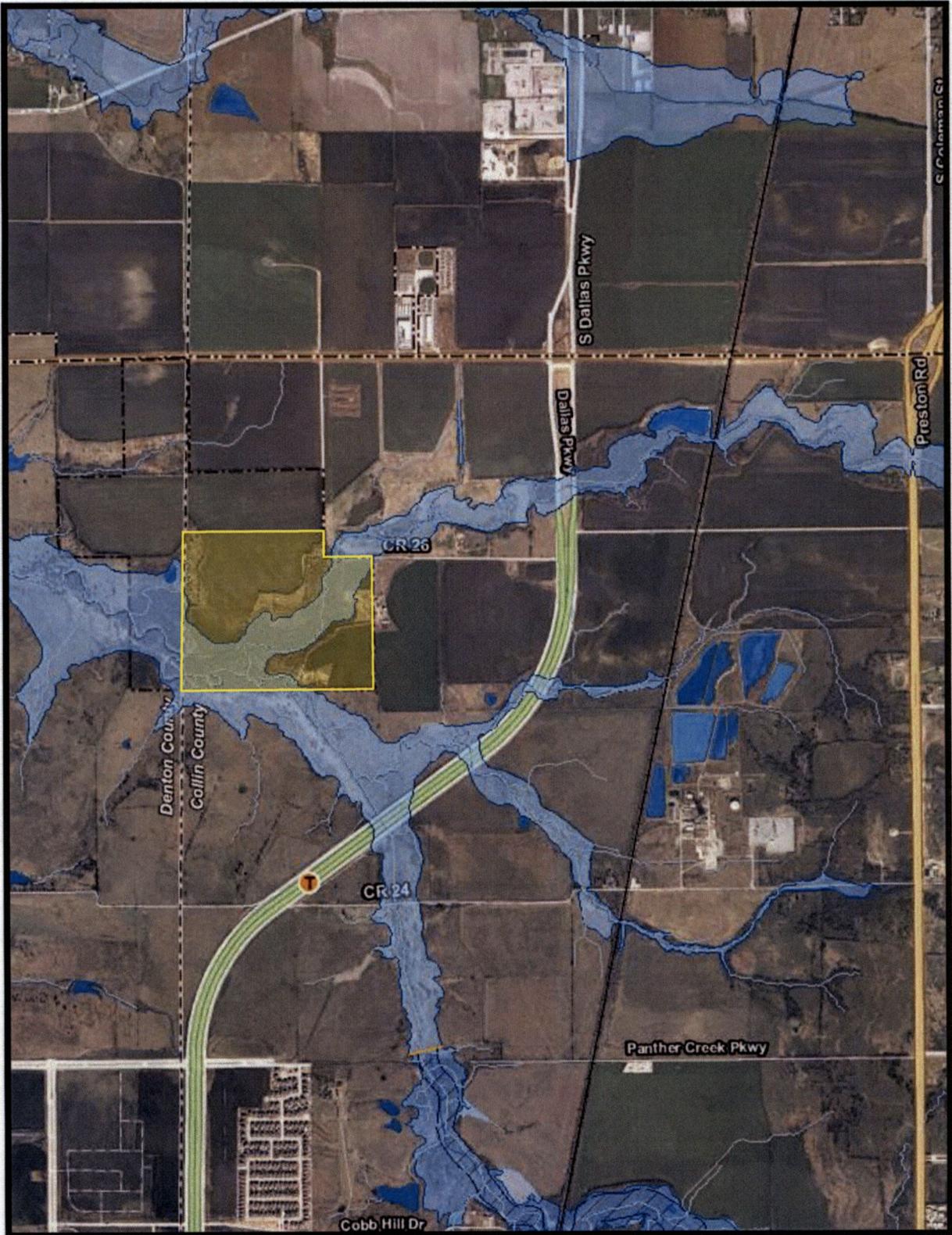
Because the value of the subject property is based upon its assemblage potential, it has been valued as vacant land. Therefore, the Cost Approach was not considered applicable in this appraisal. Similar tracts of land are not typically leased in this market area, and there is insufficient data for reliable income analysis, the Income Approach has not been relied upon in the valuation of the subject property and is not presented in this report. The Sales Comparison Approach has been used in the valuation of the subject land as if vacant.

HISTORY OF THE SUBJECT PROPERTY: The subject property is a narrow strip of land partially improved with a two-lane, two-way roadway paved with crush rock that serves the adjacent tracts and provides a connection between Dallas North Tollway to the east with US 380 to the north. It is currently owned by Collin County and utilized as a public right of way. **No arm's** length sales of the subject within the last three years are reported. As of the appraisal date, there are no known leases, listings, contracts, options or similar agreements affecting the subject property.

COMPETENCE: In accordance with the competency provision of USPAP, I have the experience and knowledge necessary to complete the appraisal competently. I have been appraising real property since June 1980, and have performed the research to become familiar with the current market conditions surrounding the subject property and the subject property itself. The general education and experience of the appraiser are outlined in his qualifications, which are contained at the end of this report.

This Summary Appraisal Report is a brief recapitulation of the appraiser's data, analyses and conclusions. Supporting documentation is retained in the appraiser's file.

LOCATION



NEIGHBORHOOD AND MARKET AREA

According to *The Appraisal of Real Estate*, market areas are defined by a combination of factors such as physical features, the demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements (age, upkeep, ownership and vacancy rates), and land use trends. Market Area can also be defined as 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.

The subject property is located in the northern portion of the City of Frisco near its northern boundary along US 380. Frisco is generally bounded by the City of Plano on the south, the City of McKinney to the east, The Colony and the City of Lewisville to the west, and rural Collin County and the Town of Prosper on the north.

The City of Frisco is situated in the northern section of the Metroplex, approximately 28 miles north of the City of Dallas. The city is accessible by several highways: State Highway 121/Sam Rayburn Tollway (SRT), Dallas North Tollway (DNT), Preston Road (SH 289), and State Highway 380. State Highway 121/Sam Rayburn Tollway provides access along the southern limits of the city, and SH 380 provides access along the northern boundary of the city. Preston Road and the Dallas North Tollway are north/south arterial traffic routes which travel through the central portion of the city. The Dallas North Tollway provides access southward into the Dallas Central Business District. Preston Road, which is a six-lane thoroughfare, is also a primary north/south traffic route through the city. The North Dallas Tollway and Preston Road corridors are referred to as “the economic goal posts” by the Frisco Economic Development Corporation. State Highway 121 serves as a direct link to the Dallas/Fort Worth International Airport to the southwest and links with the City of McKinney to the northeast. SH 380 is a four-lane east/west route which connects to the City of Denton on the west and the City of McKinney on the east. These roadways are facilitating the growth of Frisco.

The following population figures illustrate the dynamic growth of the city during the recent past.

Year	Frisco Population	Compound Annual % Change	Collin County Population	Compound Annual % Change
1970	1,845		66,920	
1980	3,499	6.61%	144,576	8.01%
1990	6,138	5.78%	264,036	6.21%
2000	33,714	18.57%	491,675	6.41%
2010	116,989	13.25%	782,341	4.75%

The City of Frisco and Collin County have enjoyed steady growth during the past twenty years. Over this time frame the City of Frisco has grown at an average annual rate of 15.88%, while during the same time period Collin County has had an average annual growth rate of 5.58%. According to Frisco EDC data as of February 1, 2013, the City of Frisco had a projected population of 130,020, within the DFW metropolitan area with a population of 6.5 million.

Since 1991, the Frisco Economic Development Corporation (EDC) has recruited over 200 companies to the City. This has directly resulted in the creation of over 24,000 jobs, the addition of 24 million square feet of office space, and capital investment in excess of \$2.8 billion. Some significant 2011 projects facilitated a potential \$113,292,000 in new investment and created a potential of over 2034 jobs. Some of the companies that call Frisco home include:

American Unit - Technology	National Envelope - Manufacturing
Ameriflex, LLC - Insurance	Oracle USA - Technology
AmerisourceBergen Specialty Group - Healthcare	OxySure Systems, Inc. - Manufacturing
Associated Network Partners - Technology	Payment Relief Center - Financial
CAREington - Insurance	Quest Recycling Services LLC - Recycling Management
Century Payments - Financial	SANYO Energy (U.S.A.) Corporation - Manufacturing
Conifer Health Solutions - Financial	Sheplers, Inc. - Retail Headquarters
EFA Processing – Technology	ThyssenKrupp Elevator Corporation - Manufacturing
Equifax - Business Support	T-Mobile Technology - Technology
FIServ - Financial	TTS - Technology
GENBAND US, LLC - Technology	Transplace Texas LP - Technology
Hartford Insurance - Insurance	Tribal Solutions - Manufacturing
Matt Martin RE Management - Financial	United Steel Constructors - Construction
MillerCoors - Sales/Distribution	WorldLink - Professional Service

Frisco serves as a bedroom community for the major employment centers in the Metroplex: the Dallas Central Business District; the LBJ Corridor in North Dallas, Legacy Business Park in Plano, and others. However, Frisco is the home to corporate headquarters for the Dallas Stars, regional offices for Levis Strauss and Budweiser. The largest employers include:

Neighborhood and Market Area, Continued

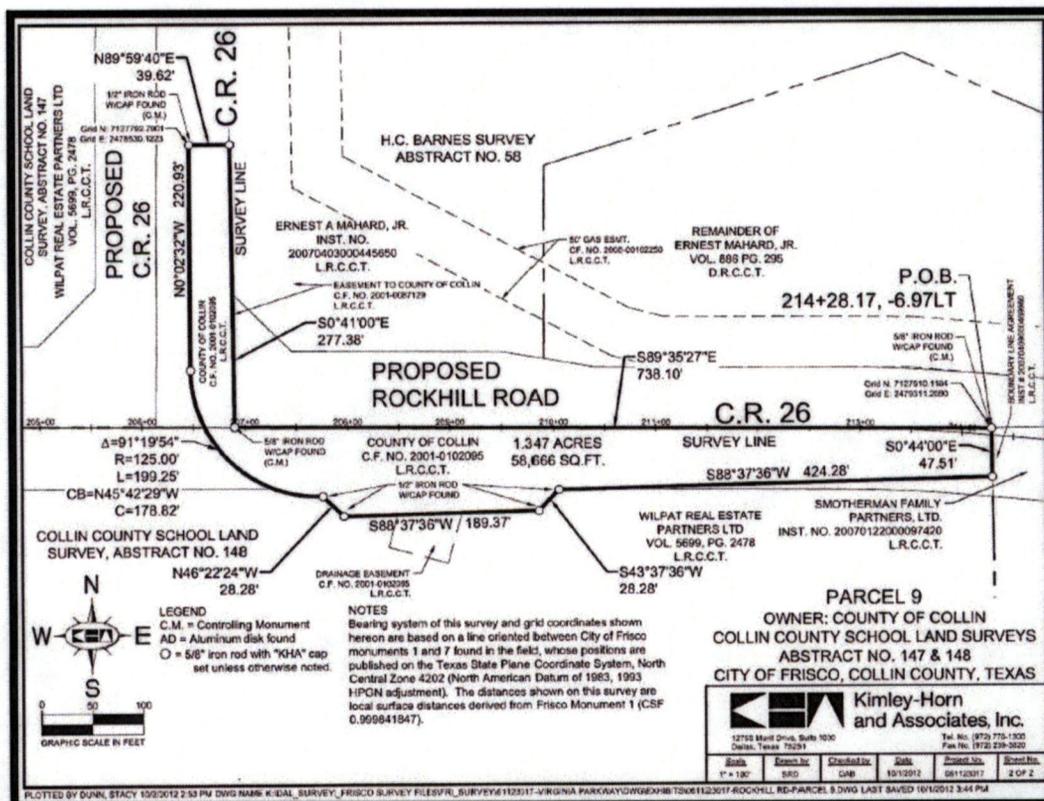
Employer	Industry	Employees
T-Mobile	Telecommunications	2,500
Frisco ISD	Independent School District	1,500
Rodman Companies	Excavation	780
IntegraSys	Technology Services to Credit Unions	550
Mario Sinacola & Sons	Excavation	500
City of Frisco	Municipal Government	455
IKEA	Home Furnishings	400
Tenet Texas RBO	Business Service Center	340
Option One Mortgage co.	Mortgage Services	250
Aastra Telecom*	Corporate Headquarters	250
Lender's First Choice	Mortgage Services	228
ThyssenKrupp Elevator Corp.	Corporate Office	200
Stonebriar Country Club	Country Club	180
Convenience Food Systems	Food Equipment Manufacturing	155
Exide Technologies, Inc.	Battery Recycling	135
GE Capital Consumer Finance	Personal Financial Services	120
CCCCD Preston Ridge Campus	Community College	103
CAREington International	Dental Insurance Network Provider	100
Hutson Industries	Electronic Semiconductors	100
Thousand Trails	Private Camping Reserves	90

The life style of its residents is enhanced by numerous recreational and amusement attractions within the City of Frisco. These include Dr Pepper/Seven Up Ballpark, which is the home of the Frisco RoughRiders, the Double-A baseball affiliate of the Texas Rangers. Adjacent to this complex is the Dr Pepper StarsCenter, which is the training and corporate headquarters of the Dallas Stars hockey team of the National Hockey League. Another sports complex in the vicinity is FC Dallas Park. This major league soccer facility is located at the intersection of Main Street and the Dallas North Tollway. The City of Frisco manages 43 park sites totaling 1,369 acres that are open from sun up to sun down. There is a diverse collection of park facilities and amenities. The city also owns more than 744 acres of undeveloped land, which will be planned and constructed in the future.

In conclusion, the City of Frisco is well located, steadily growing, and offers opportunities for employment, business relocation and quality entertainment. These factors speak well for real estate prices. It is anticipated that growth will continue in the city for the foreseeable future.

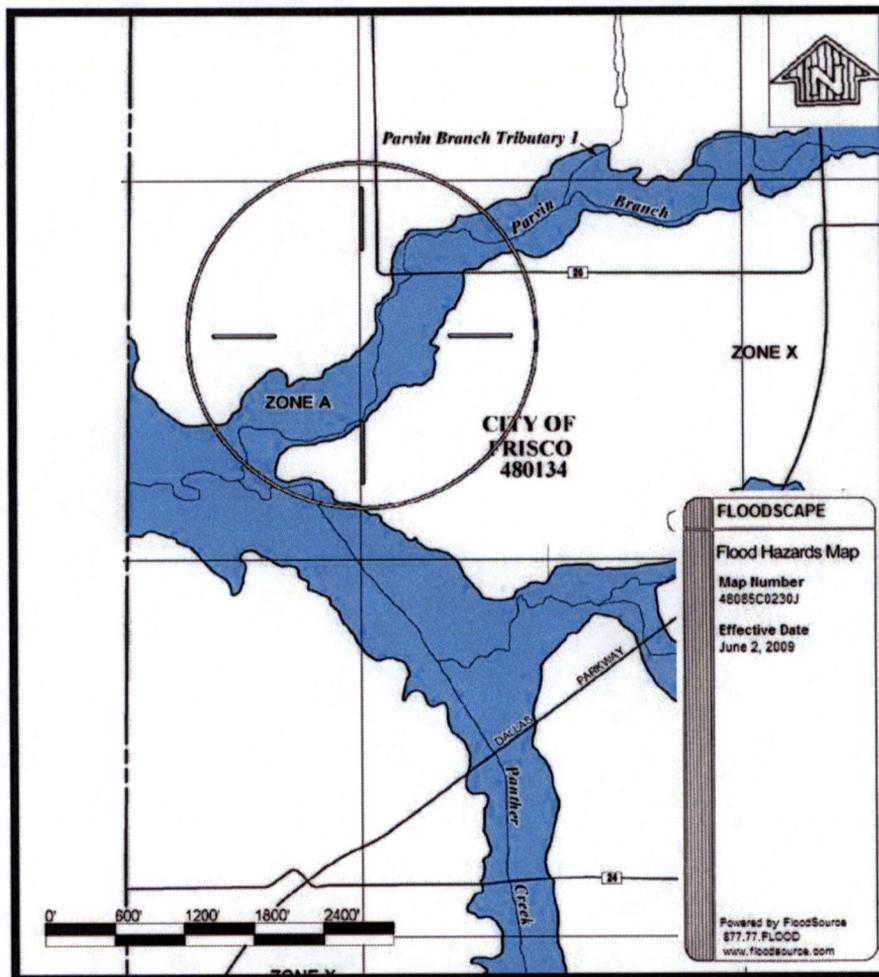
SITE DATA

An exhibit prepared by Kimley-Horn and Associates, Inc. dated October 1, 2012 was provided by the client and relied upon in the description of the subject tract. Based on this data, the subject tract is irregular in shape and contains 1.347 acres of land area.



The location of the subject property is the south and west sides of CR 26 at the 90 degree turn between Dallas North Tollway and US 380. This area has not yet been annexed by the City of Frisco, but lies within its Extraterritorial Jurisdiction. Surrounding acreage is generally used for agricultural purposes as of the date of appraisal. A title policy was not provided; therefore, it is not known if there are any easements, encroachments or special hazards not noted on the provided Survey that impact the tract.

The terrain of the defined subject property is generally sloping to Panther Creek. A review of available Federal Emergency Management Agency (FEMA) maps indicates that a significant amount of the defined subject property is located within a flood plain or floodway.



It is estimated that approximately 75 acres of the identified acreage is located within the flood hazard area. None of the deed records researched as part of this assignment stated the amount of flood plain encumbering the defined tract. Analysis and valuation of the flood plain acreage would

not address the utility and marketability of the non-flood plain portion of the defined property. It is also likely that a potential purchaser would deduct the flood hazard area in arriving at a purchase price for the entire tract. Therefore for purposes of this analysis and valuation, the defined subject property is approximately 75 net acres (150 gross acres less 75 acres in the flood hazard area leaves 75 acres net of flood plain and floodway).

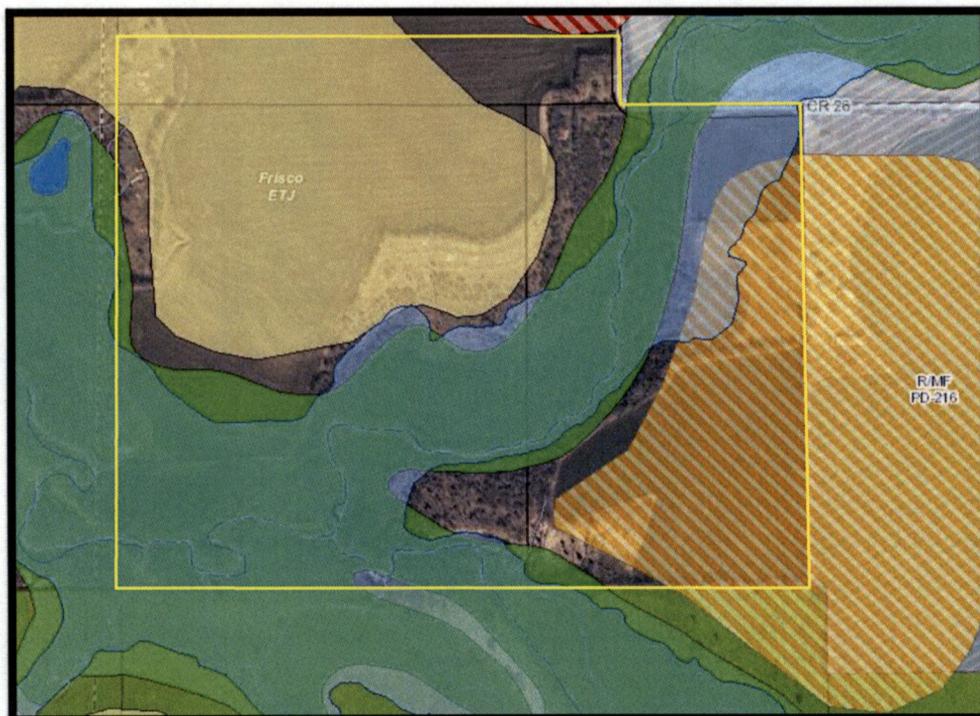


Based upon a review of the Collin County Soil Guide publication, soil conditions do not appear to be adequate to support most urban land uses. It is not known how much flood plain acreage, if any, can be reclaimed under managed conditions after hydrological study, application to the Corps of Engineers, and approval by both the Corps and the City of Frisco. I am not aware that a CLOMR (*Conditional Letter of Map Revision*) or LOMAR (*Letter of Map Revision*) has been obtained from the Corps of Engineers (COE). Eventual acceptance and approval requires extensive hydrological study and a credible report prepared

by a qualified Hydrological Engineer addressed to, and fees paid to, the COE. To date, I am not aware of any studies that have been prepared, submitted, or approved to allow for the reclamation of the defined subject property. These procedures are outlined in the Floodplain Management policies of the City of Frisco. Further study and consultation with a hydrology engineer is required to quantify the economic barriers to development within this flood impacted area. Given the area covered, it is assumed to be considerable.

Land uses surrounding the subject property are generally vacant tracts engaged in agricultural production. Little development has transpired in the northern portion of the City. This is partially due to the lack of utilities to support development. Secondly, there is ample acreage to be developed south of the subject property. The agricultural use of these vacant tracts is on an interim basis until development becomes economically feasible. This is compatible with the land immediately adjacent to the subject property, which is also used for agricultural purposes. These activities insure the property is designated by the Collin Central Appraisal District with an agricultural exemption, thereby minimizing ad valorem taxes.

The subject tract is not yet zoned since it is located outside the municipal boundaries of the City of Frisco. The Frisco Future Land Use Plan designates the defined subject property as Flood Plain/Open Space, Residential and Mixed-Use Residential. This designation is compatible with the current surrounding land uses and anticipated future development.



I was not furnished with an environmental site assessment report and have not performed any study to identify potential environmental impairment at the site. My observations of the subject property did not reveal any evidence of environmental hazards. Neighboring land uses are not known to present a danger to the subject property. I am not qualified to detect hazardous waste and/or toxic materials. Any comment made in this report that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous wastes and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of potentially hazardous materials may affect the value of the property. My opinion of value is predicated on the assumption that there is no such material on or in the property.

Similarly, it is not known if any of the subject property is a protected wetland, or is the habitat of an endangered species. I am not an expert in these fields qualified to identify endangered species or endangered habitats. However, based on my inspection, I did not observe anything to indicate such species or habitats exist at the subject site.

HIGHEST AND BEST USE

In highest and best use analysis, an appraiser identifies the most profitable, competitive use to which a property can be utilized. According to *The Appraisal of Real Estate*, published by the Appraisal Institute, highest and best use may be defined as that use of vacant land or an improved property that results in the highest value and generates the greatest return to the owner. The highest and best use is that use which is physically possible, legally permissible, financially feasible, and maximally productive. These criteria should be considered sequentially and conditionally; e. g., it does not matter that a use is financially feasible if it is not physically possible or legally permissible.

The subject of this appraisal is a tract of land containing approximately 150 acres. The initial step in analyzing the highest and best use of the appraised property is to identify the potential uses of the site. Physical characteristics of a site are considered in analyzing its capabilities and probable uses. The defined subject property is bisected by the Parvin Branch of Panther Creek and its associated flood plain, which severely limits the development potential of that portion of the acreage.

The legal limitations upon use of the subject site are determined by zoning ordinances, construction codes, environmental regulations and private deed restrictions. The subject tract is not zoned as of the date of appraisal, but the Frisco Future Lane Use Plan indicates limited development potential in the area designated flood plain/open space, residential use to the north

and west of the creek and mixed-use residential use, which is intended to promote a mixture of residential (it is not intended to allow a large amount of multifamily development) and non-residential uses.

In determining which uses are physically possible and legally permissible, an appraiser eliminates some uses from consideration. Then the uses that survive the first two criteria are analyzed further to determine which are likely to produce an income, or return, equal to or greater than the amount required to satisfy operating expenses, financial obligations and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.

The surrounding land use pattern and attitudes of the neighborhood also affect the subject's potential use. As mentioned previously, the subject's surrounding land uses include vacant acreage.

Considering the permitted uses that are physically possible, legally permissible, financially feasible and maximally productive, it is my opinion that the highest and best use of the subject tract is to hold for future development, both residential and limited commercial in nature. Such uses would be appropriate under the future zoning, and compatible with planned uses.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of the subject tract facing west



View of the subject tract facing west toward Parvin Branch



View of the subject tract facing east



View of the subject tract facing north



Oblique aerial view of the assembled subject property facing north



Oblique aerial view of the assembled subject property facing south



Eastern portion of the assembled subject tract



Facing south along Parvin Branch from CR 26



Facing southwest from the bend in CR 26



Facing northwest from the bend in CR 26

Land Sale

1

Mapsco: DA 658 P

Location: E/s Custer Road, N. of Park Boulevard, Plano

Grantor: Fairview Farm Land Company, Ltd.

Grantee: Toll Dallas TX LLC

Legal Description: A tract of land out of the Daniel Klepper Survey, Abstract No. 212

Date of Sale: 01/17/12 Volume/Page: 20120118000060350

Site Data:

Size: 59.36 Acres

Zoning: Single Family

Utilities: All available

Frontage: Arterial thoroughfare and two secondary streets

Shape: Irregular

Topography: Generally level

Easements: None detrimental noted

Improvements: None of value

Intended Use: Future development

Consideration: \$8,300,000 or \$3.21/SF

Financing: Cash to the seller

Comments: This is one of the last vacant development tracts in this portion of west Plano. It is surrounded by mature subdivisions on three sides with an historic rural home site adjacent to the south.



Land Sale

2

Mapsco: DA 458 B

Location: **NEC Silverado Trail and Rowlett Creek, McKinney**

Grantor: Behringer Harvard McKinney land, LP

Grantee: Beazer Homes Texas, LP

Legal Description: A tract of land out of the Jacob Naugle Survey, Abstract No. 662

Date of Sale: 06/29/11 Volume/Page: 20110701000684030

Site Data:

Size: 12.5842 Acres

Zoning: RS-60 (Single Family; 7 du/ac)

Utilities: All available

Frontage: Silverado Trail and Rowlett Creek

Shape: Irregular

Topography: Slope downward to the west

Easements: None detrimental noted

Improvements: None of value

Intended Use: Future development

Consideration: **\$1,075,000 or \$1.96/SF**

Financing: Cash to the seller

Comments: This is a vacant tract located in the western portion of McKinney, near Custer Road and municipal boundary of the City of Frisco. It is irregular in shape with an existing subdivision to the east and north, and Rowlett Creek to the west. A portion of the tract along Rowlett Creek is located in a flood hazard area. The buyer plans to develop 52 lots, which will yield a density of approximately 4 units per acre.



Land Sale 3

Mapsco: DA 358 W

Location: **SWC Bristol Drive and Stonington Drive, McKinney**

Grantor: Scott Communities Builders, LP

Grantee: Landon Family Investments, LP

Legal Description: A tract of land out of the Galliton Searcy Survey, Abstract No. 831

Date of Sale: 03/30/11 Volume/Page: 20110331000338050

Site Data:

Size: 33.282 Acres

Zoning: PD (Single Family)

Utilities: All available

Frontage: Bristol Drive and Stonington Drive

Shape: Irregular

Topography: Generally level

Easements: None detrimental noted

Improvements: Rural house and farm structures - none of value

Intended Use: Future development

Consideration: **\$1,625,000 or \$1.12/SF**

Financing: Cash to the seller

Comments: This is a vacant tract located in the northeast quadrant of the intersection of Virginia Parkway and Custer Road in the western portion of the city of McKinney. An improved drainage channel/water feature is located along its western boundary. Permitted density is 3.2 to 3.5 du/ac.



Land Sale

4

Mapsc0: DA 257 N

Location: S/s Rolater Road, W/s Independence Parkway, E/s Coit Road, and N/s CR 68, Frisco

Grantor: H. Roger Lawler

Grantee: Landon Homes

Legal Description: A tract of land out of the J. W. Franklin Survey, Abstract No. 307, Jacob Baccus Survey, Abstract No. 53, and Tola Dunn Survey, Abstract No. 261

Date of Sale: 03/29/11 **Instrument:** 20110330000331870

Site Data:

Size: 506.126 Acres (Gross); 500 Acres (Net)

Zoning: Single Family

Utilities: All available in the area

Frontage: Rolater Road, Independence Parkway, Coit Road, and CR 68

Shape: Irregular

Topography: Generally level

Easements: None detrimental noted

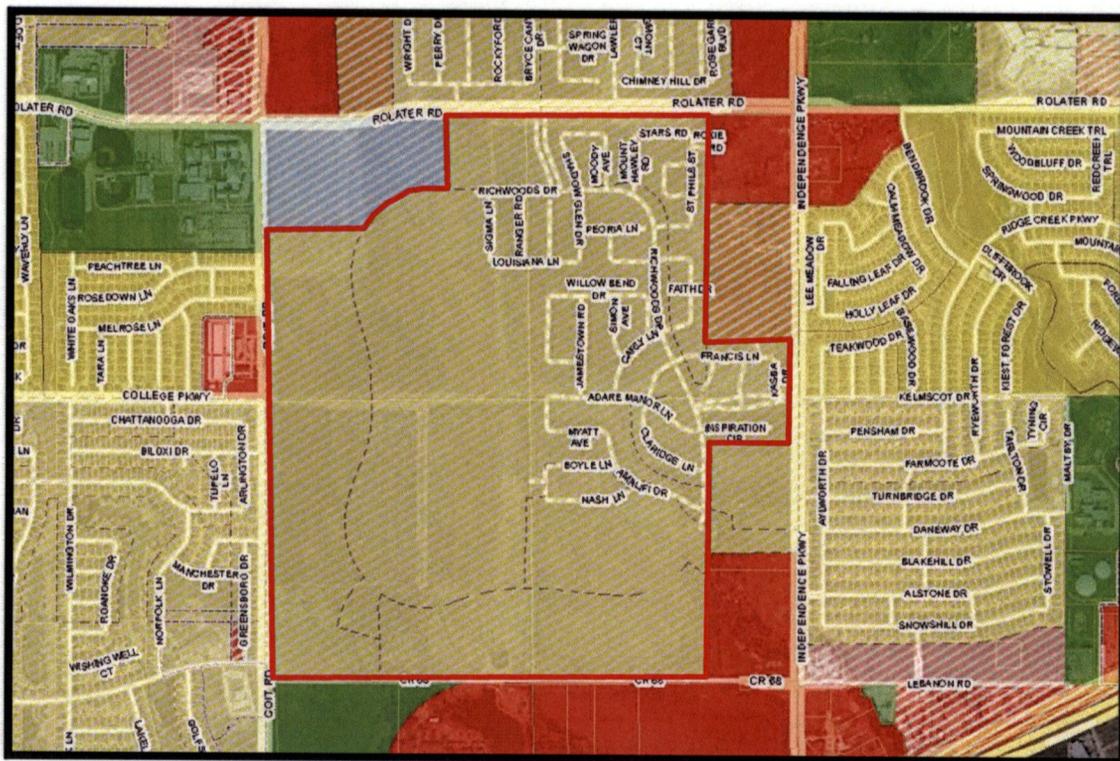
Improvements: None of value

Intended Use: Future development

Consideration: \$32,500,000 or \$1.49/SF (Net)

Financing: Cash to the seller

Comments: This is one of the last few large tracts of developable acreage in the eastern portion of the city of Frisco. It is surrounded by existing development to the east and west, with development expected to the north in the near future. Zoning allows lot sizes of 5,000 SF (PH) to 10,500 SF (SF-3).



Land Sale

5

Mapsco: DA 257 N

Location: N/s Rolater Road, W/s Independence Parkway and E/s Coit Road,
Frisco

Grantor: H. Roger Lawler

Grantee: Warren Clark Development, Inc.

Legal Description: A tract of land out of the McKinney & Williams Survey, Abst 652, Simpson
Finley Survey, Abst 315, and George Wilcox Survey, Abst 1007

Date of Sale: 03/31/11 **Instrument:** 20110408000368990

Site Data:

Size: 208.191 Acres (Gross)

Zoning: Single Family

Utilities: All available in the area

Frontage: Rolater Road, Independence Parkway and Coit Road

Shape: Irregular

Topography: Generally level

Easements: None detrimental noted; drainage and slope easements in the drainage areas

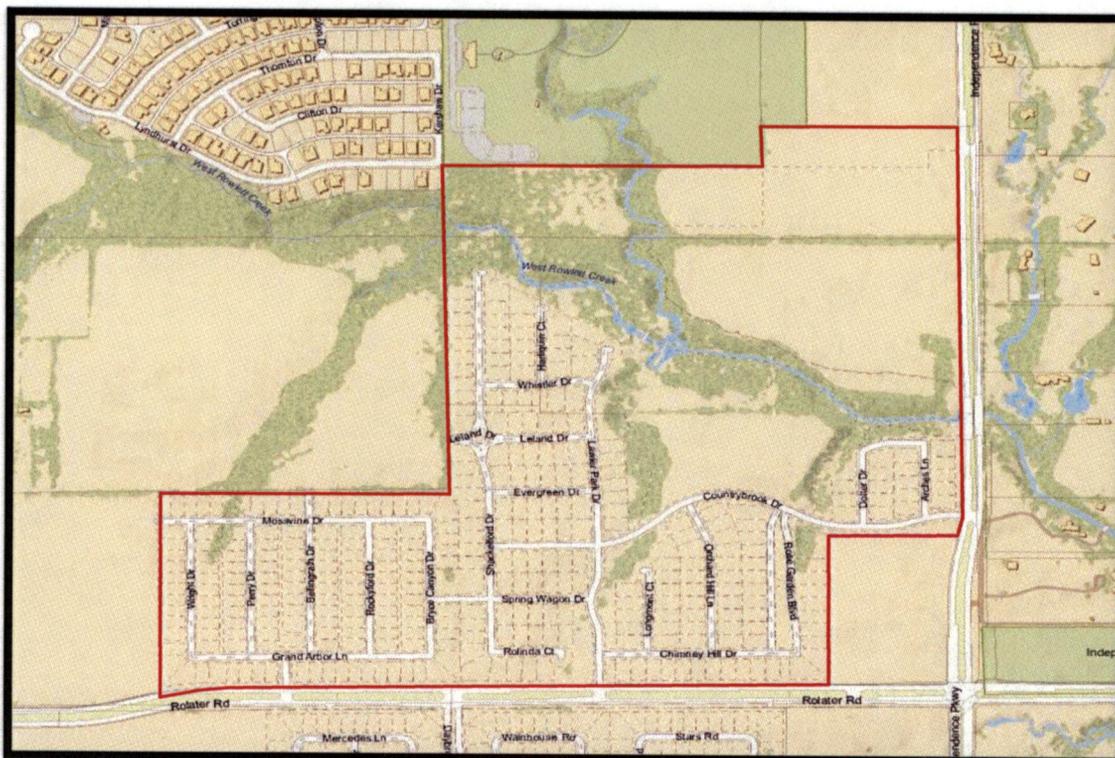
Improvements: None of value

Intended Use: Future development

Consideration: \$12,491,460 or \$1.38/SF

Financing: Cash to the seller

Comments: This is one of the last few large tracts of developable acreage in the eastern
portion of the city of Frisco. It is surrounded by existing development to the
east, west and south, with a public park to the north. Zoning allows lot sizes
of 7,000 SF, 8,500 SF and 10,000 SF.



Land Sale 6

Mapsco: DA 257 W

Location: **S/s US 380 between Hillcrest Road and Coit Road (southeast corner of US 380 and a proposed intersecting road), Collin County, Frisco**

Grantor: Liberty Bankers Life Insurance Company

Grantee: 124 Frisco Property LLC

Legal Description: A tract of land out of the C. Williamson Survey, Abstract No. 947

Date of Sale: 1/28/2010 Volume/Page: 20100128000090030

Site Data:

Size: 124 Acres

Zoning: Mixed (Single Family, Retail, Office)

Utilities: All available in the area

Frontage: US 380 and an unnamed road (proposed)

Shape: Irregular

Topography: Rolling

Easements: None detrimental noted

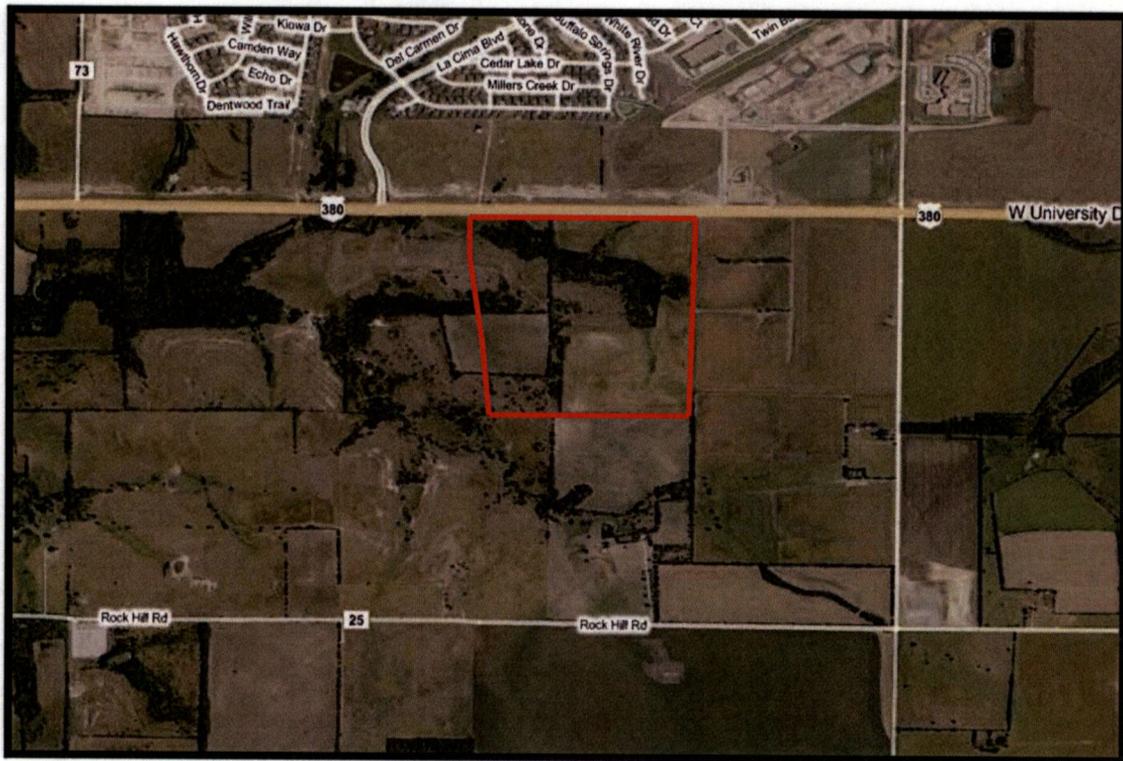
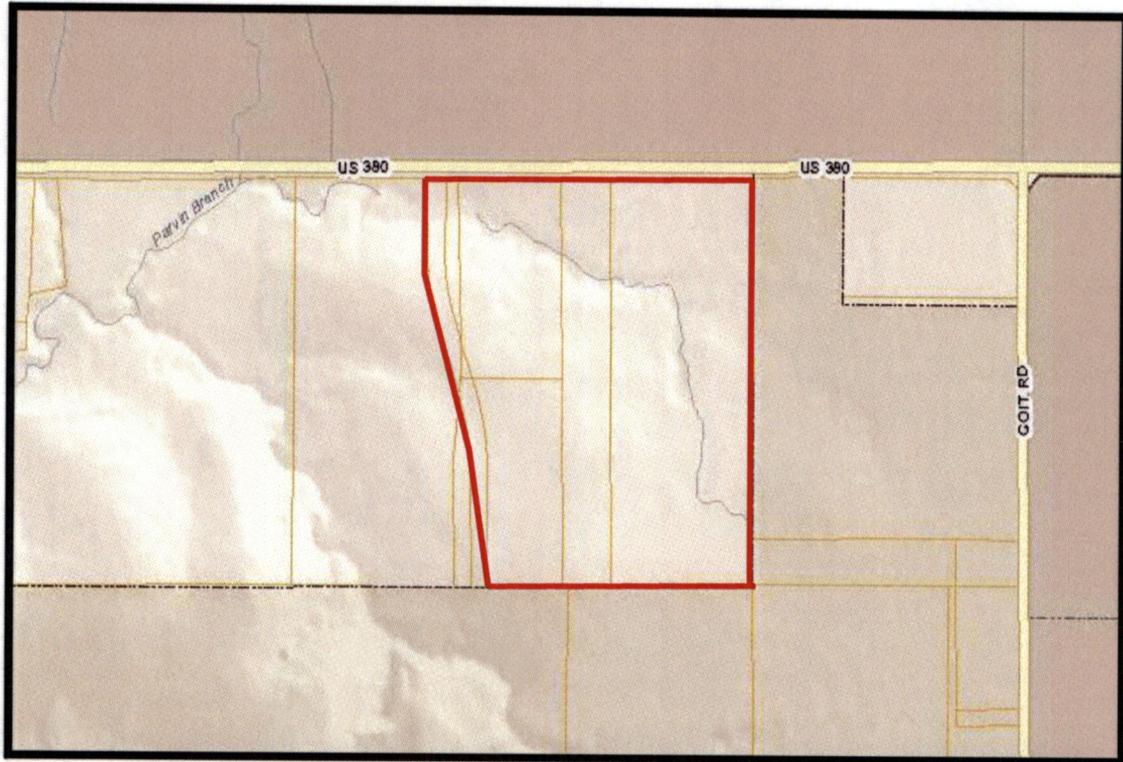
Improvements: None of value

Intended Use: Future development

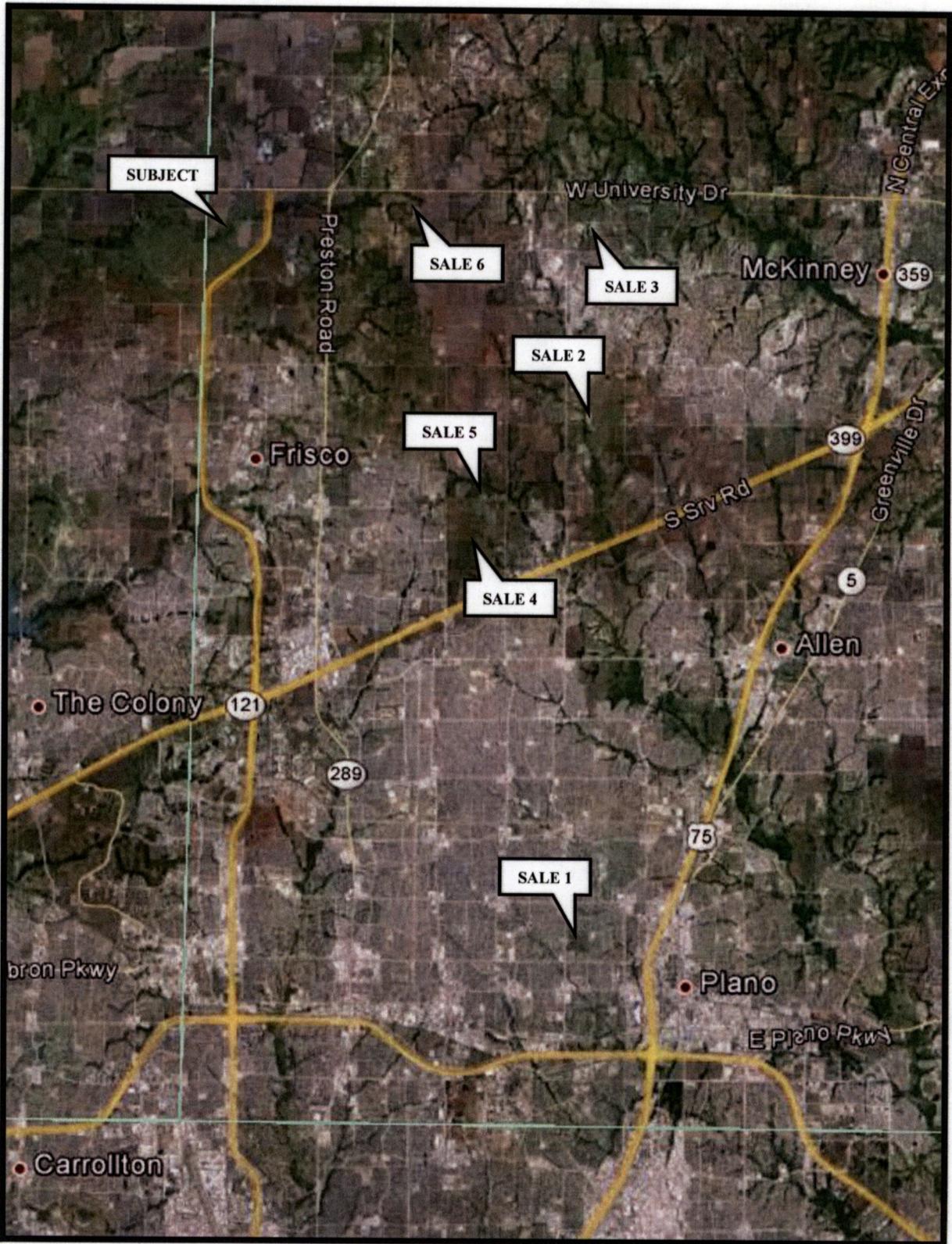
Consideration: **\$12,500,000 or \$2.31/SF**

Financing: Cash to the seller

Comments: This is a vacant tract located along the south side of US 380 with retail uses planned for the roadway frontage, office uses behind that corridor and single family uses beyond. No breakdown of land areas by zoning is available.



LAND SALES MAP



VALUE INDICATED BY THE SALES COMPARISON APPROACH

Sale	Sale Date	Size (AC)	Zoning	SP/SF
1	01/12	59.36	Single Family (6,000 & 7,000 SF lots)	\$3.21
2	06/11	12.5842	RS-60 (Single Family 7 du/ac)	\$1.96
3	03/11	33.282	PD (Single Family 3.2 to 3.5 du/ac)	\$1.12
4	03/11	500	PH (Patio Home) & Single Family	\$1.49
5	03/11	208.191	Single Family	\$1.38
6	01/10	124	Single Family, Retail & Office	\$2.31
Subject	Current	75	Single Family & Mixed-Use Residential	---

The above grid summarizes the data presented on the previous pages. The chart that follows at the end of this section utilizes the sales price per square foot as the unit of comparison. The sales are analyzed and compared with the subject for similarities and differences. The elements considered to be inferior to the subject are adjusted upward while the superior qualities of the comparable sales are adjusted downward. In this analysis, adjustments are based on physical and economically oriented differences in each competitive sale. The amount of each adjustment is based on the extent to which the sale varies in relation to the qualities exhibited by the subject property. Adjustments for differences are made to the sale price per square foot of each sale property to make the comparable sales equivalent to the subject as of the appraisal date, thereby providing an indication of value for the subject. Paired sales analysis is used, where possible, to isolate how a difference affects price.

Analysis and Correlation

The preceding chart displays land sales selected for comparison to the subject tract. This market-derived sales data has been utilized to abstract and analyze property features that have been found to affect sales price. Rights conveyed, financing terms, conditions of sale, market conditions and utility/physical characteristics are typically the significant factors influencing price in the subject market area.

Rights Conveyed

Fee simple interest is being sought in this analysis. During the verification process, it was determined that there were no leases on any of the sale properties, indicating that fee simple interest was transferred in each transaction. Therefore, adjustments were not required.

Financing Terms

All of the sales involved either all cash or cash net to the seller with third party financing at prevailing market terms. Therefore, no adjustments are required for cash equivalency.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller or any unusual concessions by either party to the transaction. Each of the sale sites was acquired for either investment purposes or independent development. No unusual motivations were reported on the parts of buyer or sellers involved in these sales. Therefore, we have made no adjustments for this item of comparison.

Market Conditions

Inflation, deflation, fluctuations in supply and demand are among the factors that can cause changes in market conditions. The sales span a period from January 2010 to January 2012. Based on this data, there is insufficient data to support an adjustment for changes in real estate values during this time frame. Most investors appear to believe that the local market has stabilized and expect values to begin to increase. The sales are considered to reflect current market conditions and have not been adjusted.

Location

The influence of location is a composite of numerous attributes such as prominence, access, visibility and consistency of surrounding development. The subject is located in a portion of the City of Frisco that experience little or no development with most tracts engaged in agricultural production. It is well located in terms of the proximity of transportation routes, but is accessible by way of a dual land crushed rock road. Utilities have not yet been extended into this area and several barriers to development exist as of the date of appraisal. Agricultural acreage is located in each direction.

Sale 1 was one of most desirable development tracts in west Plano. It is surrounded by mature subdivisions on three sides with an historic rural home site adjacent to the south. The infrastructure necessary for development was already in place, as was supporting retail and service uses. A large downward adjustment is required in this comparison.

Sale 2 is a vacant tract located in the western portion of McKinney, near Custer Road and the municipal boundary of the City of Frisco. Existing subdivisions are located to the east and north, with a school campus across Silverado Trail to the south and Rowlett Creek to the west, with vacant land beyond. The Silverado Trail bridge has not been constructed over Rowlett Creek as of the date of sale, so the site is adjacent to a dead end. Additionally, the developer of this sale tract was

required to construct that portion of Silverado Trail adjacent to the sale tract. This sale is adjusted downward when compared to the subject on the basis of location due to the density of surrounding development and quality of existing infrastructure; however, the size of the adjustment is limited due to the inferior accessibility compared to the subject property.

Sale 3 is a vacant tract located in the northeast quadrant of the intersection of Virginia Parkway and Custer Road in the western portion of the city of McKinney. Existing subdivisions are located in each direction. This sale is adjusted downward when compared to the subject on the basis of location due to the density of surrounding development and quality of existing infrastructure; however, the size of the adjustment is limited due to the inferior accessibility compared to the subject property.

Sales 4 and 5 are two of the last few large tracts of developable acreage in the eastern portion of the city of Frisco. They are surrounded by existing development in the form of single family subdivisions and a public park. Frisco ISD sites are adjacent to both sale tracts. Located just north of SH 121/Sam Rayburn Tollway with road frontage on multiple sides, these sale tracts are readily accessible. Utilities are in place and offer a capacity that supports new development. In terms of location, Sales 4 and 5 are superior to the subject tract, requiring downward adjustments.

Sale 6 is a vacant tract located along the south side of US 380, west of Coit Road. This tract enjoys a high level of accessibility and visibility, requiring a large downward adjustment when compared to the subject property.

Physical/Legal Characteristics

The analysis of physical characteristics considers such factors as shape, depth, frontage, topography, size and zoning. No adjustments have been made for shape. The amount and quality of street frontage has previously been considered in the "Location" category. The subject tract is being valued on a "net" basis, with no consideration given to the limited utility of the acreage impacted by the flood plain associated with Parvin Branch. Sales 2, 3 and 5 are negatively impacted by flood hazard or drainage areas which reduce the developable acreage, and have been adjusted upward for these features.

The subject tract is not zoned as of the date of appraisal. The City of Frisco Future Land Use Map indicates residential uses for the subject tract upon annexation and zoning. The future zoning of the eastern portion of the subject property indicates mixed-use development including residential and commercial uses. The City of Frisco Comprehensive Plan indicates a mix of 80% residential and 20% commercial in this zone in an "urban village" design. The viability of commercial uses at the subject location is no known, but has been considered in this analysis. Sales 1-5 are not adjusted for

Value Indicated by the Sales Comparison Approach. Continued

differences in zoning since all are intended for residential uses of varying densities and are considered to be comparable to the anticipated use of the subject tract. Sale 6, which is located along US 380, has a zoning that allows retail, office and residential development, which is appropriate considering its locational influences. A downward adjustment is made to Sale 6 for its zoning compared to the subject property.

The sales vary significantly in land area and a size adjustment is appropriate. Sale 2 is much smaller than the subject tract and is adjusted downward for this item of comparison due to the relatively higher price per unit paid for the lesser number of units. Conversely, Sales 4 and 4 are adjusted upward for greater number of units in each sale tract.

A comparison of salient factors that influence the price per acre of the subject and comparable properties is summarized in the following table.

SUMMARY OF SALES COMPARED TO THE SUBJECT

Sale	1	2	3	4	4	5
Sale Price/SF	\$3.21	\$1.96	\$1.12	\$1.49	\$1.38	\$2.31
Rights Conveyed	Fee Simple					
Financing	Market	Market	Market	Market	Market	Market
Conditions of Sale	Arm's Length					
Market Conditions	-0-	-0-	-0-	-0-	-0-	-0-
Adjusted Sale Price/SF	\$3.21	\$1.96	\$1.12	\$1.49	\$1.38	\$2.31
Location	-50%	-10%	-10%	-35%	-35%	-35%
Zoning/Legal	-0-	-0-	-0-	-0-	-0-	-15%
Physical	-0-	-10%	+50%	+40%	+50%	+20%
Net Adjustment	-50%	-20%	+40%	+ 5%	+15%	-30%
Value/SF (Rd)	\$1.61	\$1.57	\$1.57	\$1.56	\$1.59	\$1.62

The comparison of the sale properties to the subject indicates a value range of \$1.56/SF to \$1.62/SF. Each of the sales required significant adjustments, with Sales 2-6 given the greatest weight due to the difference in the location of Sale 1 and the subject tract.

Value Indicated by the Sales Comparison Approach, Continued

In view of these considerations, the market value of the adjacent tract, as if vacant and available for development, is estimated to be \$1.60/SF of land area. Applying this unit value factor to the land area contained in the subject parcel, as if it were an assembled part of the adjacent tract, results in an indication of value of the fee simple interest in that parcel, calculated as follows:

<u>Size (SF)</u>		<u>Price/SF</u>		<u>Market Value</u>
58,666	x	\$1.60	=	\$93,866 (Rd.)

Value of the Subject Tract by Market Comparison	\$94,000
--------------------------------------------------------	-----------------

RECONCILIATION AND FINAL VALUE ESTIMATE

The reconciliation is a process whereby the appraiser analyzes the various approaches utilized to produce value indications. The subject tract was valued on the basis of its land area as part of a potential assemblage with the adjacent acreage to the south and west; therefore, neither the cost approach nor income approach was utilized in this appraisal report. The sales comparison approach to value, through direct sales comparison, is considered to be the only applicable approach to value. The comparable land sales collected, analyzed and compared to the assembled subject property are believed to provide a reasonable and supportable estimate of market value for the subject property.

Based on my inspection and analysis, my opinion of the market value of the fee simple interest in the subject tract, considered as part of the adjacent acreage, as of February 13, 2013, is:

NINETY FOUR THOUSAND DOLLARS

(\$ 94,000)

The subject property has been valued on the basis of its land area only and was considered as part of the adjacent tract. The preceding market value opinion reflects the contributory value of the subject as if it were assembled with the adjacent acreage. The contributory value, if any, of the existing crushed rock paving or other site improvements that are located on the subject tract have not been considered in this analysis.

AFFIDAVIT AND CERTIFICATION OF VALUE

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon delivering or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.

- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in **conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice**, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, H. W. Hutchison, have completed the continuing education program of the Appraisal Institute.
- As of the date of this report, I, H. W. Hutchison, am certified by the State of Texas as a General Real Estate Appraiser.
- This document was obtained from Appraisal Consultation Group and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempt from disclosure under 5 U.S.C. 552 (b) (4). Please notify Appraisal Consultation Group of any request for reproduction of this appraisal.

H. W. Hutchison, MAI, SRA
State Certified TX-1324806-G

**QUALIFICATIONS OF
H. W. Hutchison, MAI, SRA**

PROFESSIONAL DESIGNATIONS/CERTIFICATIONS

MAI - Appraisal Institute

SRA - Appraisal Institute

Texas State Certified General Real Estate Appraiser TX-1324806-G

EDUCATION

Graduate of Southern Methodist University

Bachelor of Business Administration, May, 1976

PROFESSIONAL EXPERIENCE

Over 30 years of experience in the analysis and preparation of appraisal reports, evaluating a variety of interests in numerous property types including single-family and multi-family, industrial, office, retail, rural, special purpose, and right of way.

Appraisal work product has been accepted and utilized for mortgage lending, estate tax planning and settlement, property exchange, corporate management decisions, and partial taking just compensation analysis by eminent domain agencies and property owners. Qualified as an expert witness in County and Federal Courts.

ADDENDA

LEGAL DESCRIPTION

BEING a tract of land situated in the Collin County School Land Surveys, Abstract No. 147 and 148, City of Frisco, Collin County, Texas and being all of two tracts of land described as "Parcel 2" and "Parcel 3" in Deed to the County of Collin, recorded in Clerk's File No. 2001-0102095, Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8" iron rod with cap found in the south line of a tract of land described in deed to Ernest A. Mahard, Jr., recorded in Volume 886, Page 295, Deed Records of Collin County, Texas; said point being the northeast corner of the eastern terminus of County Road No. 26 and being the northwest corner of a tract of land described in Special Warranty Deed to Smotherman Family Partners Ltd., recorded in Instrument No. 20070122000097420, Land Records of Collin County, Texas as affected by Boundary Line Agreement recorded in Instrument No. 20070409000469980, Land Records of Collin County, Texas;

THENCE with the west line of said Smotherman Family Partners, Ltd. tract and said boundary line agreement, South 0°44'00" East, a distance of 47.51 feet to a 5/8" iron rod with "KHA" cap set for corner; said point being the southeast corner of said easterly terminus of County Road No. 26;

THENCE with the south right-of-way line of said County Road No. 26, the following courses and distances:

South 88°37'36" West, a distance of 424.28 feet to a 5/8" iron rod with "KHA" cap set for corner;

THENCE South 43°37'36" West, a distance of 28.28 feet to a point for corner;

THENCE South 88°37'36" West, a distance of 189.37 feet to a point for corner;

THENCE North 46°22'24" West, a distance of 28.28 feet to a point at the beginning of a non-tangent curve to the right having a central angle of 91°19'54", a radius of 125.00 feet, a chord bearing and distance of North 45°42'29" West, 178.82 feet;

THENCE with said west right-of-way line, the following courses and distances:

In a northwesterly direction, with said curve to the right, an arc distance of 199.25 feet to a point at the end of said curve;

North 0°02'32" West, a distance of 220.93 feet to a 1/2" iron rod with cap found for corner; said point being the northwest corner of said County of Collin tract;

THENCE with the north line of said County of Collin tract, North 89°59'40" East, a distance of 39.62 feet to a 5/8" iron rod with "KHA" cap set for corner in the east line of a tract of land described in Quitclaim Deed to Ernest A. Mahard, Jr., recorded in Instrument No. 20070403000445650, Land Records of Collin County, Texas;

THENCE with said west line, South 0°41'00" East, a distance of 277.38 feet to a 5/8" iron rod with cap found for corner;

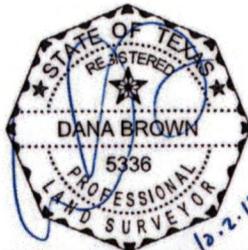
THENCE with the south line of said Mahard tracts, South 89°35'27" East, a distance of 738.10 feet to the **POINT OF BEGINNING** and containing 1.347 acres or 58,666 square feet of land.

Bearing system of this description is based on a line oriented between City of Frisco monuments 1 and 7 found in the field, whose positions are published on the Texas State Plane Coordinate System, North Central Zone 4202 (North American Datum of 1983, 1993 HPGN adjustment). The distances are local surface distances derived from Frisco Monument 1 (CSF 0.999841847).

PARCEL 9

**OWNER: COUNTY OF COLLIN
 COLLIN COUNTY SCHOOL LAND SURVEYS
 ABSTRACT NO. 147 & 148
 CITY OF FRISCO, COLLIN COUNTY, TEXAS**

Dana Brown
 Registered Professional Land
 Surveyor No. 5336
 Kimley-Horn and Associates, Inc.
 12750 Merit Drive, Suite 1000
 Dallas, Texas 75251-1516

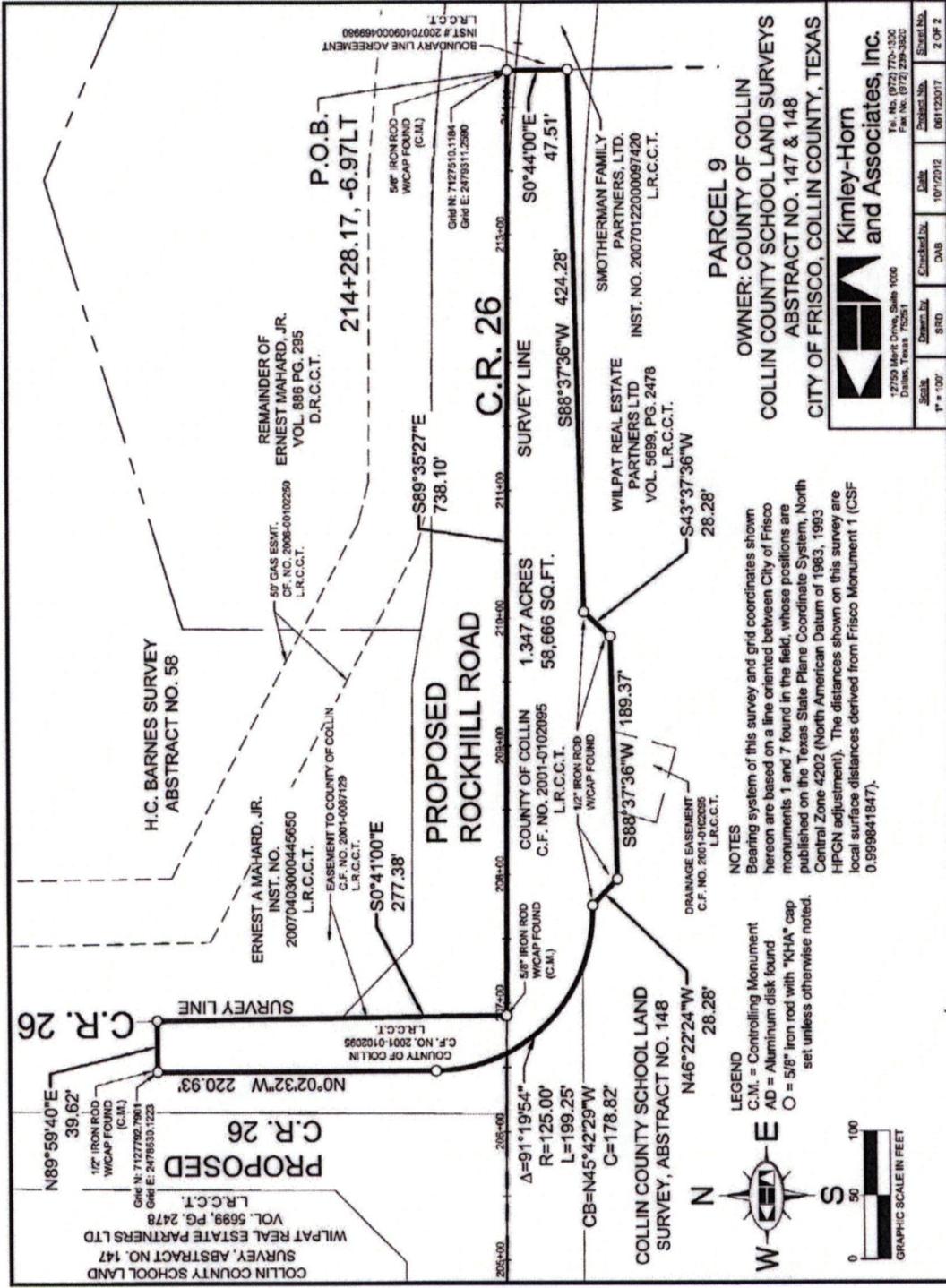


**Kimley-Horn
 and Associates, Inc.**

12750 Merit Drive, Suite 1000
 Dallas, Texas 75251

Tel. No. (972) 770-1300
 Fax No. (972) 239-3820

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	SRD	DAB	10/1/2012	061123017	1 OF 2



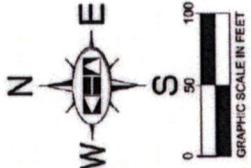
PARCEL 9
 OWNER: COUNTY OF COLLIN
 COLLIN COUNTY SCHOOL LAND SURVEYS
 ABSTRACT NO. 147 & 148
 CITY OF FRISCO, COLLIN COUNTY, TEXAS

Kimley-Horn and Associates, Inc.
 12750 Merit Drive, Suite 1000
 Dallas, Texas 75221
 Tel. No. (972) 770-1300
 Fax No. (972) 239-3822

Scale	Drawn By	Checked By	Date	Project No.	Sheet No.
1" = 100'	SRD	DAB	10/12/12	06123017	2 OF 2

NOTES
 Bearing system of this survey and grid coordinates shown hereon are based on a line oriented between City of Frisco monuments 1 and 7 found in the field, whose positions are published on the Texas State Plane Coordinate System, North Central Zone 4202 (North American Datum of 1963, 1983 HPGN adjustment). The distances shown on this survey are local surface distances derived from Frisco Monument 1 (CSF 0.999841847).

LEGEND
 C.M. = Controlling Monument
 AD = Aluminum disk found
 O = 5/8" iron rod with "KHA" cap set unless otherwise noted.



ASSUMPTIONS, LIMITING CONDITIONS & DISCLOSURES

For the purpose of this appraisal, the following assumptions and limiting conditions are made a part thereof:

1. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.
2. No responsibility is assumed by the appraiser for matters of legal character. The value is reported without regard to questions of title, boundaries, encumbrances, easements and encroachments. All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear and under responsible ownership and management unless otherwise stated.
3. The valuation is reported in dollars of currency prevailing on the date of the appraisal.
4. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
5. All information and comments pertaining to this and other properties represent the professional opinion of the appraisers formed after examination and study of the subject property. Certain information concerning market and operating data was 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 data is not guaranteed. As a body, the collective data gathered as a part of the project is believed to be representative of current trends and values.

6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party of whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualifications and only in its entirety.
9. Neither all nor any part of the contents of this report (especially conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraisers.
10. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
11. Given adequate preparation notice, the appraiser is prepared to provide testimony and to appear in court by reason of this appraisal, under separate contract, at the request of the original client.
12. This appraisal report was prepared by H. W. Hutchison, MAI, SRA, representing Appraisal Consultation Group, inspecting the subject property and providing the analysis and value conclusions and assuming responsibility to provide expert testimony if requested.
13. Also, the value is estimated under the assumption that there will be no international or domestic, political, economic, or military actions that will seriously affect real estate values throughout the country.

14. Real estate values are influenced by a large number of external factors. The data contained herein is all of the data necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors that might influence the value of the subject. Due to rapid changes in the external factors, the value estimate is considered reliable only as of the date of the appraisal.
15. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the subject property will sell for such amounts.
16. In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be constructed in substantial conformity with plans and specification 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.
17. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
18. The appraisers are not qualified to detect hazardous waste and /or toxic materials. Any **comment by the appeasers' that might suggest the possibility of the** presence of such substances should not be taken as confirmation of the presence of hazardous wastes and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or potentially hazardous materials may affect the value of the **property. The appraiser's value estimate is predicated on the assumption that there is no such** material on or in the property that is assumed for any environmental conditions, or for any expertise or engineering knowledge **required to discover them. The appraiser's descriptions** and resulting comments are the result of the routine observations made during the appraisal process.
19. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

20. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the American with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict **access by disabled individuals may adversely affect the property's value, marketability, or utility.**

21. This report was obtained from the firm of Appraisal Consultation Group and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempt from disclosure under 5 U.S.C. (b) (4). This report shall not be shown to any third party without the written consent and approval of the appraisers. Should the report be shown to a party not authorized, the client agrees to hold harmless from any liability that might arise from such unauthorized use, including reasonable attorney fees for our defense of action.