



PROFESSIONAL SERVICES, REAL ESTATE BROKER SERVICES

RFP 2016-289

**Matt Dobecka, CPPO, CPPB, CPCP
Jack Hatchell Administration Building
2300 Bloomdale Road, Ste. 3160
McKinney, TX 75071**

**(P) 972-548-4103 (F) 972-548-4694
mdobecka@collincountytexas.gov**

Collin County exclusively uses IonWave Technologies, Inc. ([Collin County eBid](#)) for the notification and dissemination of all solicitations. The receipt of solicitations through any other means may result in your receipt of incomplete specifications and/or addendums which could ultimately render your bid/proposal non-compliant. Collin County accepts no responsibility for the receipt and/or notification of solicitations through any other means.

LEGAL NOTICE

By order of the Commissioners' Court of Collin County, Texas, proposals will be received by the Purchasing Agent, 2300 Bloomdale Rd., Suite 3160, McKinney, TX 75071 until **2:00 P.M., Thursday, August 25, 2016**, for **PROFESSIONAL SERVICES, REAL ESTATE BROKER SERVICES, (RFP 2016-289)**. Proposers should use unit pricing. Funds for payment have been provided through the Collin County budget approved by the Commissioners' Court for this fiscal year only. Prospective offerors may obtain detailed specifications and other documents at the Office of the Purchasing Agent or by going to <http://collincountytx.ionwave.net>. Proposals will be opened by the Purchasing Agent in the Purchasing Conference Room, Collin County Administration Building, 2300 Bloomdale Road, Ste 3160, McKinney TX, 75071 on **Thursday, August 25, 2016 at 2:00 P.M.** The Commissioners' Court reserves the right to reject any and all proposals.

ATTENTION: CLASSIFIEDS

**BILL TO: ACCOUNT NO 06100315-000
COMMISSIONERS' COURT**

NOTICE TO PUBLISHERS: Please publish in your issue on **Thursday, August 11, 2016 and Thursday, August 18, 2016**. A copy of this notice and the publisher's affidavit must accompany the invoice when presented for payment.

NEWSPAPER:	<u>Plano Star Courier</u>
DATE:	<u>August 9, 2016</u>
FAX:	<u>972- 529-1684</u>

Collin County, Texas

Bid Information

Bid Owner Matt Dobecka, CPPO, CPPB,
CPCP Functional Analyst
Email mdobecka@co.collin.tx.us
Phone 1 (972) 548-4103
Fax 1 (972) 548-4694

Bid Number 2016-289
Title Professional Services, Real Estate
Broker Services

Bid Type RFP
Issue Date 08/09/2016
Close Date 8/25/2016 02:00:00 PM (CT)

Contact Information

Address 2300 Bloomdale Rd.
Ste. 3160
McKinney, TX 75071

Contact Matt Dobecka, CPPO, CPPB, CPCP
Functional Analyst

Department Purchasing
Building Admin. Building
Floor/Room Ste.3160
Telephone 1 (972) 548-4103
Fax 1 (972) 548-4694
Email mdobecka@co.collin.tx.us

Ship to Information

Address

Contact
Department
Building
Floor/Room
Telephone
Fax
Email

Supplier Information

Company Name _____
Contact Name _____
Address _____

Telephone _____
Fax _____
Email _____

Supplier Notes

The undersigned hereby certifies the foregoing proposal submitted by the company listed below hereinafter called "offeror" is the duly authorized agent of said company and the person signing said proposal has been duly authorized to execute same. Offeror affirms that they are duly authorized to execute this contract; this company; corporation, firm, partnership or individual has not prepared this proposal in collusion with any other offeror or other person or persons engaged in the same line of business; and that the contents of this proposal as to prices, terms and conditions of said 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 proposal.

Signature _____

Date ____ / ____ / ____

Bid Notes

Bid Activities

Bid Messages

Bid Attachments

The following attachments are associated with this opportunity and will need to be retrieved separately

Line	Filename	Description
Header	General Instructions_Proposals.docx	General Instructions_Proposals
Header	Terms of Contract_Proposals.docx	Terms of Contract - Proposals

Header	Insurance updated 1-26-2015.doc	Minimum Insurance Requirements
Header	Broker Services_Final.docx	Specification
Header	Attachment A.pdf	Attachment A
Header	HB23 CIQ.docx	HB 23 Information
Header	CIQ_113015.pdf	Conflict of Interest Questionnaire
Header	W9 Form.pdf	W9 Form

Bid Attributes

Please review the following and respond where necessary

#	Name	Note	Response
1	Exceptions	Do you take exceptions to the specifications. If so, by separate attachment, please state your exceptions. Valid Responses: [Please Select], Yes, No	_____ (Required)
2	Insurance	I understand that the insurance requirements of this solicitation are required and a certificate of insurance shall be submitted to the Purchasing department if I am awarded all or a portion of the resulting contract. Please initial.	_____ (Required)
3	Cooperative Contracts	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 inter-local 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? Valid Responses: [Please Select], Yes, No	_____ (Required)

- 4 Preferential Treatment _____ (Required)
- 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).
1. Is your principal place of business in the State of Texas?
 2. If your principal place of business is not in Texas, in which State is your principal place of business?
 3. If your principal place of business is not in Texas, does your state favor resident bidders (bidders in your state) by some dollar increment or percentage?
 4. If your state favors resident bidders, state by what dollar amount or percentage.
- 5 Debarment Certification _____ (Required)
- I certify that neither my company nor an owner or principal of my company has been debarred, suspended or otherwise made ineligible for participation in Federal Assistance programs under Executive Order 12549, "Debarment and Suspension," as described in the Federal Register and Rules and Regulations.
- Please initial.
- 6 Immigration and Reform Act _____ (Required)
- I 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 by Collin County.
- Please initial.
- 7 Disclosure of Certain Relationships _____ (Required)
- Chapter 176 of the Texas Local Government Code requires that any vendor considering doing business with a local government entity disclose the vendor's affiliation or business relationship that might cause a conflict of interest with a local government entity. Subchapter 6 of the code requires a vendor to file a conflict of interest questionnaire (CIQ) if a conflict exists. By law this questionnaire must be filed with the records administrator of Collin County no later than the 7th business day after the date the vendor becomes aware of an event that requires the statement to be filed. A vendor commits an offense if the vendor knowingly violates the code. An offense under this section is a misdemeanor.
- By submitting a response to this request, the vendor represents that it is in compliance with the requirements of Chapter 176 of the Texas Local Government Code.
- Please send completed forms to the Collin County County Clerk's Office located at 2300 Bloomdale Rd., Suite 2104, McKinney, TX 75071.
- Please initial.

- 8 Disclosure of Interested Parties Section 2252.908 of the Texas Government Code requires _____ (Required)
a business entity entering into certain contracts with a governmental entity to file with the governmental entity a disclosure of interested parties at the time the business entity submits the signed contract to the governmental entity. Section 2252.908 requires the disclosure form (Form 1295) to be signed by the authorized agent of the contracting business entity, acknowledging that the disclosure is made under oath and under penalty of perjury. Section 2252.908 applies only to a contract that requires an action or vote by the governing body of the governmental entity before the contract may be signed or has a value of at least \$1 million. Section 2252.908 provides definitions of certain terms occurring in the section.
- Section 2252.908 applies only to a contract entered into on or after January 1, 2016.
- Please initial.
- 9 Notification Survey In order to better serve our offerors, the Collin County Purchasing Department is conducting the following survey. _____ (Required)
We appreciate your time and effort expended to submit your bid. Should you have any questions or require more information please call (972) 548-4165.
- How did you receive notice of this request?
Valid Responses: [Please Select], Plano Star Courier, Plan Room, Collin County eBid Notification, Collin County Website, Other
- 10 Proposer Acknowledgement Proposer acknowledges, understands the specifications, _____ (Required)
any and all addenda, and agrees to the proposal terms and conditions and can provide the minimum requirements stated herein. 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 Proposal submittal resulting from Proposer's failure to do so. Proposer acknowledges the prices submitted in this Proposal have been carefully reviewed and are submitted as correct and final. If 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 Request for Proposal.
- Please initial.

Line Items

#	Qty	UOM	Description	Response
1	1	fee	State Fee for Broker Services	\$ _____ (Required) Price

Supplier Notes: _____

1.0 GENERAL INSTRUCTIONS

1.0.1 Definitions

1.0.1.1 Offeror: refers to submitter.

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

1.0.1.3 Submittal: refers to those documents required to be submitted to Collin County, by an Offeror.

1.0.1.4 RFP: refers to Request for Proposal.

1.0.1.5 CSP: refers to Competitive Sealed Proposal

1.1 If Offeror does not wish to submit an offer at this time, please submit a No Bid.

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 ionWave Technologies, Inc. (Collin County eBid) 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 submittal may not be withdrawn or canceled by the 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 Proposals/Submittals for any or all products and/or services covered in a Request For Proposal (RFP) and Competitive Sealed Proposal (CSP), 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 RFP's and CSP's submitted in hard copy paper form shall be submitted in a sealed envelope, plainly marked on the outside with the RFP/CSP 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. RFP's and CSP's may be submitted in electronic format via Collin County eBid.

1.9 All Request for Proposals (RFP) and Competitive Sealed Proposals (CSP) submitted electronically via Collin County eBid shall remain locked until official date and time of opening as stated in the Special Terms and Conditions of the RFP and/or CSP.

1.10 Time/date stamp clock in Collin County Purchasing Department shall be the official time of receipt for all Request for Proposals (RFP) and Competitive Sealed Proposals (CSP) submitted in hard copy paper form. RFP's, and CSP's received in the Collin 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 RFP/CSP, 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 a Request for Proposal or 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 Collin County eBid.

1.13.1 Addenda will be transmitted to all that are known to have received a copy of the RFP/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. **Collin County eBid** <https://collincountytexas.ionwave.net/>, telephoning Purchasing Department directly, etc.) prior to opening/receipt date and time to insure Offeror's receipt of any addenda issued. 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 Any reference to model/make and/or manufacturer used in specifications is for descriptive purposes only. Products/materials of like quality will be considered.

1.17 Offerors taking exception to the specifications shall do so at their own risk. By offering substitutions, Offeror shall state these exceptions in the section provided in the RFP/CSP 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.

1.18 Minimum Standards for Responsible Prospective Offerors: A prospective Offeror must meet the following minimum requirements:

1.18.1 have adequate financial resources, or the ability to obtain such resources as required;

1.18.2 be able to comply with the required or proposed delivery/completion schedule;

1.18.3 have a satisfactory record of performance;

1.18.4 have a satisfactory record of integrity and ethics;

1.18.5 be otherwise qualified and eligible to receive an award.

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

1.20 Vendor shall bear any/all costs associated with its preparation of a RFP/CSP 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 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 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.

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 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 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 Expenses for Enforcement. In the event either Party hereto is required to employ an attorney to enforce the provisions of this Agreement or is required to commence legal proceedings to enforce the provisions hereof, the prevailing Party shall be entitled to recover from the other, reasonable attorney's fees and court costs incurred in connection with such enforcement, including collection.

2.11 If a contract, resulting from a Collin County RFP/CSP is for the execution of a public work, the following shall apply:

2.11.1 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).

2.11.2 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).

2.12 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.

2.13 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.

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

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

2.16 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.

2.17 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.

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

2.18.1 Collin County Purchase Order Number;

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

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

- 2.19 Payment will be made in accordance with V.T.C.A., Government Code, Title 10, Subtitle F, Chapter 2251.
- 2.20 All warranties shall be stated as required in the Uniform Commercial Code.
- 2.21 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.
- 2.22 The Vendor/Contractor/Provider agree to protect Collin County from any claims involving infringements of patents and/or copyrights.
- 2.23 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.
- 2.24 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.
- 2.25 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.
- 2.26 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.
- 2.27 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.
- 2.28 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.
- 2.29 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.
- 2.30 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.

2.31 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.

2.32 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 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 proposal submission and time of award, the Offeror will notify the Collin County Purchasing Agent. Failure to do so may result in terminating this contract for default.

2.33 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.

2.34 Delays and Extensions of Time when applicable:

2.34.1 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/Engineer may determine.

2.34.2 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.

2.35 Disclosure of Certain Relationships: Chapter 176 of the Texas Local Government Code requires that any vendor considering doing business with a local government entity disclose the vendor's affiliation or business relationship that might cause a conflict of interest with a local government entity. Subchapter 6 of the code requires a vendor to file a conflict of interest questionnaire (CIQ) if a conflict exists. By law this questionnaire must be filed with the records administrator of Collin County no later than the 7th business day after the date the vendor becomes aware of an event that requires the statement to be filed. A vendor commits an offense if the vendor knowingly violates the code. An offense under this section is a misdemeanor. By submitting a response to this request, the vendor represents that it is in compliance with the requirements of Chapter 176 of the Texas Local Government Code. Please send

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

3.0 INSURANCE REQUIREMENTS

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 including but not limited to the coverage indicated below. Coverage shall not exclude or limit Products/Completed Operations, Contractual Liability, or Cross Liability. Coverage must be written on occurrence form.

- Each Occurrence: \$1,000,000
- Personal Injury & Adv. Injury: \$1,000,000
- Products/Completed Operation Aggregate: \$2,000,000
- General Aggregate: \$2,000,000

3.1.2 **Workers Compensation** insurance as required by the laws of Texas, and Employers' Liability.

Employers' Liability

- Liability, Each Accident: \$500,000
- Disease-Each Employee: \$500,000
- Disease – Policy Limit: \$500,000

3.1.3 **Commercial Automobile Liability** insurance which includes any automobile (owned, non-owned, and hired vehicles) used in connection with the contract.

- Combined Single Limit – Each Accident: \$1,000,000

3.1.4 **Professional/Errors & Omissions Liability** insurance with a two (2) year extended reporting period. If you choose to have project coverage endorsed onto your base policy, this would be acceptable.

- Each Occurrence/Aggregate: \$1,000,000

3.1.5 **Umbrella/Excess Liability** insurance.

- Each Occurrence/Aggregate: \$1,000,000

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

3.2.1 A waiver of subrogation in favor of Collin County, its officials, employees, volunteers and officers shall be provided for General Liability, Commercial Automobile Liability, and Workers' Compensation.

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

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

3.2.4 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.

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

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

3.3.1 A financial rating of A-VII or higher as assigned by the BEST Rating Company or equivalent.

3.4 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:

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

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

- 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.

LEVEL 1 - PROCUREMENT REQUIREMENTS ASSESSMENT

- 4.1.1 Conformance with RFP guidelines and submittal requirements. The following documents shall be submitted as part of the proposal. Failure to provide these documents shall deem vendor as non-responsive.

4.1.1.1 Response to Section 6.0

4.1.1.2 Provide evidence of Broker License with the State of Texas

LEVEL 2 – DETAILED PROPOSAL ASSESSMENT

- 4.1.2 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– 40%

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 – 20%

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: Various County Properties

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.

5.3 TERM

Provide for a term contract commencing on the date of the award and continuing through and including September 30, 2017.

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

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.

5.6.1 Brokers duties include:

5.6.1.1 Finding a buyer or lessee ready, willing, and able to buy or lease property.

5.6.1.2 Assisting, to the extent requested by the Seller/Lessor, in negotiating terms of and filling out real estate purchase and sale agreement or ground lease agreement.

5.6.1.3 Complying with all applicable laws in performing duties.

5.7 KNOWN PROPERTY

A tract of real property located at the southeast corner of Bloomdale Road and Community Avenue, McKinney, Texas. Collin County, Texas. Land is situated in the Collin County Justice Center Addition, Block 2, Lot 1, Collin County, Texas. (See Attachment A – Self Contained Appraisal Report by Pyles Whatley Corporation for more detailed information).

Collin County intends to enter into a ground lease for this property. The minimum lease to be accepted for this property is \$65,700 for year one.

6.1 PROPOSAL DOCUMENTS

Responses to this Request for Proposal (RFP) must be submitted in a sealed envelope, properly delivered as of the date and time set forth herein. Proposals not received by the proposal deadline will not be considered, and will be returned unopened. Qualified responses to this RFP must not exceed thirty (30) pages in length.

6.1.1 To achieve a uniform review process and to obtain a maximum degree of comparability, the proposal shall, at a minimum include a Table of Contents detailing sections and corresponding page numbers.

6.1.2 Proposals may be submitted online via <http://collincountytx.ionwave.net> or submitted via CD-ROM or Flash Drive. Electronic submissions are preferred.

6.1.3 If submitting manually, proposal shall be submitted in a sealed envelope or box with RFP name, number, and name of firm printed on the outside of the envelope or box. Manual submittals shall be sent/delivered to the following address and shall be received prior to the date/time for opening:

Collin County Purchasing
2300 Bloomdale, Suite 3160
McKinney, TX 75071

Paper copies shall be printed on letter size (8 ½ x 11) paper and assembled using spiral type bindings, staples, or binder clips. Do not use metal-ring hard cover binders. Manual submittals shall include an electronic copy in a searchable format.

It shall be the responsibility of the offeror to insure that their proposal reaches Collin County Purchasing prior to the date/time for the opening no matter which submission method is used.

6.2 FIRM OVERVIEW

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

6.2.1.1 A descriptive background of your company's history.

6.2.1.2 State your principal business location and any other service locations.

6.2.1.3 How long have you been providing service(s)?

6.2.1.3 Detailed qualifications of the Proposer and any subcontractors or other agents who may perform services pursuant to Proposer's proposal.

6.2.1.4 A list, containing no less than five (5) nor more than ten (10) present or former clients for whom Proposer has undertaken real estate brokerage responsibilities. The list should contain a contact person for each project, including name, address and telephone number for each client.

6.2.1.5 Provide evidence of Broker License with the State of Texas.

6.2.1.6 Provide sample Broker Services contract.

6.3 PROPOSED SERVICE

6.3.1 Offeror is requested to identify the proposed service to include but not limited to the following:

6.3.1.1 A detailed plan by which Proposer will advertise, market and solicit proposals from qualified purchasers for the potential purchase or lease of the Collin County property.

6.3.1.2 A detailed plan on what services will be provided to Collin County in connection with the negotiation and consummation of any sale of Collin County property.

6.4 TIME SCHEDULE

6.4.1 Describe proposed project schedule for known project listed in 5.6.1

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.

6.5.1.1 State Fee for Brokerage Services.

6.5.1.2 Information regarding how Collin County will be billed, whether on a commission basis, flat fee, or otherwise.

6.6 ELIGIBILITY FOR AWARD

In order for a Proposer to be eligible for consideration, the submitted proposal must be responsive to the solicitation and Collin County must be able to determine that the Proposer is responsible, qualified and possesses sufficient experience and resources in the field of real estate brokerage.

A Responsive Proposal is one that complies with all material aspects of the solicitation made in this RFP. Proposals that do not comply with all conditions of the solicitation will be rejected as non-responsive.

The Proposer may be requested to submit written evidence verifying the Proposer meets the minimum criteria necessary to be determined a Responsible Proposer. Refusal to provide the requested information will result in the Proposer being declared non-responsive and having the Proposal rejected.

A Responsible Proposer must, at a minimum:

6.6.1 Be qualified as an established firm regularly engaged in real estate brokerage in the McKinney and/or greater Dallas metroplex area;

- 6.6.2 Be licensed to do perform real estate brokerage business in the State of Texas;
- 6.6.3 Have adequate financial resources, or ability to obtain such resources, as required for the performance of the Contract;
- 6.6.4 Have a satisfactory record of past performance;
- 6.6.5 Be otherwise qualified and eligible to receive an award under applicable laws and regulations;

APPRAISAL REPORT

**8.370 ACRES OF LAND, GROUND LEASE
SE/C OF BLOOMDALE ROAD AND COMMUNITY AVENUE
MCKINNEY, COLLIN COUNTY, TEXAS 75071**

FOR

**COLLIN COUNTY
2300 BLOOMDALE ROAD, STE 3160
MCKINNEY, TEXAS 75071**

**PYLES WHATLEY CORPORATION
16910 DALLAS PARKWAY, SUITE 100
DALLAS, TEXAS 75248**



PYLES★WHATLEY CORPORATION

16-302

Real Estate Consultants

June 3, 2016

Mr. Matt Dobecka
Collin County
2300 Bloomdale Road, STE 3160
McKinney, Texas 75071

Re: An appraisal of 8.370 acres of land located at the southeast corner of Bloomdale Road and Community Avenue, McKinney, Collin County, Texas 75071 and an analysis of a possible ground lease of the land.

Dear Mr. Dobecka:

At your request, we submit this appraisal report to estimate the market value of the above referenced property. We have made an on-site inspection of the property and considered factors pertinent to and indicative of value including the McKinney area characteristics, market area data and trends, locational amenities, highest and best use, and other elements of value. This report conforms to USPAP standards.

Methodology and terminology used throughout the report can be found in The Appraisal of Real Estate, Fourteenth Edition, as published by the Appraisal Institute.

This appraisal provides an appraisal report in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation. Our opinion of value for the subject is effective as of May 26, 2016, and the methodology and terminology used throughout the report includes 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.

Our opinion of the market value for the subject is as follows:

Market Value Opinion

Fee Simple, As Is - Land Only	\$ 1,095,000
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The following report sets forth a description of the subject 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 of this appraisal.

16-302

Page 2

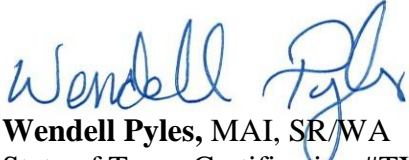
Mr. Matt Dobecka

June 3, 2016

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

Respectfully submitted,

PYLES WHATLEY CORPORATION

A handwritten signature in blue ink that reads "Wendell Pyles". The signature is written in a cursive style with a large, stylized initial "W".

Wendell Pyles, MAI, SR/WA

State of Texas Certification #TX-1320453-G

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Name	8.370 Acres of Land, Ground Lease
Location	SE/c of Bloomdale Road and Community Avenue McKinney, Collin County, Texas
Mapsco	DA-260-M
Land Area	364,597 SF 8.370 AC
Zoning	C, PD-1642 Commerical
Reasonable Exposure Time	12 months
Reasonable Marketing Period	12 months
Market Value Opinion	
Fee Simple, As Is - Land Only	\$ 1,095,000 or \$3.00/SF
Date of Appraisal Value	May 26, 2016
Date of Inspection	May 26, 2016
Date of Appraisal Report	June 3, 2016

LETTER OF TRANSMITTAL	
SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS	
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Purpose of the Appraisal

The purpose of this appraisal is to render an opinion of the market value of the subject property and analyze a potential market ground lease. The report complies 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.

All methodology utilized to arrive at the estimate of market value can be found in *The Appraisal of Real Estate*, Fourteenth Edition, as published by the Appraisal Institute.

Effective Date of the Appraisal

The subject property is being appraised as of May 26, 2016, 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 and photographed on May 26, 2016, which included a visual observation of the site and any improvements. The date of this appraisal report is June 3, 2016.

Property Rights Appraised

Three primary property rights 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 interest* in the real property. Additionally, typical ground leases are analyzed and compared to the subject land to approximate a market ground lease of the subject property.

Subject Identification & Legal Description

Property Type:	Vacant Land
Ownership:	Collin County
Subject Property Location:	SE/c of Bloomdale Road and Community Avenue McKinney, Collin County, Texas
Zip Code:	75071
Legal Description:	Land situated in the Collin County Justice Center Addition, Block 2, Lot 1, Collin County, Texas

Subject History

According to the Collin Central Appraisal District records, the current owner is Collin County. The county has owned the property for over five years. To our knowledge, the property is not listed for sale; however, the eastern abutting property owner has proposed to ground lease the subject from the county. The terms of the proposed ground lease were not provided.

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, and Client

The intended use of this report is for Collin County's officers and administrators to assess a proposed ground lease of the subject. 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 Researched

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, lessees/lessors, and others familiar with the real estate market. The information provided by these sources is deemed reliable, but is not guaranteed.

In addition, verifiable third party sources were utilized including Costar Realty Information, Roddy Information Services, Loopnet, and the Multiple Listing Service (MLS). Additional market data were extracted from market reports and data circulated and purchased from Robert G. Watts/RealtyRates.com, Real Estate Research Corporation, Price Waterhouse Coopers Korpacz Investor Survey, and M/PF Yieldstar. When third party sources are utilized in the report, a reference to the source is made. The information provided by these sources is deemed reliable, but is not guaranteed.

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.

Scope of the Appraisal

Wendell Pyles and/or Jace Whatley performed all aspects of this report, which included the following:

- Communicated with Matt Dobecka and Bill Burke, of Collin County regarding the appraisal assignment; a narrative appraisal report meets the client's requirements.
- Communicated with the County, regarding the history and the condition of the subject.
- Researched the public records for data on the subject property, including zoning, assessments, taxes, acreage, and maps.
- A preliminary search of all available resources was made to determine market trends, influences and other significant factors pertinent to the subject property. The property is identified previously in this report.
- Inspected the subject property and subject neighborhood on May 26, 2016; photographs were taken of the subject and comparable sales and subdivisions. Although due diligence was exercised while inspecting the property, the appraiser is not an expert in such matters as soils, structural engineering, hazardous waste, etc., and no warranty is given as to these elements. The owner or owner's representative was not present during the inspection.
- Research and collection of data (land sales, subdivisions lot sales, escrow sales, and listings) were performed as present in the market area and of sufficient quality to express an opinion of value as defined herein. The appraiser examined data from the Costar Realty Information, Roddy Information Services, Loopnet, Multiple Listing Service (MLS), county records, and owner interviews.
- An analysis of the highest and best use was completed.
- Gathered and analyzed the market data to reach an estimate of market value for the fee simple interest of the subject, using the sales comparison approach to value.
- Assembled and wrote the narrative report, complete with maps, photos, and supporting addenda.

The definition of market value is:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeable, and for self-interest, and assuming that neither is under undue duress”¹

¹The Appraisal of Real Estate, 14th Edition, 2013, Appraisal Institute, Chicago, Illinois, p. 58

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, 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, water rights, or whether the property is subject to surface entry for the exploration or removal of such, 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 herein 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.

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 systems.

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 is 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.

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 to 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.

Extraordinary Assumptions and Hypothetical Conditions: The Uniform Standards of Professional Appraisal Practice require the disclosure of hypothetical conditions and extraordinary assumptions when employed in the development of an appraisal. As defined in the Uniform Standards of Professional Appraisal Practice, a hypothetical condition is “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” As defined in the Uniform Standards of Professional Appraisal Practice, an extraordinary assumption is “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

None

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

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

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.

Effective Gross Income Multiplier - The ratio between the sale price (or value) of a property and its effective gross income; a single year's EGI expectancy or an annual average of several years' EGI expectancies.

Excess Land - In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a site considered as though vacant, excess land is the land not needed to accommodate the site's primary highest and best use. Such land may have its own highest and best use or may allow for future expansion of the existing or anticipated improvement. If the excess land is marketable or has value for a future use, its market value as vacant land is added to the opinion of market value of the economic entity.

Exposure Time - The estimated 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; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

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 Location or Environmental Obsolescence.

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.

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.

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

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.

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.

Investment Value - The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached.

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.

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.

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.

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.

Replacement Cost New (RCN) – The estimated cost to construct, as of the effective date of the appraisal, a building with utility equivalent to the building being appraised, using contemporary materials, standards, design and layout. When this cost basis is used, some existing obsolescence in the property is assumed to be cured.

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.

Surplus Land - In regard to an improved site, the land not necessary to support the highest and best use of the existing improvements, but because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing anticipated improvement.

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	PV = present value
OAR or R_o = overall capitalization rate	EDR or R_E = equity dividend rate	UA = usable area
GBA = gross building area	RA = rentable area	± = plus or minus from amount stated

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

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.

Retrospective Value, As of Appraisal Date – An opinion of the market value of a property that is likely to have applied as of a specific historic date and as it physically and legally existed without hypothetical conditions, assumptions, or qualifications as of the specific historic date. 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*.

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

Downtown Dallas



Fort Worth



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 6.9 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 2015 estimated population of over 4.7 million. The Fort Worth MD is comprised of Johnson, Parker, Tarrant, and Wise Counties with a 2015 estimated population of over 2.3 million.

CITY AND COUNTY CHARACTERISTICS

History/Introduction

The city of Dallas, located in Dallas County, began as a small Trinity River settlement founded in 1841 by John Neely Bryan. Shortly after its founding, Dallas became part of the wagon train route, the Central National Highway of the Republic of Texas. Dallas was incorporated in 1857 despite its small population, and by 1870 had a population of only 2,960.

In the 1870's, Dallas citizens, bent on making their mark in the Southwest, coaxed the Houston & Texas Central Railroad, which ran north/south, and the westbound Texas Pacific Railroad to the city, thereby becoming a crossing point for the Northeast and Southwest.

With the advent of the railroad, Dallas quickly grew to 38,500 by 1890, and by 1920 the nation was referring to Dallas as "Big D". The city's growth has been mostly attributable to the efforts and influences of the business and private sector. Dallas became the center of finance and business in the Southwest when it petitioned for and received one of the twelve District Federal Reserve Banks in 1913. Since that time, Dallas has become the fifth largest financial center in the United States.

Situated in North Texas, Dallas and Fort Worth serve as the principal cities of the DFW metropolitan area (commonly called the Metroplex). Dallas is the main economic center while Fort Worth is the second largest cultural and economic center of the Metroplex.

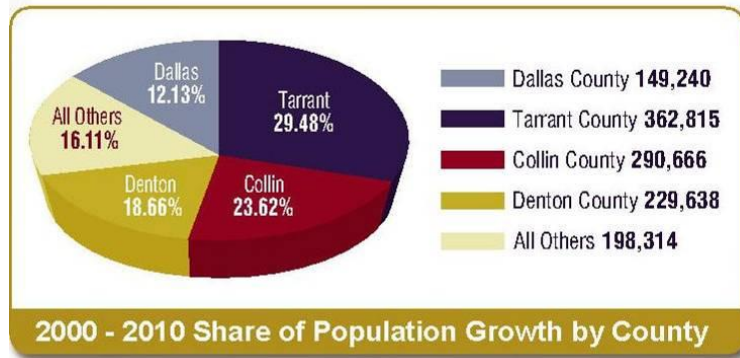
Demographics/Population

The DFW MSA is the fourth largest metro area in the nation and larger than 33 US states. Dallas is the third largest city in Texas and ninth in the nation. Dallas County is the ninth most populous county in the nation at 2,518,638 persons. Within the Dallas MD is an estimated 2014 population of 4,617,827. Fort Worth ranks as the fifth largest city in the state of Texas and eighteenth in the United States. The city serves as the county seat for Tarrant County which consists of a 2014 population of 1,945,360. Within the Fort Worth MD is a population count of 2,353,770.

From 2000 to 2014, the Dallas-Fort Worth-Arlington MSA was fourth only to the New York region in growth nationwide. With a growth rate of 8.22%, the MSA population increased by an estimated 528,116 persons.

The Dallas MD experienced a growth rate of 1.98% in 2014 and projected growth rate for 2015 is 2.04%. Forbes ranked Dallas as the 3rd fastest growing city in the United States behind Houston and Austin.

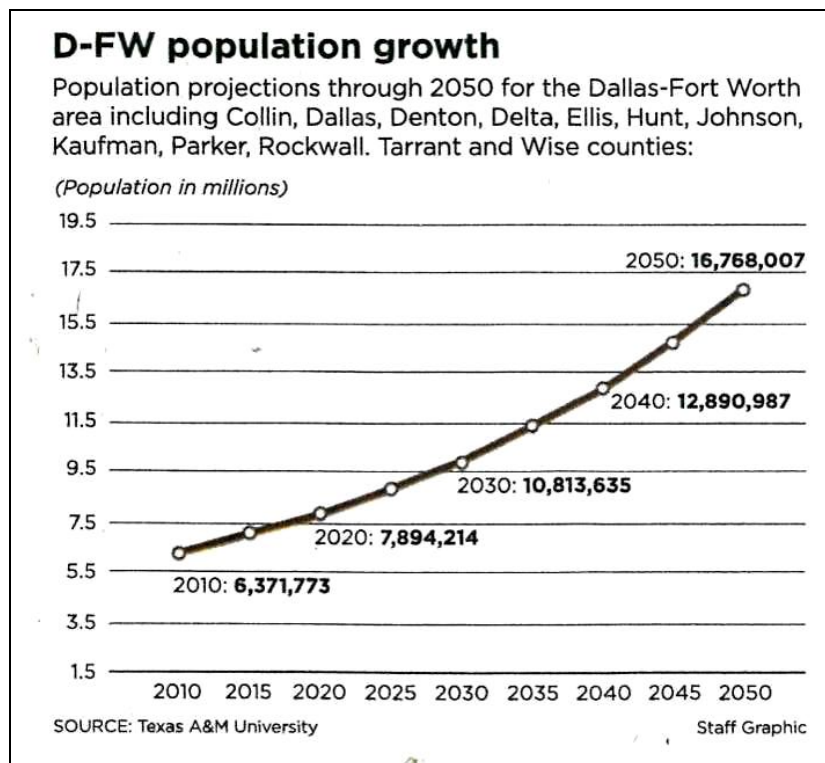
The breakdown of growth by the four major counties of the MSA is as follows:



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 1,779 miles of open land area.

Urban Area (2010)	Total Area (square miles)	Urban Area (2010)	Total Area (square miles)
New York	3,450	Dallas/Fort Worth	1,779
Los Angeles	1,736	Houston	1,660
Chicago	2,443	Washington DC	1,321
Philadelphia	1,981	Atlanta	2,645
Miami	1,239	Boston	1,874

Source: 2010 United States Census "Area Urban List"



The subsequent table illustrates growth trends, in total numbers and annualized percentages, of all the major cities, suburbs, and statistical regions from 1990 to 2015, with a 2020 estimate.

POPULATION ANNUALIZED GROWTH RATES						
AREA	1990	2000	2010	2015	2020 (est.)	2010-2015 Change
DFW MSA	3,984,349	5,156,410	6,366,542	6,927,372	7,333,237	8.8%
Dallas MD	2,616,281	3,444,276	4,230,520	4,627,519	4,911,363	9.4%
Collin County	264,079	491,676	782,341	891,342	955,581	13.9%
Dallas County	1,848,177	2,219,132	2,368,139	2,526,255	2,666,219	6.7%
Denton County	276,586	430,999	662,614	760,039	818,179	14.7%
Ellis County	85,126	111,294	149,610	160,371	167,873	7.2%
Hunt County	64,353	76,602	86,129	88,743	91,048	3.0%
Kaufman County	52,355	71,493	103,350	112,118	117,859	8.5%
Rockwall County	25,605	43,080	78,337	88,651	94,604	13.2%
Fort Worth MD	1,368,068	1,712,134	2,136,022	2,299,853	2,421,874	7.7%
Johnson County	97,189	126,822	150,934	158,306	164,411	4.9%
Parker County	64,749	88,447	116,927	124,388	128,329	6.4%
Tarrant County	1,171,454	1,448,085	1,809,034	1,955,206	2,065,025	8.1%
Wise County	34,676	48,780	59,127	61,953	64,109	4.8%
Addison	8,492	14,465	13,056	13,950	14,736	6.8%
Allen	20,202	41,942	84,246	95,914	102,821	13.8%
Arlington	265,420	334,292	365,438	394,091	416,274	7.8%
Carrollton	81,605	111,272	119,097	132,692	141,821	11.4%
Coppell	17,676	36,902	38,659	41,384	43,733	7.0%
Dallas	1,005,904	1,182,168	1,197,816	1,282,060	1,354,460	7.0%
Denton	66,807	84,147	113,383	129,234	138,559	14.0%
Duncanville	33,595	35,702	38,524	40,933	43,216	6.3%
Farmers Branch	25,745	29,407	28,616	30,439	32,135	6.4%
Fort Worth	457,068	545,356	741,206	801,887	846,789	8.2%
Frisco	8,766	35,022	116,989	134,061	144,057	14.6%
Garland	179,932	214,822	226,876	241,914	255,460	6.6%
Grand Prairie	98,558	126,730	175,396	188,302	198,889	7.4%
Irving	154,084	191,011	216,290	231,041	243,943	6.8%
Lewisville	45,229	77,544	95,290	108,780	117,157	14.2%
McKinney	22,205	54,953	131,117	150,099	160,809	14.5%
Mesquite	101,162	125,619	139,824	148,940	157,280	6.5%
Murphy	1,093	3,068	17,708	20,243	21,711	14.3%
Plano	128,980	223,856	259,841	295,052	316,371	13.6%
Richardson	76,953	92,063	99,223	107,740	114,256	8.6%
Wylie	9,182	16,540	41,427	47,044	50,428	13.6%

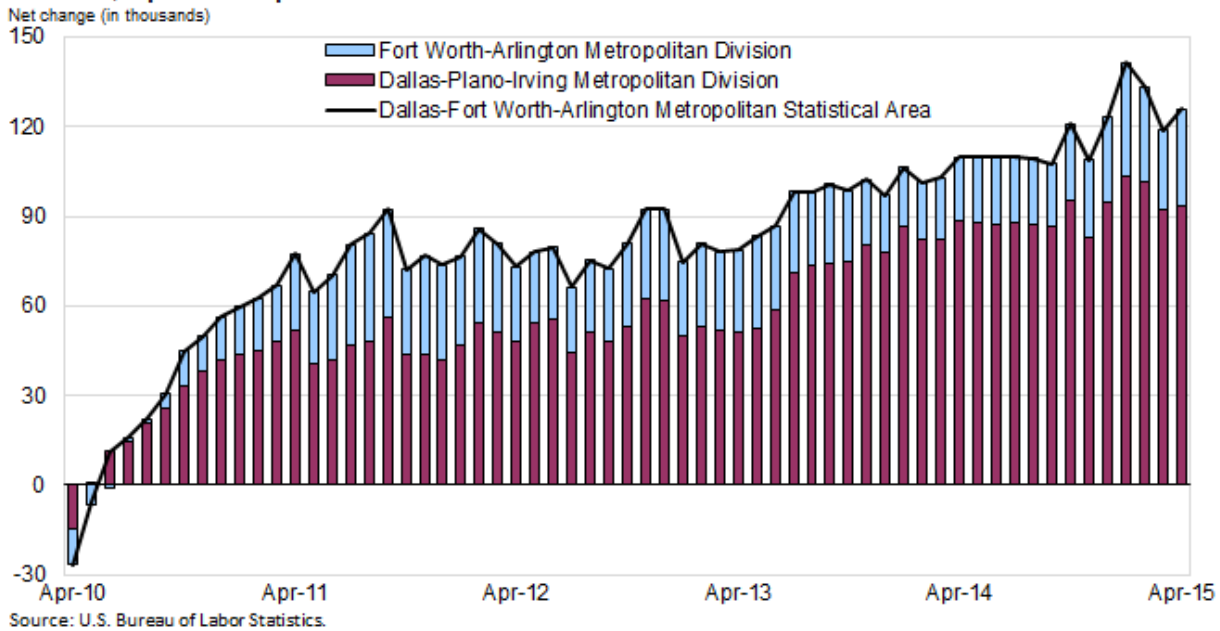
Source: EASIDemographics.com

EMPLOYMENT AND ECONOMIC BASE

DFW MSA Employment

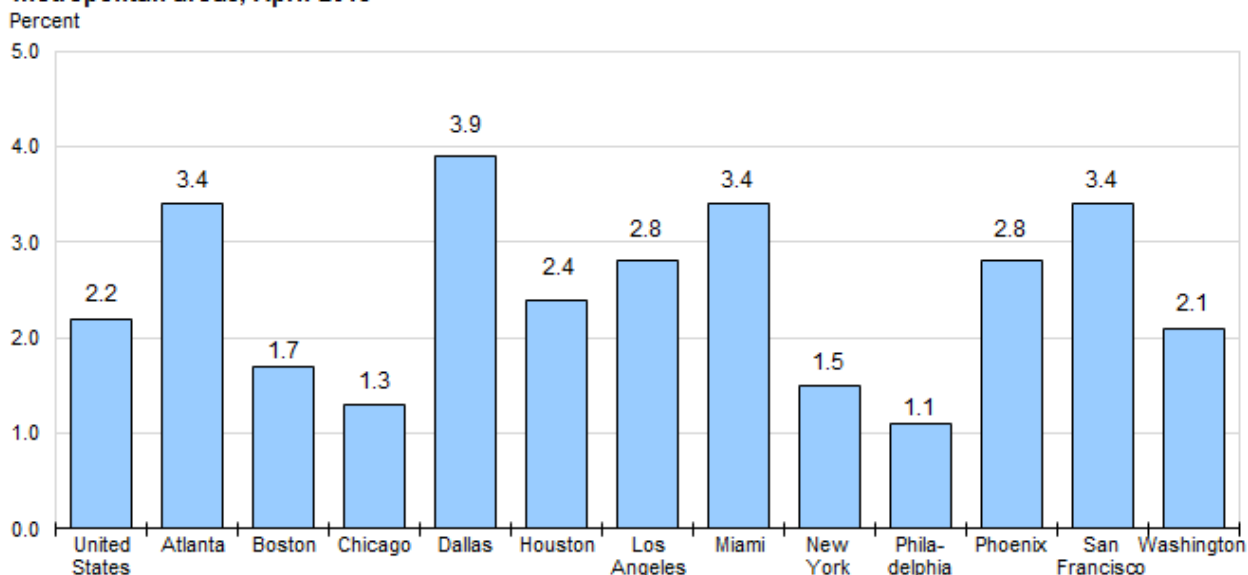
From April 2014 to April 2015, local nonfarm employment rose 3.9 percent, well above the national increase of 2.2 percent. Dallas ranked first in the rate of job growth and third in the number of jobs added. Total nonfarm employment in the DFW Metropolitan Statistical area stood at 3,370,500 in April 2015, up 125,800 over the year, according to the U.S. Bureau of Labor Statistics.

Chart 1. Total nonfarm employment, over-the-year net change in the Dallas metropolitan area and its divisions, April 2010–April 2015



Dallas-Fort Worth-Arlington was 1 of the nation’s 12 largest metropolitan statistical areas in April 2015. All of these areas experienced over-the-year job growth during the period, with seven exceeding the national average of 2.2 percent. The fastest rate of job growth was registered in Dallas, up 3.9 percent.

Chart 3. Total nonfarm employment, over-the-year percent change, United States and 12 largest metropolitan areas, April 2015



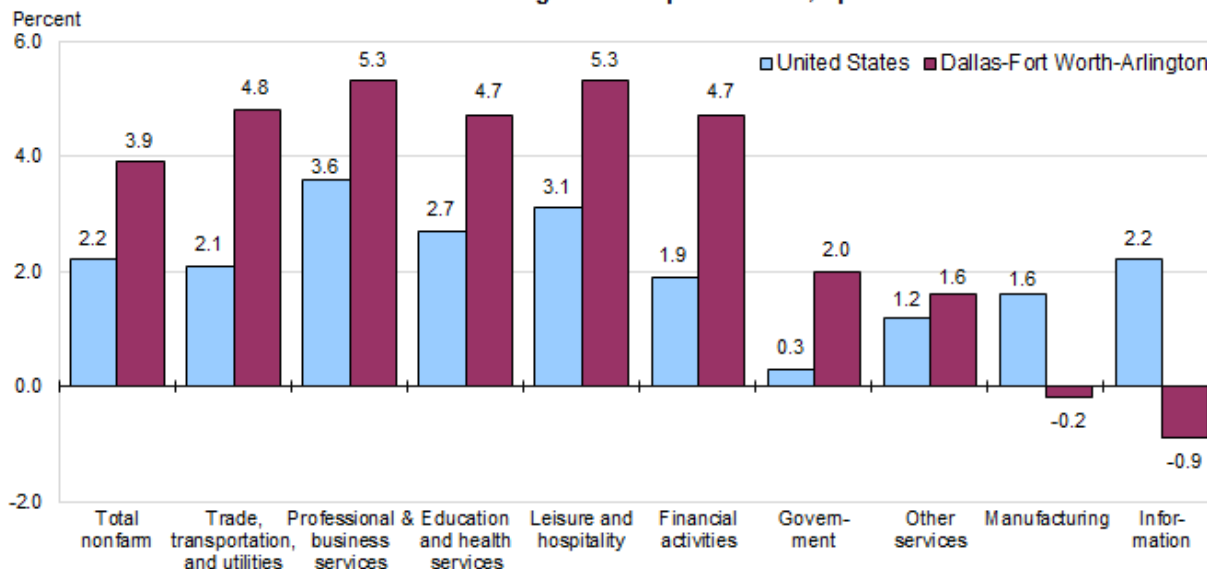
Source: U.S. Bureau of Labor Statistics.

**Civilian Labor Force Estimates for Texas Metropolitan Statistical Areas
Not Seasonally Adjusted (In Thousands)**

	May 2015				April 2015				May 2014			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
United States	157,719.0	149,349.0	8,370.0	5.3	156,554.0	148,587.0	7,966.0	5.1	155,841.0	146,398.0	9,443.0	6.1
Texas	13,114.0	12,575.3	538.7	4.1	13,094.5	12,573.1	521.4	4.0	13,094.8	12,436.9	657.9	5.0
Ablilene	76.5	73.7	2.8	3.7	76.8	74.2	2.6	3.4	77.5	74.1	3.4	4.3
Amarillo	131.0	127.1	3.9	2.9	130.0	126.5	3.5	2.7	132.6	127.8	4.8	3.6
Austin-Round Rock	1,060.3	1,027.3	33.0	3.1	1,056.0	1,024.4	31.6	3.0	1,049.0	1,006.0	43.0	4.1
Beaumont-Port Arthur	181.5	170.7	10.8	6.0	180.5	169.8	10.7	5.9	180.5	166.9	13.6	7.5
Brownsville-Harlingen	165.4	154.5	10.9	6.6	165.1	154.1	11.0	6.7	168.1	154.5	13.6	8.1
College Station-Bryan	119.9	115.9	4.0	3.3	119.1	115.4	3.7	3.1	121.4	116.5	4.9	4.0
Corpus Christi	212.9	202.9	10.0	4.7	213.5	203.9	9.6	4.5	211.8	201.0	10.8	5.1
Dallas-Fort Worth-Arlington	3,567.7	3,433.2	134.5	3.8	3,573.0	3,441.5	131.5	3.7	3,544.3	3,367.7	176.6	5.0
Dallas-Plano-Irving MD	2,376.8	2,288.3	88.5	3.7	2,380.4	2,293.7	86.7	3.6	2,355.0	2,237.1	117.9	5.0
Fort Worth-Arlington MD	1,190.9	1,145.0	45.9	3.9	1,192.6	1,147.8	44.8	3.8	1,189.3	1,130.6	58.7	4.9
El Paso	342.7	325.6	17.1	5.0	342.2	325.6	16.6	4.8	351.1	328.4	22.7	6.5
Houston-The Woodlands-Sugar Land	3,249.9	3,114.9	135.0	4.2	3,245.1	3,114.6	130.5	4.0	3,247.3	3,089.6	157.7	4.9
Killeen-Temple	167.9	160.5	7.4	4.4	167.6	160.4	7.2	4.3	170.8	160.9	9.9	5.8
Laredo	112.0	107.0	5.0	4.5	112.0	107.1	4.9	4.4	111.4	105.8	5.6	5.0
Longview	105.4	100.6	4.8	4.5	105.5	101.0	4.5	4.3	104.5	99.4	5.1	4.9
Lubbock	153.7	148.8	4.9	3.2	153.7	149.1	4.6	3.0	155.0	149.1	5.9	3.8
McAllen-Edinburg-Mission	335.2	311.0	24.2	7.2	331.8	307.7	24.1	7.3	334.6	306.8	27.8	8.3
Midland	97.0	94.0	3.0	3.1	97.1	94.3	2.8	2.9	93.0	90.3	2.7	2.9
Odessa	85.4	82.0	3.4	4.0	85.6	82.4	3.2	3.8	81.7	78.9	2.8	3.5
San Angelo	55.9	53.7	2.2	4.0	55.7	53.6	2.1	3.8	55.4	53.1	2.3	4.1
San Antonio-New Braunfels	1,099.9	1,060.8	39.1	3.6	1,097.4	1,060.2	37.2	3.4	1,094.4	1,044.3	50.1	4.6
Sherman-Denison	60.3	58.1	2.2	3.7	60.2	58.0	2.2	3.6	60.9	58.0	2.9	4.8
Texarkana	63.9	60.7	3.2	5.0	63.7	60.6	3.1	4.9	64.8	60.8	4.0	6.2
Tyler	102.2	97.9	4.3	4.2	102.0	97.9	4.1	4.1	103.4	98.2	5.2	5.1
Victoria	50.5	48.6	1.9	3.8	50.5	48.7	1.8	3.6	50.0	47.9	2.1	4.2
Waco	117.4	112.8	4.6	3.9	117.6	113.3	4.3	3.7	119.8	113.6	6.2	5.2
Wichita Falls	64.8	62.2	2.6	4.1	64.8	62.3	2.5	3.9	66.3	63.2	3.1	4.7

In previous years, the DFW diversified economic base has generated employment opportunities, which 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. The subsequent chart illustrates employment growth in industry sectors in Dallas/Fort Worth and nationwide.

Chart 2. Total nonfarm and selected industry supersector employment, over-the-year percent change, United States and the Dallas-Fort Worth-Arlington metropolitan area, April 2015



Source: U.S. Bureau of Labor Statistics.

Trade, transportation and utilities, the metropolitan area's largest supersector, registered the largest annual employment gain adding 31,900 jobs since April 2014. The professional and business services added 27,900 jobs from April 2014 and Dallas area's education and health services supersector added 18,500 jobs. Employment in leisure and hospitality rose by 17,700 from April 2014, an increase of 5.3 percent. Both metropolitan divisions contributed to the increase, with Dallas adding 11,700 jobs and Fort Worth adding 6,000 jobs. Nationwide, leisure and hospitality employment rose 3.1 percent during the period.

The financial activities supersector added 12,400 jobs since April 2014, a 4.7 percent increase. Local growth was greatest in the insurance carriers industry which gained 4,000 jobs over the year, a 9.9 percent increase. Three other local supersectors recorded employment gains including mining, logging and construction; government section; and other services.

Local Companies

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. The availability of reasonably priced land, lower living cost for employees, favorable climate, and reasonable housing are great incentives.

DFW MSA is home to 20 Fortune 500 Companies. These companies include Exxon Mobil, AT&T, AMR Corporation, Texas Instruments, Fluor, Kimberly-Clark, J.C Penney, Energy Transfer Holdings, Energy Transfer Equity, Atmos Energy, and several others.

The largest North Texas employers based on the number of local full-time employees, include Wal-Mart Stores Inc., American Airlines Group Inc., Baylor Health Care System, Dallas Independent School District, Texas Health Resources, Bank of America, City of Dallas, JPMorgan Chase Bank N.A., Texas Instruments Inc., and Lockheed Martin Aeronautics Co.

Below are the top ten employers located in North Texas:

Dallas/Fort Worth	
Top Ten Employers	of Local Employees
Wal-Mart Stores Inc.	52,700
American Airlines Group Inc.	23,700
Baylor Health Care Systems	22,000
Dallas Independent School District	20,793
Texas Health Resources	16,205
Bank of America	15,400
City of Dallas	13,000
JPMorgan Chase Bank N.A.	13,000
Texas Instruments Inc.	13,000
Lockheed Martin Aeronautics Co.	12,600
<i>Source: Dallas Business Journal 2015 Book of Lists</i>	

The largest North Texas public companies based on revenue include Exxon Mobil Corp., AT&T Inc., Energy Transfer Partners LP, Fluor Corp., American Airlines Group Inc., Kimberly-Clark Corp., HollyFrontier Corp., Southwest Airlines Co., Texas Instruments Inc., and Tenet Healthcare Corp.,.

Below are the top ten public-sector companies located in North Texas:

Dallas/Fort Worth	
Top Ten Employers	2014 Revenue (billion)
Exxon-Mobil Corp.	\$438.26
AT&T, Inc.	\$128.75
Energy Transfer Partners LP	\$46.34
Fluor Corp.	\$27.35
American Airlines Group Inc.	\$26.74
Kimberly-Clark Corp.	\$21.15
HollyFrontier Corp.	\$20.16
Southwest Airlines Co.	\$17.70
Texas Instruments Inc.	\$12.21
Tenet Healthcare Corp.	\$12.07
<i>Source: Dallas Business Journal 2015 Book of Lists</i>	

DALLAS/FORT WORTH INVESTMENT CRITERIA

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

Situs RERC Investment Conditions and Current Quarter Capitalization Techniques								
	Investment Conditions ¹				Income Approach ²		Cap Rate ³	
	4Q 2015	3Q 2015	4Q 2014	4Q 2013	Direct Cap.	DCF	Before Reserves (%)	After Reserves (%)
Office - CBD	6.0	6.2	6.6	6.4	4.8	8.3	83%	17%
Office - Suburban	5.2	5.0	5.5	5.5	5.0	8.3	73%	27%
Industrial - Warehouse	6.4	7.1	7.2	7.2	6.2	7.5	82%	18%
Industrial - R&D	5.1	5.5	6.0	6.0	5.7	7.1	70%	30%
Industrial - Flex	5.2	5.5	5.6	5.9	5.6	7.7	68%	32%
Retail - Regional Mall	4.7	5.7	5.9	5.9	4.7	7.9	72%	28%
Retail - Power Center	5.1	5.8	5.8	5.7	5.2	7.5	75%	25%
Retail - Neighborhood	6.3	6.3	6.6	6.6	5.2	7.9	74%	26%
Apartment	5.7	6.0	6.3	6.7	7.2	5.6	21%	79%
Student Housing	5.6	6.1	6.5	6.7	7.2	5.9	20%	80%
Hotel	5.7	6.5	6.5	6.9	5.5	7.5	0%	100%

¹ Investment Conditions rated on a scale of 1 = poor to 10 = excellent.

² Income Approach rated on a scale of 1 = least relevant to 10 = most relevant.

³ Percent of respondents who apply the cap rate before or after reserves. See Situs RERC Scope and Methodology for more information.

Source: 4Q 2015 Situs RERC Investment Survey, preliminary data.

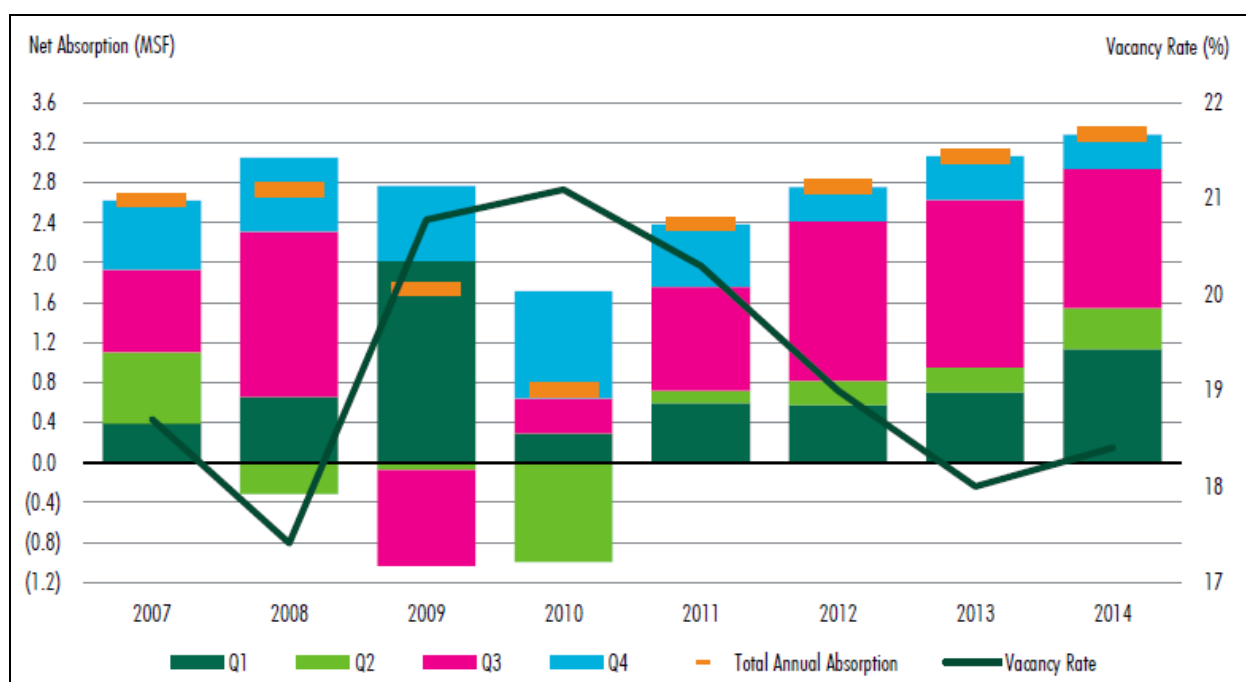
Office Market

Office space in Dallas-Fort Worth has reached a 15-year low as lease rates continue to climb, driven by the region's booming economy that brought in roughly 110,500 jobs in the past 12 months, according to the latest JLL data for the second quarter of 2015.

Overall, Dallas area office space has hit an 18.7 percent vacancy rate – a low that hasn't been seen since 2000- that drops another two points to 16.7 percent when you consider Class A property in the region along, according to JLL data.

The low vacancy rate, especially in desired submarkets such as Preston Center, Uptown and Far North Dallas along the Dallas North Tollway in Plano and Frisco, has caused a jump in office rents year-over-year, with a 5.5 percent increase in Class A rents and a 5 percent increase in Class A and B rents.

According to the *CB Richard Ellis 4th Quarter 2014 D/FW Marketview*, the Dallas/Fort Worth office market is experiencing a steady decline in vacancy rates. Reference the following net absorption and vacancy graph.

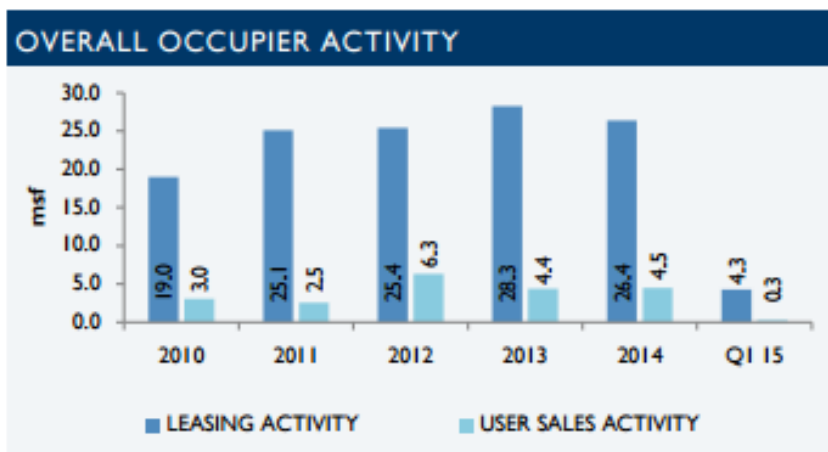
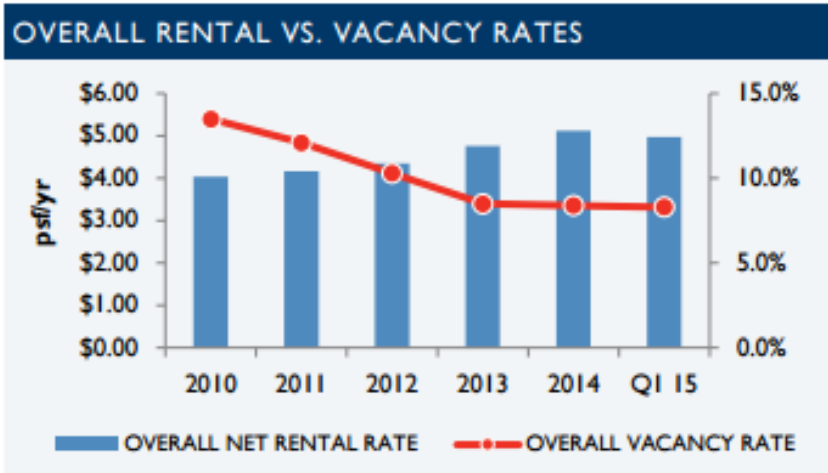


The vacancy rate across North Texas continues to fall, coming in at 16.7 percent for the first quarter of 2015, according to a report from Cushman & Wakefield of Texas. This is down from 17.8 percent for the year before. The Dallas central business district took the greatest drop, from 24.9 percent to 21.8 percent, as businesses moved to new or larger spaces in the urban core. Vacancy in the Legacy/Frisco area grew substantially—from 8.3 percent to 15.9 percent—as nearly 1.5 million square feet of new inventory was added to the market since the first quarter of 2014. Asking full-service rental rates ticked up across the market, to an average of \$21.50 per square foot, an increase of 3.7 percent over 2014 levels. Class A rents rose 3.7 percent, reaching an all-time high of \$26.65 per square foot. C&W researchers expect rate increases to begin leveling off in the next 12 to 18 months. About 8.8 million square feet of office space is under construction across North Texas. This is comprised of 18 speculative buildings totaling 3.6 million square feet and another 10 build-to-suits totaling 5.2 million square feet. More than half—about 5 million square feet—is expected to hit the market this year. About 60 percent of the speculative space has been pre-leased, with most located in the Turtle Creek/Uptown, Dallas CBD, and Preston Center submarkets.

Much fanfare and emphasis has been given to major Fortune 500 companies relocating to the D/FW Metroplex. Toyota is constructing their North American headquarters in Plano with 2.1 million square feet – about twice the size initially proposed and is to open in 2017. Positive trends in the office sector are expected to continue.

Industrial Market

According to Cushman & Wakefield, demand for industrial space in DFW continues to outpace other intermodal hubs in the U.S. Vacancy rates are expected to increase over the next 12 – 18 months as new space is delivered. Asking rates will likely hold steady in the short term and start to trend upward as new projects under construction begin to taper off.



MARKET HIGHLIGHTS				
SIGNIFICANT Q1 2015 LEASE TRANSACTIONS				
SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET	
Alliance Gateway #53 and #61	Bridgestone Americas	Warehouse/Distribution	1,058,320	
1900 Lakeside Parkway	MI Windows and Doors	Warehouse/Distribution	401,600	
Prologis Great Southwest #49	Greatwide Logistics	Warehouse/Distribution	337,500	
SIGNIFICANT Q1 2015 SALE TRANSACTIONS				
SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET	
Pinnacle Park Distribution Center I	Global Logistics Properties	\$44,060,000/\$69.23	636,480	
2838 Virgo Lane	Global Logistics Properties	\$9,872,109/\$60.01	164,500	
SIGNIFICANT Q1 2015 CONSTRUCTION COMPLETIONS				
SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)	
Dalport Trade Center #5	Procter & Gamble	Q1 2015	1,400,000 / 100%	
1900 Lakeside Parkway	MI Windows and Doors	Q1 2015	401,600 / 100%	
SIGNIFICANT PROJECTS UNDER CONSTRUCTION				
SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)	
1000 East Cleveland Street	Georgia Pacific	Q3 2015	1,608,590 / 100%	
Logistics Crossing II	Speculative	Q4 2015	800,000 / 0%	

Hospitality

The Fort Worth-Arlington Metropolitan Division room-nights sold grew at a 5.1% rate in the first quarter of 2015. Revenues improved by 10.4%, to \$207 million aided by a 5% rise in daily rates. Occupancy also gained, with an increase of 2.8 points to 66.2%. Net room supply rose 0.6% (200 net rooms).

The Dallas Metropolitan Division room-nights sold rose 6.3% in the first quarter of 2015, while rates improved 5.6%. As a result, revenues rose a strong 12.3% to \$475 million. Occupancy gained 3.6 points, to 74.2%. Net room supply increased by just 1% (800 net rooms).

In the year of 2014, Dallas room-nights sold rose 8.4% on a 3.3% increase in room rates and a 5% rise in room-nights sold from 2013. Occupancy gained a strong 2.9 points to 68.5%. Net room supply increased by only 0.4% (300 net rooms).

Metro Area Performances

Metro Area	Year of 2014		First Quarter 2015		
	Occ %	Rev % Chg	Occ %	Pt. Chg	\$ Rev % Chg
Midland	85.3	34.6%	81.7	-0.8	18.1%
Austin-Round Rock	73.8	10.4%	76.4	1.6	8.4%
Dallas MD	68.5	8.4%	74.2	3.6	12.3%
Odessa	78.1	18.6%	74.1	-2.6	1.7%
Houston-Baytown-Sugar Land	68.7	10.8%	69.1	-1.1	5.1%
San Antonio	64.5	6.4%	67.0	2.3	8.1%
State Average	65.7	9.7%	66.9	0.9	7.5%
Ft Worth-Arlington MD	63.8	9.0%	66.2	2.8	10.4%
Beaumont-Pt Arthur	59.9	21.0%	65.5	7.6	25.7%
El Paso	65.7	8.7%	65.3	-2.1	0.5%
McAllen-Edinburg-Pharr	62.2	15.0%	64.7	4.5	14.3%
College Station-Bryan	74.3	24.8%	64.5	-5.2	1.4%
San Angelo	76.1	-0.5%	64.0	-19.5	-24.8%
Waco	66.4	12.2%	63.8	-0.8	4.7%
Victoria	68.1	17.4%	63.1	-4.0	2.6%
Laredo	66.9	0.6%	62.9	0.8	1.5%
Tyler	62.0	7.4%	62.2	3.6	25.1%
Longview	59.9	6.5%	61.6	0.7	7.4%
Abilene	57.6	12.2%	61.2	5.6	12.0%
Lubbock	67.2	6.9%	60.6	-1.1	7.4%
Amarillo	63.2	3.7%	60.5	3.2	9.5%
Killeen-Temple-Ft Hood	58.3	10.5%	58.3	-1.9	2.7%
Non Metro	58.4	10.7%	56.8	-0.5	3.1%
Wichita Falls	59.1	6.1%	56.5	-3.9	-7.1%
Corpus Christi	56.2	4.1%	55.1	0.8	3.9%
Sherman-Denison	58.5	5.6%	54.1	-4.6	-6.6%
Texarkana (Tx)	49.0	-6.5%	53.8	6.8	10.1%
Brownsville-Harlingen	55.2	8.0%	51.0	-3.1	-0.5%

Retail

The Dallas/Fort Worth retail market continues to improve as occupancy and demand increases and rental rates remain level. Retail net absorption totaled over 1.9 million square feet, with over half (57.6%) of the absorption contributed by deliveries. Over the past 10 years, the first half 2015 reached a five-year high among all first halves at over 1.1 million square feet more than first half of 2014 and making it the highest first half net absorption since 2008.

 Vacancy Rate
6.1%

 Under Construction
6,176,761 SF

 Completions
1,137,817 SF

 Net Absorption
1,928,918 SF

*Arrows indicate change from previous quarter.

Source: CBRE, Q2 2015

The Dallas/Fort Worth retail market is comprised of 277.25 million square feet. Relative to the other markets in the US, Dallas/Fort Worth is the 2nd largest by inventory size. Currently, Dallas/Ft. Worth has 13 square feet of neighborhood & community retail space per capita compared to the U.S. inventory level of 12.9 square feet per capita. The current Dallas/Fort Worth retail vacancy rate of 6.8% ranks 76th overall in the US. The vacancy rate will decline 60 basis points during 2015, reaching 6.8 percent and falling to its lowest level in more than 5 years. Vacancy at retail assets also fell 60 basis points last year. Average asking rents will rise to \$14.50 per square foot, advancing 2.6 percent year over year. This is down slightly from the 2.8 percent growth in rents realized in 2014. Builders will complete 3.0 million square feet of retail space in the Metroplex this year, of which more than 90 percent is pre-leased. Last year, developers brought 2.9 million square feet of space online.

Market	Net Rentable Area (SF)	Direct Vacant (SF)	Direct Vacant (%)	Total Vacant (SF)	Total Vacant (%)	Average Asking Rate Annual, NNN (\$/SF)	Qtr. Total Net Absorption (SF)	2015 Total Net Absorption (SF)
Central Dallas	9,184,633	348,668	3.8	345,668	3.8	27.41	16,469	174,582
East Dallas Outlying	3,481,079	110,122	2.8	100,122	2.8	19.83	79,480	81,722
Far North Dallas	54,090,736	4,864,347	9.0	4,967,990	9.2	15.34	256,770	356,363
Near North Dallas	21,038,867	1,165,612	5.5	1,165,612	5.5	14.23	78,111	224,709
North Central Dallas	31,642,769	2,081,807	6.6	2,225,525	7.0	15.82	869,685	1,355,045
Southeast Dallas	13,216,588	881,735	6.7	881,735	6.7	10.91	32,795	37,026
Southwest Dallas	17,173,947	1,700,508	9.9	1,728,205	10.1	10.40	60,844	15,581
West Dallas	30,299,851	2,581,128	8.5	205,561	0.7	12.81	205,561	137,824
Central Fort Worth	23,737,243	1,985,942	8.4	2,001,083	8.4	10.87	75,063	257,252
Mid-Cities	50,789,710	3,100,524	6.1	3,131,088	6.2	13.42	80,712	254,589
Suburban Fort Worth	22,583,626	1,400,455	6.2	173,428	0.8	11.83	173,428	430,466
TOTAL Dallas	203,865,713	13,720,927	6.7	11,620,418	5.7	14.78	1,599,715	2,588,463
TOTAL Fort Worth	97,062,581	6,486,921	6.7	5,305,599	5.5	12.43	329,203	942,307
TOTAL DFW	277,253,051	20,207,848	7.3	16,926,017	6.1	13.95	1,928,918	3,468,770

Source: CBRE Research, Q2 2015.

At the midpoint of 2015, there was a wave of retail project deliveries, with 1,859,164 square feet reaching completion in DFW. Currently, over size million square feet of new retail space is under construction across the Metroplex. One of the largest projects to deliver was the Nebraska Furniture Mart that officially opened the retail portion this past April. The Nebraska Furniture Mart store includes a 560,000 square foot retail showroom with an attached 1.3 million square foot warehouse/distribution component. Overall, total under construction pipeline increased over 1.3 million square feet but with the current market conditions it is expected many long proposed projects to make it to market in the next 1 to 2 years.

Retail Trends

Developers are constructing more retail space in Dallas-Fort Worth by nearly doubling the amount of planned or projects under construction with more than 3.8 million square feet in 2015, according to the latest survey from The Weitzman Group. This year's construction is on track to be the highest amount of annual construction since 2008.

In the past 5 years, grocery stores – Kroger, Sprouts, WholeFoods, Fresh Market, WinCo Foods and Wal-Mart – are still the driving force behind a significant amount of the new construction of retail space.

New developments of higher density, mixed-use centers offer unique opportunities to both businesses and residents of the Dallas–Fort Worth region. These developments are situated along the new light rail lines and include: Mockingbird Station, West Village, Victory Park, and Park Lane Place in Dallas, and Montgomery Plaza, Museum Place, and Sundance Square in Fort Worth. In addition, historic downtowns are being redeveloped into attractive regional destinations, including downtowns in Plano, McKinney, Denton, Carrollton, and Grapevine.

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.

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 center in the nation to have an art museum on the premises. The latest addition to the Dallas Convention Center is large enough to hold The Ballpark at Arlington (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 International Airport

The Dallas/Fort Worth International Airport, which opened January 1974, has had an enormous impact on the economy of the DFW Metroplex. Located roughly sixteen miles northwest of the Dallas CBD and employing approximately 148,000 people, the 18,000-acre space is the second largest airport facility in the nation.

The airport has 5 terminals, 7 runways, 155 gates, and 204 destinations. D/FW Airport includes 12 instrument landing approaches and 3 control towers giving it the capacity of the three New York airports combined. D/FW is the only airport where four planes can land simultaneously. Twenty passenger airlines operate out of D/FW, of which eleven are commuter airlines, and nine are foreign flag airlines. In December 2013, American Airlines merged with US Airways to form the world's largest airline company, which continues to be based at D/FW.

D/FW International Airport ranks eighth in the world, serving 62,946,579 passengers in 2014, 1,247,516 of which were international travelers. DFW also ranks 3rd in the world in terms of operations and 9th busiest airport in the world for passengers. Approximately 172,456 passengers travel daily through D/FW Airport. In 2013, 56% of the passenger makeup consisted of connecting flights while 44% was local.

DFW Airport is currently upgrading its 4 original terminals with a \$2.3 billion dollar "Terminal Renewal and Improvement Program" (TRIP) and is expected to be completed in 2017.

American Airlines makes D/FW its home base with a high amount of total passengers on a monthly basis. D/FW Airport is also home to an impressive global distribution center with several cargo carriers, 2.6 million square feet of cargo facilities and a foreign trade zone with direct highway access. Covering more than 250 acres, this area is developing into a full service free trade zone. D/FW generates an estimated \$31.6 billion annually to the Metroplex economy.

Alliance Airport

The Alliance Airport is the world's first industrial/ air cargo and corporate 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. Alliance Town Center is becoming the center of activity for the growing North Fort Worth area. The center includes a 500 acre retail center, Heritage Marketplace, luxury apartments, hospitals and more.

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 corporations and 400 corporate headquarters, including the global headquarters of multiple Fortune 500 and 100 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 Byron Nelson Championship since it opened in 1986. It also contains high-rise office towers, retail centers, apartment complexes, and leisure facilities. There are 56 small lakes and water amenities throughout the development, jogging trails, public and private parks, museums, colleges, hospitals, country clubs and cultural and recreational institutions.

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 2010, the DFW MSA consisted of almost 100 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 six 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 68 technical and vocational programs in the Dallas/Fort Worth area. More than 1.4 million 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 and Fort Worth both offer 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.

The Fort Worth Cultural District is home to several museums that are applauded for their architecture and the quality of their collections. Such museums include the Amon Carter Museum of American Art, Kimbell Art Museum, Modern Art Museum of Fort Worth, National Cowgirl Museum and Hall of Fame, Cattle Raisers Museum, and the Fort Worth Museum of Science and History.

Downtown Fort Worth encompasses Sundance Square in thirty five historic blocks where people live, work, stay, and play. Sundance Square is filled with great places to eat, shops and galleries, night clubs, live music and theater, Bass Performance Hall, and more.

The Fort Worth Stockyards is a nationally recognized historic district and is a major tourist attraction in the area. Stockyards Station is the only location that holds a daily longhorn cattle drive, the Fort Worth Herd. Cowboys drive the herd down East Exchange Avenue twice daily. The Stockyards is also home to the world's first indoor rodeo and opens the doors Friday and Saturday nights. Billy Bob's Texas, once a barn for prize cattle during the stock shows, is now 100,000 square feet where you can enjoy real bull riding, games, and performances by some of the biggest country music artists.

Dallas/Fort Worth 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. The area is also host to the Cotton Bowl (Arlington), Byron Nelson Golf Tournament (Irving), Colonial Golf Tournament (Fort Worth), and the Mesquite Rodeo (Mesquite).

Texas Motor Speedway, 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.

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 Health Care Systems has been named 18th among the nation's Top 100 integrated health care networks by SDI, a leading health care market insight and analytics firm and the nation's premier rating system for IHN's. 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. In August 2015, a 2.8 million square foot Parkland campus was opened and is twice the size of the former hospital.

Medical facilities in Fort Worth include: Baylor Health System, Cook's Children Health Care System, University of North Texas Health Science Center at Fort Worth, JPS Hospital, Plaza Medical Center of Fort Worth, The Center for Cancer and Blood Disorders, and Texas Health Harris Methodist Hospital Fort Worth.

Infrastructure

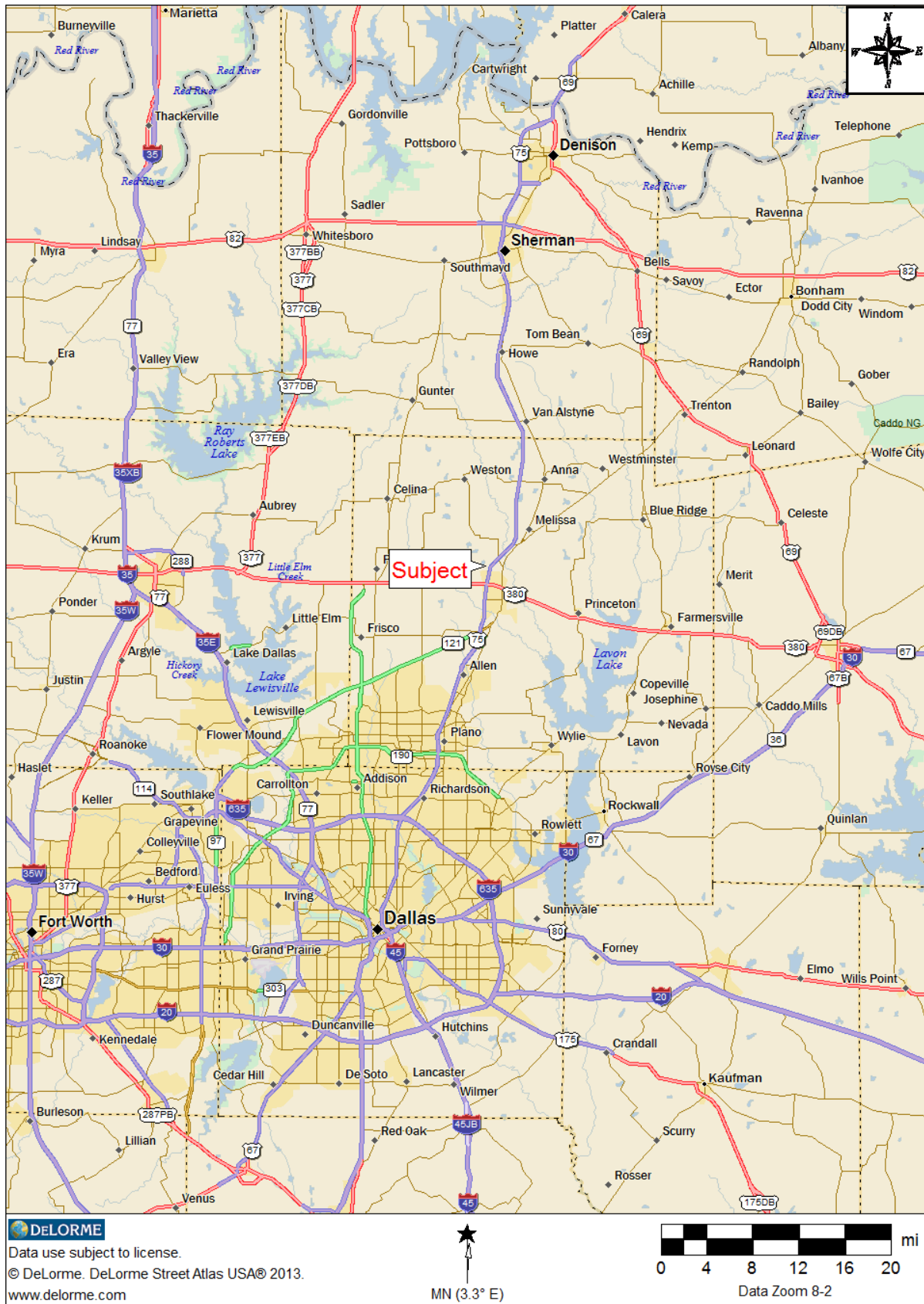
Water and wastewater needs are supplied by Dallas Water Utilities, North Texas Municipal Water District, Trinity River Authority, and Tarrant Regional Water District.

CONCLUSIONS

The foregoing city data and local area economic base activity are presented to establish growth and income patterns, which materially affect real estate development, real estate sales volume and value. The Dallas/Fort Worth area, based upon past performances and reasonable forecasts, should continue an upward growth trend, both in population and employment, particularly in the suburban cities.

As population in the suburban communities 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.

In 2008, the Metroplex saw a record number of single-family home foreclosures. The meltdown of the subprime lending market and collapse of major financial institutions virtually halted commercial and residential lending. Development trends from 2007 through 2009 were downward and sales volumes slowed dramatically. Markets began to stabilize in 2010. Recovery has been strong in most property sectors. Overall, the Texas economy is proving more resilient as compared to Florida, Arizona, Nevada, and California, and continues to be a leading real estate market in the U.S.



A **market area**, as defined in *The Dictionary of Real Estate Appraisal*, 5th Edition, copyrighted 2010, is:

“The area associated with a subject property that contains its direct competition.”

When analyzing value influences, the focus is on market area. A market area is defined in terms of the market for a specific category of real estate and thus, is the area in which alternative, similar properties effectively compete with the subject property in the minds of probably, potential purchasers, and users. A market area can encompass one or multiple neighborhoods or districts.

MARKET AREA INFLUENCES

The subject property is located in McKinney, Texas, situated in Collin County. Area analyses and subject vicinity are presented in the following pages.

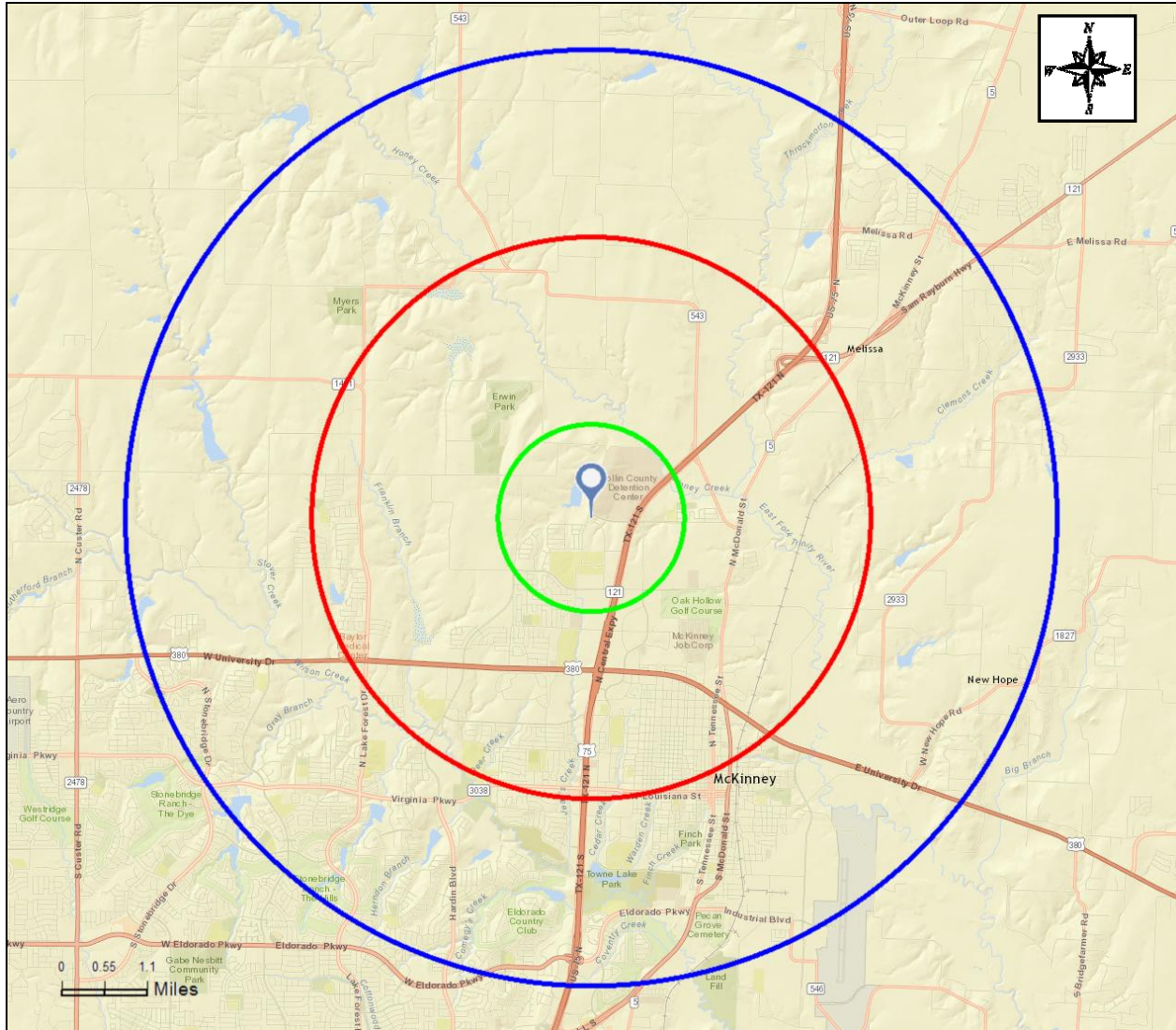
The subject is located at the southeast corner of Bloomdale Road and Community Avenue. The major geographical boundaries being Lake Lewisville and Little Elm to the west, Lake Lavon to the east, the city of Plano to the south, and Grayson County to the north. State Highway 5 is a four- to six-lane divided roadway providing the main north to south access through the area. US 380 is a four lane roadway traveling east to west through the vicinity, connecting the area to Denton to the west. US-75 extends from US 380 to the Dallas CBD.

LAND USES AND DESCRIPTION

The immediate area of McKinney has been rapidly expanding over the last fifteen years. Through the eighties and early ninties the vicinity was mosly rural and agricultural with a sparce population. A number of small residential subdivisions began appearing in the 1990’s. The area experienced a boom in single-family development after 2000. The period between 2002 and 2006 saw much of the previously agricultural fields built out with subdivisions. Commercial development is most notable along the major roadways of US 380 and US 75. The premier commercial area is the nexus of these roadways. Significant vacant land in the area is still available to foster further economic growth.

AREA DEMOGRAPHICS

The following Executive Summary provided by Site To Do Business provides demographic and income data for one mile, three mile, and five mile radii centered on the subject's location.





Executive Summary

2200 Avalon Creek Way, McKinney, Texas, 75071 2
 2200 Avalon Creek Way, McKinney, Texas, 75071
 Rings: 1, 3, 5 mile radii

Prepared by Esri
 Latitude: 33.24023
 Longitude: -96.63750

	1 mile	3 miles	5 miles
Population			
2000 Population	1,101	15,505	42,669
2010 Population	4,161	27,159	72,016
2015 Population	4,251	32,054	83,311
2020 Population	4,340	36,835	96,621
2000-2010 Annual Rate	14.22%	5.77%	5.37%
2010-2015 Annual Rate	0.41%	3.21%	2.81%
2015-2020 Annual Rate	0.42%	2.82%	3.01%
2015 Male Population	58.8%	50.6%	49.7%
2015 Female Population	41.2%	49.4%	50.3%
2015 Median Age	29.8	31.6	33.6

In the identified area, the current year population is 83,311. In 2010, the Census count in the area was 72,016. The rate of change since 2010 was 2.81% annually. The five-year projection for the population in the area is 96,621 representing a change of 3.01% annually from 2015 to 2020. Currently, the population is 49.7% male and 50.3% female.

Median Age

The median age in this area is 29.8, compared to U.S. median age of 37.9.

Race and Ethnicity

	1 mile	3 miles	5 miles
2015 White Alone	67.2%	65.2%	71.1%
2015 Black Alone	20.2%	15.5%	11.9%
2015 American Indian/Alaska Native Alone	0.7%	0.9%	0.8%
2015 Asian Alone	3.4%	2.8%	2.9%
2015 Pacific Islander Alone	0.0%	0.1%	0.1%
2015 Other Race	4.2%	11.7%	9.7%
2015 Two or More Races	4.4%	3.8%	3.4%
2015 Hispanic Origin (Any Race)	18.9%	27.4%	23.8%

Persons of Hispanic origin represent 23.8% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 66.9 in the identified area, compared to 63.0 for the U.S. as a whole.

Households

	1 mile	3 miles	5 miles
2000 Households	169	5,231	14,425
2010 Households	941	8,515	23,905
2015 Total Households	944	10,056	27,642
2020 Total Households	970	11,632	32,200
2000-2010 Annual Rate	18.73%	4.99%	5.18%
2010-2015 Annual Rate	0.06%	3.22%	2.81%
2015-2020 Annual Rate	0.54%	2.95%	3.10%
2015 Average Household Size	3.36	2.99	2.94

The household count in this area has changed from 23,905 in 2010 to 27,642 in the current year, a change of 2.81% annually. The five-year projection of households is 32,200, a change of 3.10% annually from the current year total. Average household size is currently 2.94, compared to 2.93 in the year 2010. The number of families in the current year is 20,859 in the specified area.

Data Note: Income is expressed in current dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

May 26, 2016



Executive Summary

2200 Avalon Creek Way, McKinney, Texas, 75071 2
 2200 Avalon Creek Way, McKinney, Texas, 75071
 Rings: 1, 3, 5 mile radii

Prepared by Esri
 Latitude: 33.24023
 Longitude: -96.63750

	1 mile	3 miles	5 miles
Median Household Income			
2015 Median Household Income	\$74,501	\$64,761	\$80,245
2020 Median Household Income	\$91,538	\$79,792	\$91,895
2015-2020 Annual Rate	4.20%	4.26%	2.75%
Average Household Income			
2015 Average Household Income	\$118,390	\$82,930	\$102,496
2020 Average Household Income	\$125,744	\$93,617	\$116,123
2015-2020 Annual Rate	1.21%	2.45%	2.53%
Per Capita Income			
2015 Per Capita Income	\$30,712	\$27,104	\$34,769
2020 Per Capita Income	\$32,511	\$30,531	\$39,455
2015-2020 Annual Rate	1.15%	2.41%	2.56%

Households by Income

Current median household income is \$80,245 in the area, compared to \$53,217 for all U.S. households. Median household income is projected to be \$91,895 in five years, compared to \$60,683 for all U.S. households

Current average household income is \$102,496 in this area, compared to \$74,699 for all U.S. households. Average household income is projected to be \$116,123 in five years, compared to \$84,910 for all U.S. households

Current per capita income is \$34,769 in the area, compared to the U.S. per capita income of \$28,597. The per capita income is projected to be \$39,455 in five years, compared to \$32,501 for all U.S. households

Housing

	1 mile	3 miles	5 miles
2000 Total Housing Units	184	5,616	15,251
2000 Owner Occupied Housing Units	128	3,073	9,306
2000 Renter Occupied Housing Units	41	2,157	5,119
2000 Vacant Housing Units	15	386	826
2010 Total Housing Units	975	9,194	25,918
2010 Owner Occupied Housing Units	805	5,639	15,918
2010 Renter Occupied Housing Units	136	2,876	7,987
2010 Vacant Housing Units	34	679	2,013
2015 Total Housing Units	1,012	10,849	29,745
2015 Owner Occupied Housing Units	789	6,572	18,095
2015 Renter Occupied Housing Units	155	3,484	9,547
2015 Vacant Housing Units	68	793	2,103
2020 Total Housing Units	1,048	12,421	34,326
2020 Owner Occupied Housing Units	803	7,643	21,270
2020 Renter Occupied Housing Units	166	3,989	10,930
2020 Vacant Housing Units	78	789	2,126

Currently, 60.8% of the 29,745 housing units in the area are owner occupied; 32.1%, renter occupied; and 7.1% are vacant. Currently, in the U.S., 55.7% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.6% are vacant. In 2010, there were 25,918 housing units in the area - 61.4% owner occupied, 30.8% renter occupied, and 7.8% vacant. The annual rate of change in housing units since 2010 is 6.31%. Median home value in the area is \$245,340, compared to a median home value of \$200,006 for the U.S. In five years, median value is projected to change by 2.55% annually to \$278,234.

Data Note: Income is expressed in current dollars

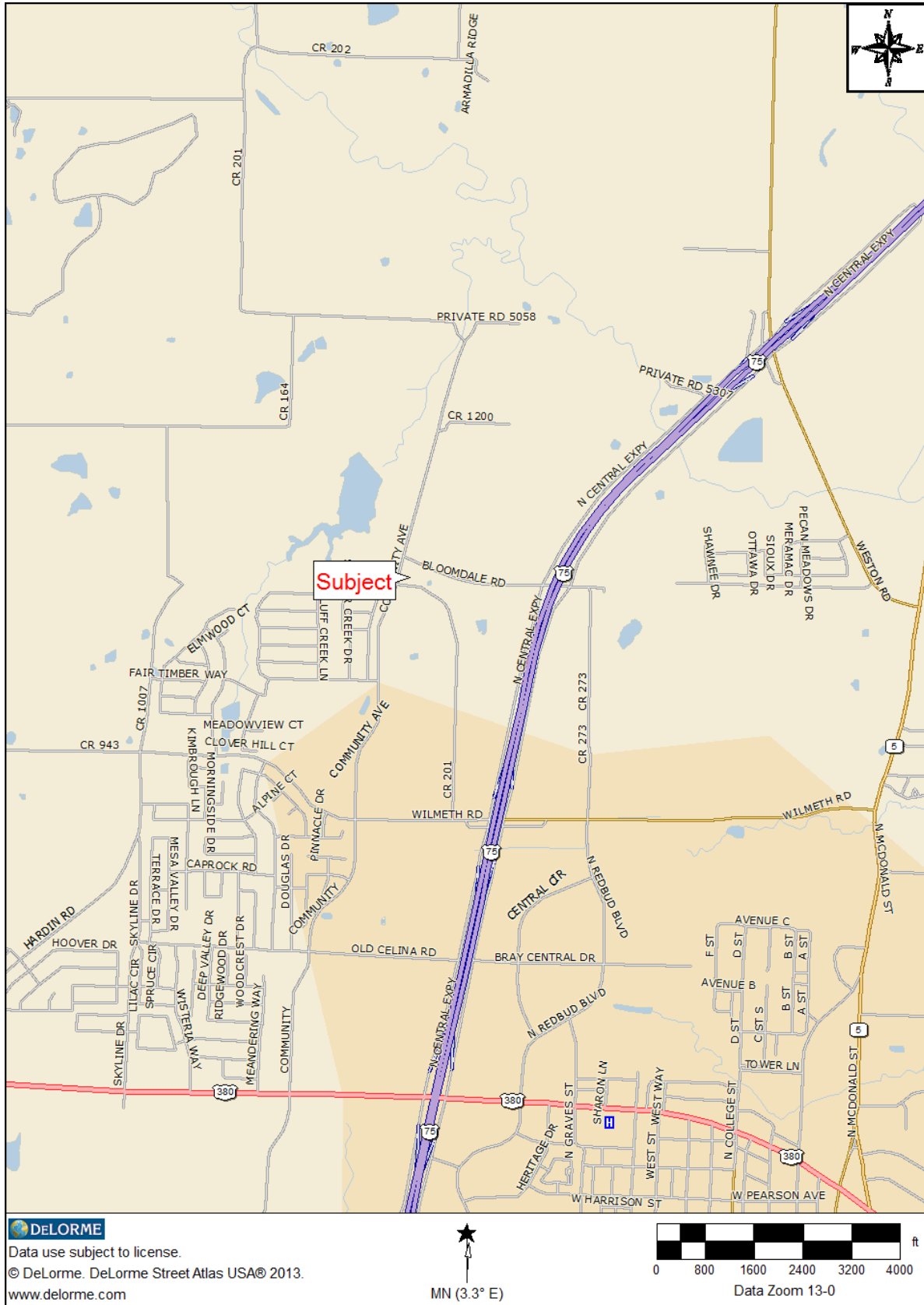
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

May 26, 2016

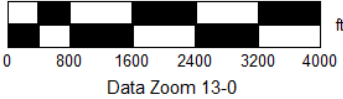
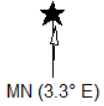
CONCLUSION

The transportation network in the area is good and surrounding land uses are considered to be compatible and homogenous. The subject area is in a stable phase of development and in proximity to employment centers and quality schools and services with few improvements needing repairs and/or renovations. Consequently, some new construction, as well as renovation of older properties, is more likely to occur within the subject area in the near future. Additionally, there appears to be no detrimental influences upon the area that would inhibit the income-producing capabilities of the improved properties. The long-term prospects for the area and the subject property are positive.

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



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The subject is 8.370 acres of land, located at the southeast corner of Bloomdale Road and Community Avenue, McKinney, Collin County, Texas.

SITE DATA

Dimensions/Frontage

According to the survey provided, the subject tract is irregular in shape, and contains 364,597 square feet, or 8.370 acres. The subject fronts the southern line of Bloomdale Road for approximately 1,199 linear feet, the eastern line of Community Avenue for approximately 401 feet, and the northern line of James M Pitts Drive for approximately 1399 feet. The depth of the tract varies.

Access/Abutting uses

Access (ingress and egress) to the site is available via Bloomdale Road, Community Avenue, and James M Pitts Drive. The subject abuts Bloomdale Road followed by county administration building to the north, vacant land to the east, James M Pitts Drive followed by vacant land to the south, and Community Avenue followed by vacant land to the west.

Topography

The topography of the tract is sloped to the east. A drainage area is along the eastern portion of the tract and encumbers approximately 20% of the land. Reference the topographic survey included.

Flood Plain

According to FEMA flood hazard map 48085C0260J dated June 2, 2009, the subject is determined to be outside the 100-year floodplain, being within Zone 'X'. Drainage of the site appears adequate. No guaranty is made that the site will or will not flood. A hydrological study or survey is required for confirmation of flood-designated boundaries. Reference the subsequent exhibits for a copy of the area flood map.

Environmental Hazards

To our knowledge, a Phase I Environmental Site Assessment has not been completed for the subject property as of the date of inspection. A current Phase I ESA is recommended. The subject is appraised predicated on the absence of detrimental environmental conditions. Should contaminants be present the conclusions in the report would be invalidated.

Utilities/Community Services

Water, sewer, electricity, and phone services are available to the subject. Electric service and telecommunication services are provided by various providers. Atmos Energy supplies natural gas services. Water services are provided by the city of McKinney, and wastewater service is provided by the city of McKinney. Police protection and fire protection is provided by the city of McKinney. The property is located within the McKinney Independent School District.

Zoning

The site is zoned PD-1642, Planned Development by the City of McKinney, with a base zoning designation of C, Planned Center. The Planned Center zone is designed to provide for high-intensity concentrations of shopping and related commercial activities along regional highways or large arterial roadways. Additional zoning information can be referenced in the addenda.

Soils, Development Limitation, and Productivity

This report assumes the soils are capable of supporting the structures, as numerous improvements are located within the subject area and adjoining area. A study of the development, limitations, and productivity were not completed in this appraisal report, as it is not necessary to the scope of the appraisal.

Easements

A survey of the site is available for analysis, however, it was done without a title report and does not show all encumbrances. A wide utility easement appears to be along the southern portion of the property, no further information is available. This valuation concludes that utility and access easements typical of this property type are present and that no detrimental easement conditions exist. This should not be considered as a guaranty or warranty, however, that adverse easements do not exist. Were the property to have any easements detrimental to the subject, the opinion of value concluded herein may be invalid.

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 title attorney. It is recommended that a title search be made if any questions regarding deed restrictions arise.

Wetlands

No visual evidence was observed to indicate whether wetlands exist on the subject site. Wetlands, as defined by Section 404 of the Clean Water Act, are those areas that are inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Swamps, bogs, fens, marshes, and estuaries are subject to federal environmental law.

SUBJECT IMPROVEMENTS

The subject is vacant land.

CONCLUSIONS

The subject is a 8.370 acre tract of vacant land, with adequate frontage and access via Bloomdale Road, Community Avenue, and James M Pitts Drive. The tract is well located adjacent to a major county government center and along a four-divided road. The tract is irregularly shaped and the eastern portion located in a natural drainage area impeding the use of approximately 20% of the land, but overall, the tract has good utility for development.

Please refer to the subsequent exhibits and addenda for additional details.

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 property is situated within the city of McKinney and falls within the taxing jurisdictions of the City of McKinney, Collin County, Collin College, and McKinney ISD. Pertinent 2015 tax rates for the subject are detailed below.

2015 TAX RATES (per \$100)	
City of McKinney	\$ 0.583000
Collin County	\$ 0.225000
Collin College	\$ 0.081960
McKinney ISD	\$ 1.670000
Total	\$ 2.559960

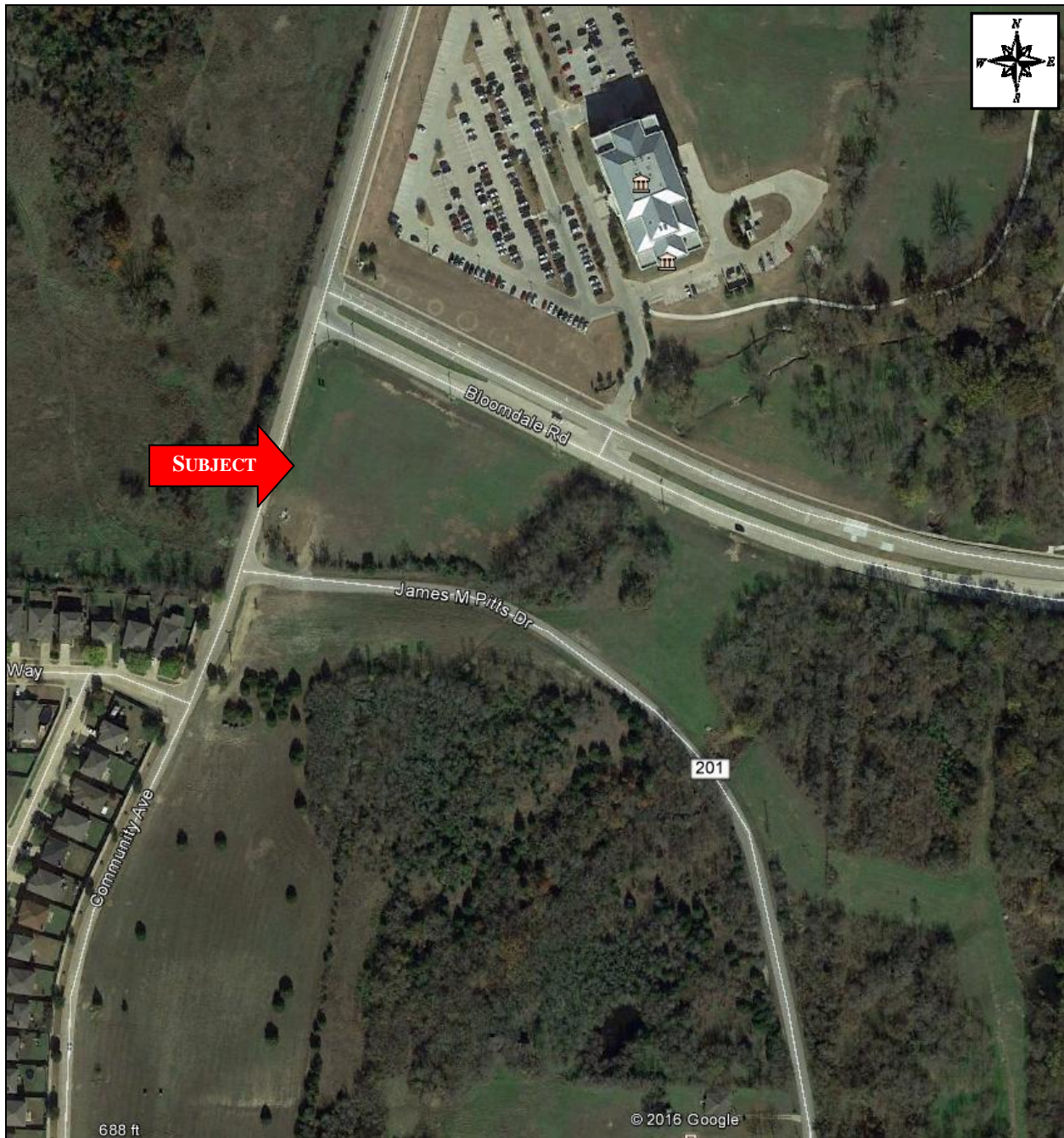
The Collin Central Appraisal District account for 2016 is summarized as follows:

Account Number	Land	Improvements	Total
1988776	\$ 574,650	\$ 0	\$ 574,650

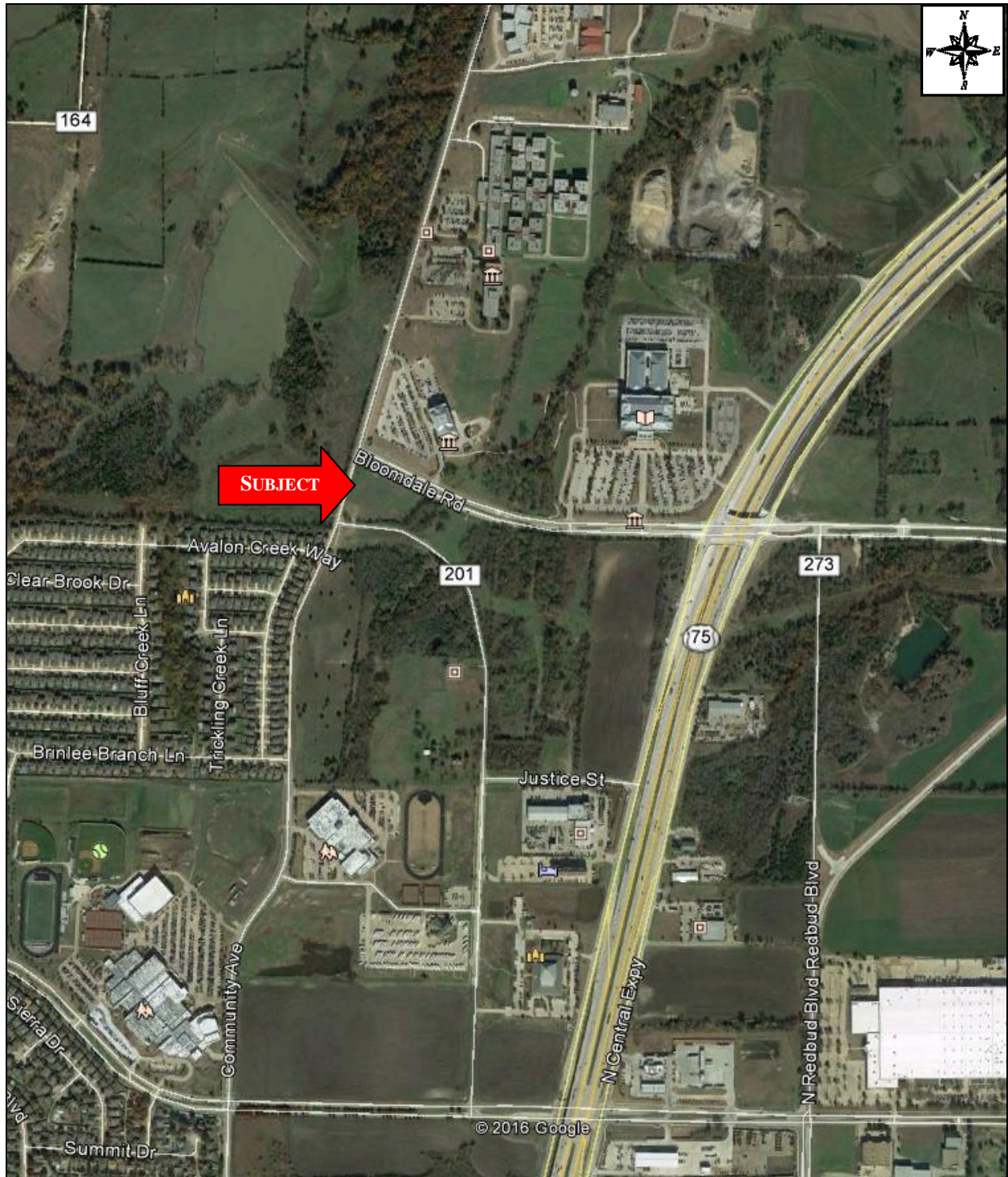
Based on the preceding assessed value and pertinent tax rates, the subject's annual tax liability is calculated as follows:

Assessed Value	Tax Rate	Indicated Tax Liability
\$574,650	x \$0.02559960 =	\$ 14,711

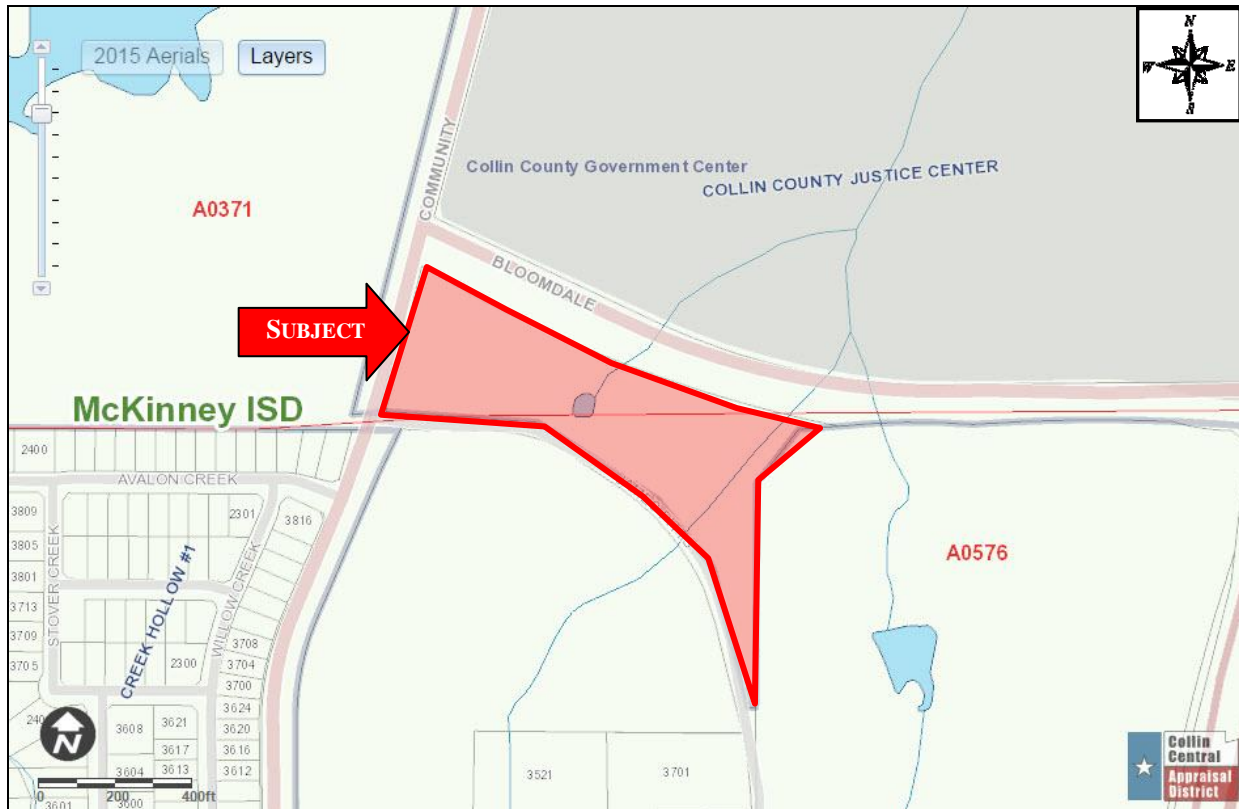
The assessed value equates to \$574,650, or \$1.15 per square foot of land area. Note, the tax card reports the size of the tract at 11.493 acres, which is different than the survey provided showing a size of 8.370 acres. The assessed value is below the concluded market value in this appraisal. This difference is typically due to the valuation methods of the appraisal district.



Source: Google Maps

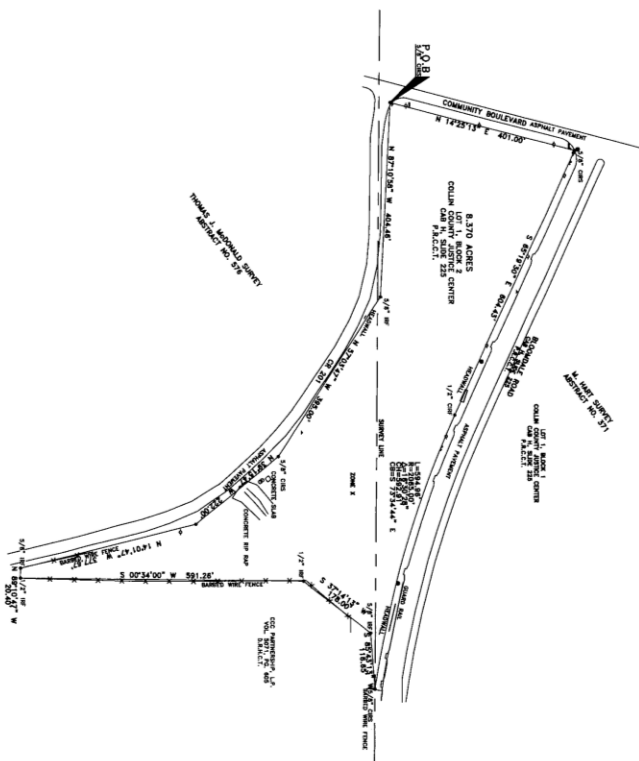


Source: Google Maps



Source: Collin CAD

NO.	REVISION	DATE
1	ISSUE FOR RECORD	1/21/09
2	REVISED PER COMMENTS	1/21/09
3	REVISED PER COMMENTS	1/21/09
4	REVISED PER COMMENTS	1/21/09
5	REVISED PER COMMENTS	1/21/09
6	REVISED PER COMMENTS	1/21/09
7	REVISED PER COMMENTS	1/21/09
8	REVISED PER COMMENTS	1/21/09
9	REVISED PER COMMENTS	1/21/09
10	REVISED PER COMMENTS	1/21/09



FLOOD STATEMENT:
 FLOODING HAS OCCURRED ON THE FLOOD INSURANCE EFFECTIVE DATE OF JANUARY 19, 1988 SHOWING THIS PROPERTY TO BE IN A FLOOD HAZARD ZONE (FLOODING TO BE OUTSIDE 500-YEAR FLOODPLAIN).

NOTES:
 1) THIS SURVEY PERFORMED WITHOUT THE BENEFIT OF A TITLE CURATIVE RECORD. THE SURVEYOR HAS REVIEWED THE RECORDS OF THE COUNTY CLERK'S OFFICE AND HAS FOUND NO RECORDS OF ANY INTERESTS IN THIS PROPERTY. THE SURVEYOR HAS REVIEWED THE RECORDS OF THE COUNTY CLERK'S OFFICE AND HAS FOUND NO RECORDS OF ANY INTERESTS IN THIS PROPERTY.

LAND PROPERTY RESERVATION
 BEING A 3.370 ACRES TRACT OF LAND SITUATED IN THE TOWNSHIP 1, RANGE 1, MONROE COUNTY, TEXAS, AND BEING A LOT 1, BLOCK 2 OF THE FLOOD INSURANCE EFFECTIVE DATE OF JANUARY 19, 1988 SHOWING THIS PROPERTY TO BE IN A FLOOD HAZARD ZONE (FLOODING TO BE OUTSIDE 500-YEAR FLOODPLAIN). THIS TRACT OF LAND IS RESERVED TO THE SURVEYOR AND HIS HEIRS AND ASSIGNS AND IS NOT TO BE CONVEYED BY ANY INSTRUMENT OF ANY KIND UNLESS IT IS FIRST RECONVEYED TO THE SURVEYOR AND HIS HEIRS AND ASSIGNS BY THE GRANTEE OF SAID INSTRUMENT. THIS RESERVATION SHALL BE VALID AND ENFORCEABLE IN ANY COURT OF LAW OR EQUITY AND SHALL BE A VALID AND ENFORCEABLE PART OF THIS SURVEY AND SHALL NOT BE WAIVED, MODIFIED, OR RELEASED BY ANY INSTRUMENT OF ANY KIND UNLESS IT IS FIRST RECONVEYED TO THE SURVEYOR AND HIS HEIRS AND ASSIGNS BY THE GRANTEE OF SAID INSTRUMENT.

LAND PROPERTY RESERVATION
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TO: COLLIN COUNTY
 COLLIN COUNTY, TEXAS
 REGISTERED PROFESSIONAL LAND SURVEYOR
 TEXAS REGISTRATION NO. 4450

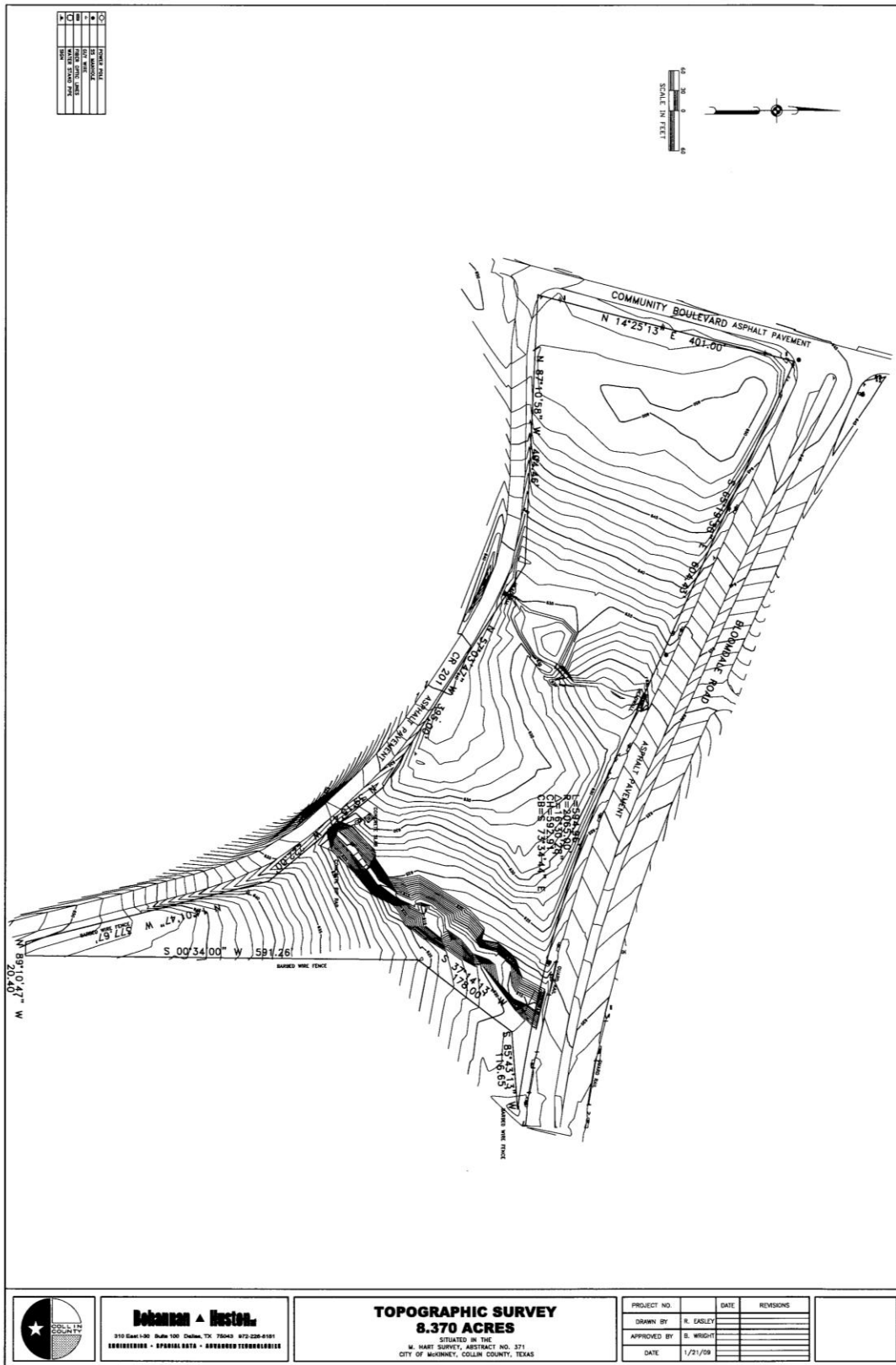


Bohannon & Huston
 310 East 10th Street, Suite 100, Dallas, TX 75202-5511
 ENGINEERING • SURVEYING • REAL ESTATE • ADDRESS CORRECTIONS

BOUNDARY SURVEY
8.370 ACRES
 SITUATED IN THE
 EAST 1/4 SECTION 37, ABSTRACT 371,
 M. HART SURVEY, ABSTRACT 371,
 CITY OF MCKINNEY, COLLIN COUNTY, TEXAS

PROJECT NO.	DATE	REVISIONS

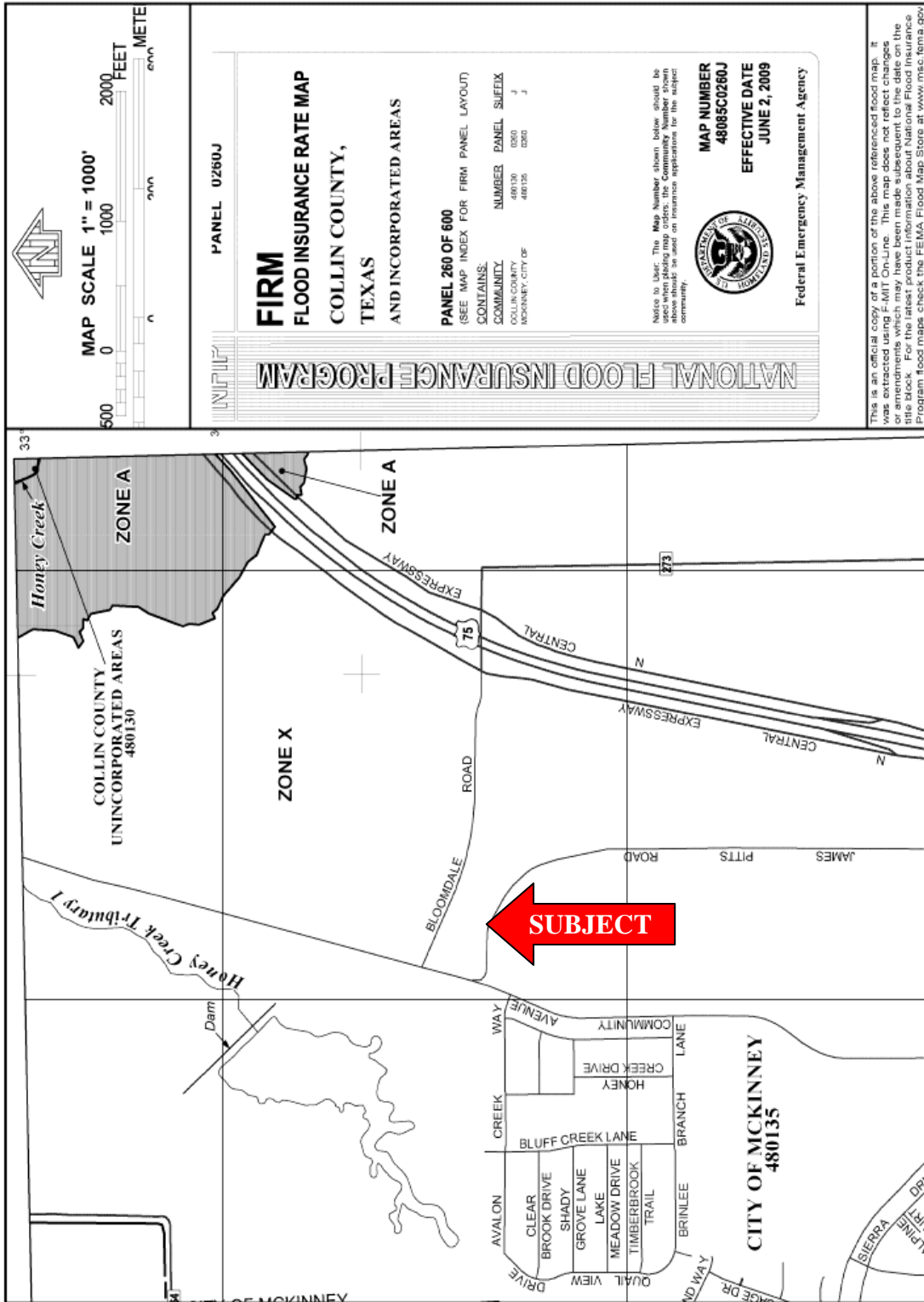
DRAWN BY: R. EASLEY
 APPROVED BY: B. WRIGHT
 DATE: 1/21/09



Bohannon & Huston
 310 East 1200, Suite 100, Dallas, TX 75243, 972-328-4181
 ENGINEERING - SPECIAL DATA - ADVANCED TECHNOLOGIES

TOPOGRAPHIC SURVEY
8.370 ACRES
 SITUATED IN THE
 W. HART SURVEY, ABSTRACT NO. 371
 CITY OF MCKINNEY, COLLIN COUNTY, TEXAS

PROJECT NO.	DATE	REVISIONS
DRAWN BY	S. EASLEY	
APPROVED BY	S. WISGOTT	
DATE	1/21/09	



PHOTOGRAPHED ON MAY 26, 2016



Viewing east at subject.



Viewing north at subject.



Viewing east along James M Pitts Road.



Viewing north along the natural drainage area.



Viewing east along Bloomdale Road.



Viewing south at subject.

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, 14th Edition (copyrighted 2013), 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.

SITE, AS IF VACANT

According to the survey provided, the subject site is irregular in shape and contains 364,597 square feet, or 8.370 acres. The subject fronts the southern line of Bloomdale Road for approximately 1,199 linear feet, the eastern line of Community Avenue for approximately 401 feet, and the northern line of James M Pitts Drive for approximately 1399 feet. The subject abuts Bloomdale Road followed by a county administration building to the north, vacant land to the east, James M Pitts Drive followed by vacant land to the south, and Community Avenue followed by vacant land to the west.

Physically Possible

In arriving at our opinion of highest and best use for the improved subject site, 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. Soil conditions in the region are adequate for urban development provided appropriate engineering, design, and construction. According to FEMA flood hazard map 48085C0260J, dated June 2, 2009, the subject is determined to be outside the 100-year floodplain, being within Zone 'X'. Natural drainage is along the eastern and central portions of the tract. The tract is of sufficient size to be economically adaptable for development and benefits from adequate frontage and accessibility. Thus, the physical characteristics are generally supportive of development.

Legally Permissible

The site is zoned PD-1642, Planned Development by the City of McKinney, with a base zoning designation of C, Planned Center. The Planned Center zone is designed to provide for high-intensity concentrations of shopping and related commercial activities along regional highways or large arterial roadways. Additional zoning information can be referenced in the addenda.

Financially Feasible

As defined in The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, is “the ability of a property to generate sufficient income to support the use for which it was designed”.

The surrounding properties and land uses are considered for compatibility in determination of feasible use. Based on the land usage pattern of the surrounding area, the layout, location, and frontage/visibility of the site, the most feasible use is considered to be for commercial development.

Maximally Productive

The financially feasible use of the subject site would be for commercial development. Based upon the location in McKinney, commercial development is considered most logical.

Therefore, the maximally productive use of the subject, as vacant, would be as commercial development.

DATA COLLECTION PROCESS

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.

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

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.

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 be either direct or indirect with 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. 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.

Under the parameters of this assignment, the following approaches to value were considered and used in this appraisal:

Approach	Considered	Used
Cost	Yes	No
Sales Comparison	Yes	Yes
Income Capitalization	Yes	No

A preliminary survey of the property indicates the following:

- This report incorporates the sales comparison approach, and reconciles the 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, Grubb-Ellis Market Reports, Cushman Wakefield Market Reports, Marcus Millichap Market Reports, CB Richard Ellis Market Reports, Insignia Market Reports, Jones Lang LaSalle Market Reports, and other industry publications.

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.

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 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. According to local brokers, appraisers, and informed market participants, the reasonable exposure time for properties similar to the subject, is considered to be 12 months.

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.

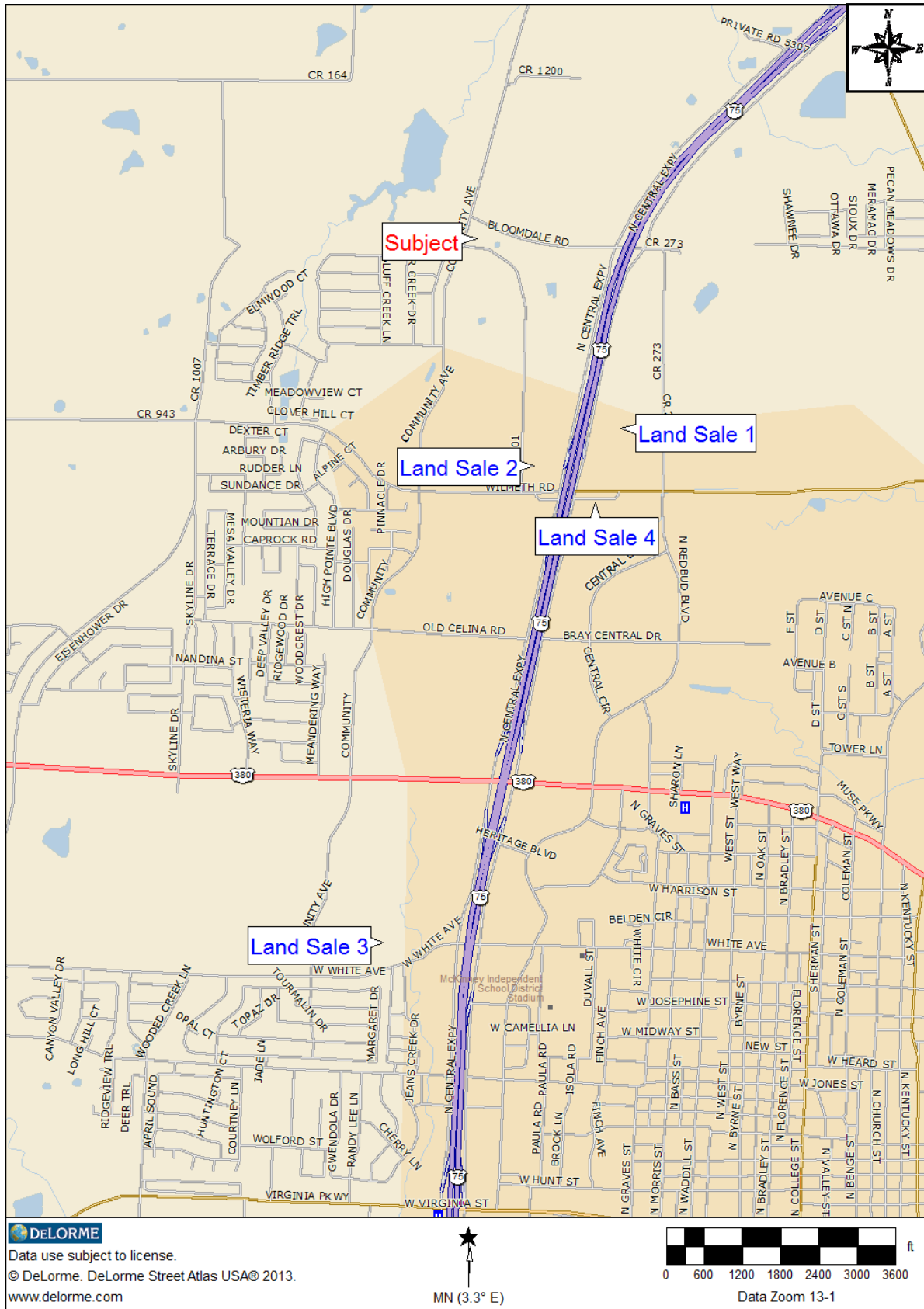
Subdivision Development – The total value of undeveloped land is indicated as if the land were subdivided, developed, and sold. Development costs, incentive costs, and carrying charges are subtracted from the estimated proceeds of sale, and the net income projection is discounted over the period required 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, listings, 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, four sales were extracted from this sample and utilized for the land valuation. These sales are detailed on the following pages.



Land Sale 1



Location	Adjacent to the NE/c of US 75 and Wilmeth Road McKinney, Collin County, Texas 75071
Mapsc0	DA-261-N
Legal Description	Land situated in the Thomas J. McDonald Survey, Abstract No. 576, Tract 22, City of McKinney, Collin County, Texas
Grantor	Mary C. Armstrong, et al
Grantee	Wintergreen Group, Inc.
Record Data	
Date of Sale	February 19, 2015
Document No.	20150304000236200
Consideration	\$5,225,000
Terms of Sale	Cash (or cash equivalent) to the seller
Conditions of Sale	Arm's-length
Land Area	
Acres	19.651
Square Feet	856,007
Price Per SF	\$6.10
Zoning	C-Planned Center
Topography	Level, at grade
Utilities	All available
Shape	Irregular
Frontage	±535 LF - US 75 ±960 LF - Redbud Boulevard
Comments	According to the broker, this sales price is after rollback taxes. This sale is exposed to approximately 94,700 vehicles per day along US 75.

Land Sale 2



Location	NW/c of US-75, and Wilmeth Road McKinney, Collin County, Texas 75071
Mapsc0	DA-260-R
Legal Description	Land situated in the T.J. McDonald Survey, Abstract 576, Tracts 12 and 13, Collin County, Texas
Grantor	Therondunn Investment, Ltd.
Grantee	HAG RE CDT, LLC
Record Data	
Date of Sale	December 23, 2014
Document No.	2015 06300007992130
Consideration	\$8,054,251
Terms of Sale	Cash (or cash equivalent) to the seller
Conditions of Sale	Arm's-length
Land Area	
Acres	33.914
Square Feet	1,477,294
Price Per SF	\$5.45
Zoning	Commercial
Topography	Level; at grade
Utilities	All available
Shape	Rectangular
Comments	The sale is situated in the two tracts with frontage along Community Avenue and James M Pitts Road.

Land Sale 3



Location	N/s of White Avenue, 900 feet east of Community Avenue McKinney, Collin County, Texas 75071
Mapsc0	DA-360-C
Legal Description	Land situated in the Jacob Dunbaugh Survey, Abstract 257, Tract 40, Collin County, Texas
Grantor	Peter Hylak
Grantee	McKinney 90 Townhouse, LLC
Record Data	
Date of Sale	June 3, 2014
Document No.	2014 0606000572760
Consideration	\$870,000
Terms of Sale	Cash (or cash equivalent) to the seller
Conditions of Sale	Arm's-length
Land Area	
Acres	10.342
Square Feet	450,497
Price Per SF	\$1.93
Zoning	PD, Planned Development
Topography	Mostly level; at grade
Utilities	All available
Shape	Mostly rectangular
Frontage	±570 LF - White Avenue
Comments	The tract is located 1,100 feet east of US-75.

Land Sale 4



Location	SE/c of US-75 and Wilmeth Road McKinney, Collin County, Texas 75071
Mapsc0	DA-261-S
Legal Description	Land situated in the T.J. McDonald Survey, Abstract 576, being a portion of a 12.133 acre tract described as Tract 2 according to the deed recorded in Volume 3658, Page 145, Collin County, Texas
Grantor	Oakwood Village Apartments, Inc.
Grantee	RDO Equipment Co
Record Data	
Date of Sale	December 28, 2012
Document No.	2012 122801652120
Consideration	\$2,820,054
Terms of Sale	Cash (or cash equivalent) to the seller
Conditions of Sale	Arm's-length
Land Area	
Acres	10.749
Square Feet	470,009
Price Per SF	\$6.00
Zoning	PD, Planned Development
Topography	Level; at grade
Utilities	All available
Shape	Rectangular
Comments	The tract is mostly rectangular in shape with level terrain. The property has 350 feet along US-75, 1,290 feet along Wilmeth Road, and 383 feet along Redbud Boulevard. The property is exposed to 94,700 cars per day. The tract is improved with a retail/industrial building.

LAND SALES SUMMARY					
Sale No.	Location	Size		Price Per SF	Date of Sale
		SF	AC		
1	Adjacent to the NE/c of US 75 and Wilmeth Road	856,007	19.651	\$ 6.10	Feb-15
2	NW/c of US-75, and Wilmeth Road	1,477,294	33.914	\$ 5.45	Dec-14
3	N/s of White Avenue, 900 feet east of Community Avenue	450,497	10.342	\$ 1.93	Jun-14
4	SE/c of US-75 and Wilmeth Road	470,009	10.749	\$ 6.00	Dec-12
Subject	SE/c of Bloomdale Road and Community Avenue	364,597	8.370		

The sales in the sample were selected from a larger group as being most similar in overall physical characteristics as compared to the subject. The land sales occurred between December 2012 to February 2015, range in size from 10.34 acres to 33.91 acres, and range in price from \$1.93 to \$6.10 per square foot. These sales represent the most recent, similar activity in proximity to the subject.

ADJUSTMENT DESCRIPTIONS AND ANALYSIS

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.

COMPARITIVE ANALYSIS

In analyzing the sales, comparative analyses are used to identify differences between the subject and the comparable sales. The difference in selling price is allocated to the elements of comparison, which the market data indicates contribute to different prices. While we have no direct support for these selected adjustments, an analysis of similar properties requires adjustment for these elements to be applied. The following table is a summary of comparable elements and their associated adjustments.

SUMMARY OF SELECTED ADJUSTMENTS	
Adjustment Category	Selected Adjustments
Location	5%; for the difference between desirability of differing locations
Exposure	5%; for the difference between inferior and superior exposure
Size	5%; for adjustment for each doubling/halving in size
Age	1%; for the difference for every 3 years between effective age
Condition	5-10%; for the difference between inferior and superior conditions
Quality	5%; for the differences in qualities of the properties

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 define accurately the range of values indicated by the market.

RIGHTS CONVEYED, FINANCING, SALE, MARKETING CONDITIONS, AND LOCATION

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. To do so, adjustments may be required before specific differences in the physical real estate can be compared. The sales were evaluated and no adjustments for rights conveyed are considered necessary.

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. The sales were evaluated and no adjustments for sale conditions are considered necessary.

Market Conditions

The sales occurred between December 2012 and February 2015. Adjustments for market conditions are applied if property values have increased or decreased since the transaction dates. Based on our observations and analysis, real estate has appreciated approximately 4% annually. Each sale is adjusted accordingly.

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. A property's location is analyzed in relation to the location of other similar properties. The sales have similar locational appeal as compared to the subject and are not adjusted.

PHYSICAL**Access**

Access has significant bearing on real estate in the market. Access is defined as the points, or number of points available for ingress/egress to the subject site or ease of access to the site from abutting roadways. Sale properties are adjusted based on their inferiority/superiority as compared with the subject. Sales 1, 2, and 4 are located on US-75 with superior access and are adjusted -5%.

Frontage

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. Sales 1, 2, and 4 are similar in frontage as compared to the subject with no adjustment. Sale 3 has frontage along one roadway and is adjusted +10%.

Exposure

Exposure is a function of traffic volume or drive-by business potential. Sale properties are adjusted based on their inferiority/superiority as compared with the subject. Sale 1, 2, 3, and 4 are adjusted -20%, -20%, 0%, and -20%, based on the sales' superior/inferior exposures.

Land Sales - Traffic Exposure		
Sale No.	Location	Vehicle Count
1	Adjacent to the NE/c of US 75 and Wilmeth Road	94,700
2	NW/c of US-75, and Wilmeth Road	94,700
3	N/s of White Avenue, 900 feet east of Community Avenue	13,800
4	SE/c of US-75 and Wilmeth Road	94,700
<i>Subject</i>	<i>SE/c of Bloomdale Road and Community Avenue</i>	<i>7,300</i>

Size

The subject site is comprised of 8.370 acres. 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 linear regression analysis indicates a 5% - 15% adjustment for each doubling/halving (100%) in size. A 5% adjustment is used for this analysis. All sales are adjusted accordingly. Sale 1, 2, 3, and 4 are adjusted 6%, 10%, 2%, and 2%, respectively for size.

Zoning

The site is zoned PD-1642, C Planned Center by the City of McKinney. The sales are similar to the subject, with no adjustments.

Utilities

Water, sewer, electricity, and phone services are available to the subject. The sales are similar in the available utilities as compared to the subject and do not warrant adjustment.

Topography

The subject is sloped with two areas of natural drainage; the subject is determined to be outside the 100-year floodplain. The sales are level to mostly level and are superior compared to the subject. The sales are adjusted -10% for superior topography.

SUMMARY OF 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.

LAND SALES ADJUSTMENTS				
Sale No.	1	2	3	4
No. of Acres	19.651	33.914	10.342	10.749
Size SF	856,007	1,477,294	450,497	470,009
Sale Date	Feb-15	Dec-14	Jun-14	Dec-12
Sale Price	\$5,225,000	\$8,054,251	\$870,000	\$2,820,054
Sale Price Per SF	\$6.10	\$5.45	\$1.93	\$6.00
Rights Conveyed	-0-	-0-	-0-	-0-
Financing	-0-	-0-	-0-	-0-
Sale Conditions	-0-	-0-	-0-	-0-
Market Conditions	5%	6%	8%	14%
Adjusted Price	\$6.41	\$5.78	\$2.08	\$6.84
Location	-0-	-0-	-0-	-0-
Access	-5%	-5%	-0-	-5%
Frontage	-0-	-0-	10%	-0-
Exposure	-20%	-20%	-0-	-20%
Size	6%	10%	2%	2%
Zoning	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Topography	-10%	-10%	-10%	-10%
Net Adjustment	-29%	-25%	2%	-33%
Adjusted Price/SF	\$4.55	\$4.34	\$2.12	\$4.58

LAND VALUE CONCLUSION

After adjustments, the comparables range in price from \$2.12 to \$4.58 per square foot, with an average of \$3.90 per square foot and a median of \$4.45 per square foot. The comparable sales are representative of land activity in the area. Considering the adjusted sales, the indicated value of the subject site is \$3.00 per square foot, or \$1,095,000, rounded.

Total Land Area				
No. of Square Feet		\$/SF		Indicated Value
364,597	x	\$3.00	=	\$ 1,093,791
			Rounded	\$ 1,095,000

The client has requested an analysis of a potential market ground lease of the subject. The eastern abutting property owner has proposed to ground lease the land in conjunction with a development on the southwest corner of US-75 and Bloomdale Road. The terms of the proposed ground lease were not provided.

Using existing market ground leases and comparing them to the subject, a market rental rate will be formulated. Additionally, non-financial lease terms such as subordination, insurance, and use are discussed.

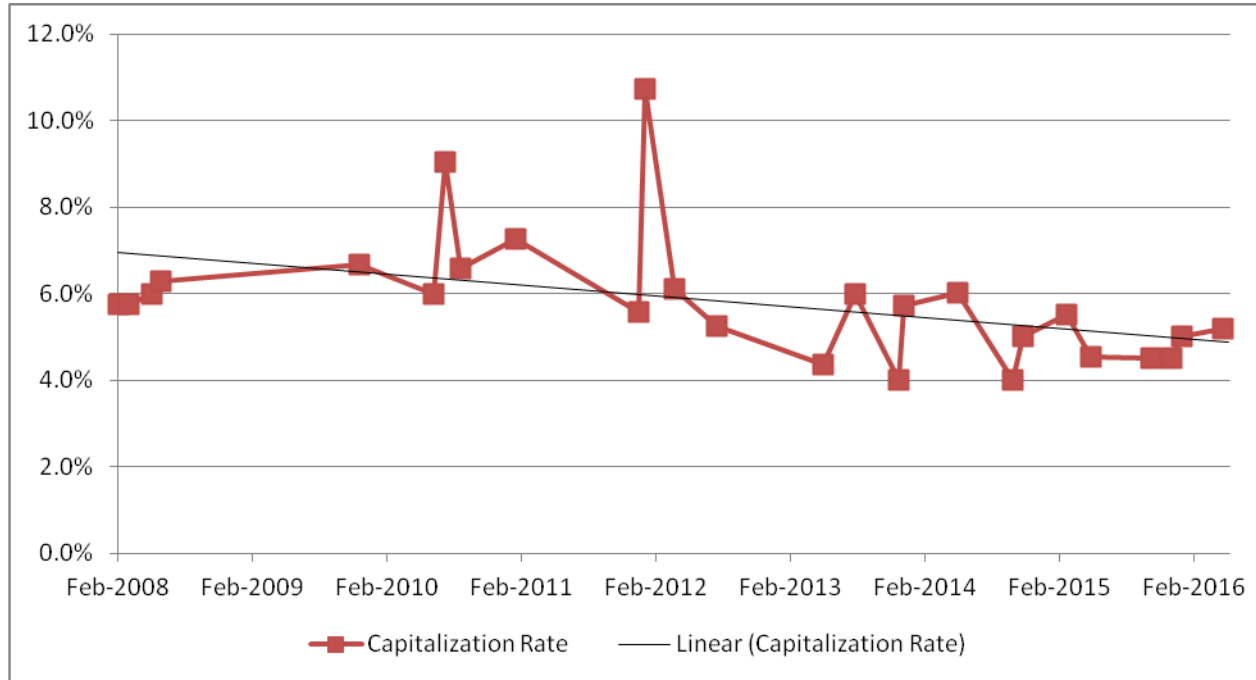
Estimate of Current Market Returns of Ground Leases

The following data on ground leases are informative as to what an investor's expectations might be in the current economic climate.

COMPARABLE GROUND LEASE SAMPLE										
Lessee	Location	City	Sale Date	Size		Sale Price	Annual Rent	Term (Yrs)	Sale Price Per SF	Capitalization Rate
				Square Feet	Acres					
First Choice ER	16300 SH 121	Frisco	May-2016	76,535	1.757	\$3,461,538	\$180,000	15, 35 opt.	\$45.23	5.20%
Raising Cane's	6311 Custer Road	Frisco	Apr-2016	80,934	1.858	\$2,300,000	\$115,000	20, N/A	\$28.42	5.00%
Panera Bread	1941 US Hwy 287	Mansfield	Dec-2015	47,045	1.080	\$3,111,111	\$140,000	15, 15 opt.	\$66.13	4.50%
Wells Fargo	4771 Saturn Road	Garland	Dec-2015	46,888	1.076	\$3,400,000	\$153,000	20, N/A	\$72.51	4.50%
Pollo Tropical	401 NJ Elmer Weaver Fwy	Cedar Hill	Oct-2015	51,139	1.174	\$3,470,000	\$158,000	20, 20 opt.	\$67.85	4.55%
First Choice ER	5000 West Eldorado Parkway	McKinney	Apr-2015	48,961	1.124	\$3,550,000	\$196,300	15, 35 opt.	\$72.51	5.53%
Pollo Tropical	11440 North Dallas Parkway	Frisco	Feb-2015	63,598	1.460	\$2,250,000	\$112,500	20, N/A	\$35.38	5.00%
Taco Bell	2114 North Galloway Ave	Mesquite	Oct-2014	22,046	0.506	\$1,815,000	\$72,600	20, N/A	\$82.33	4.00%
Saltgrass Steakhouse	801 State Hwy 121	Lewisville	Sep-2014	81,022	1.860	\$1,161,306	\$70,000	20, N/A	\$14.33	6.03%
Baylor Rehabilitation	2990 Legacy Drive	Frisco	Apr-2014	290,288	6.664	\$8,050,000	\$460,000	30, N/A	\$27.73	5.71%
McDonald's	3000 North Hampton Road	Dallas	Dec-2013	10,633	0.244	\$1,500,000	\$60,000	20, N/A	\$141.07	4.00%
KFC/A&W	733 Hebron Parkway	Lewisville	Nov-2013	33,454	0.768	\$1,280,000	\$76,800	20, N/A	\$38.26	6.00%
O'Reilly Auto Parts	9257 Benbrook Blvd	Benbrook	Jul-2013	59,677	1.370	\$687,500	\$30,000	20, N/A	\$11.52	4.36%
7-Eleven	100 East US Hwy 80	Forney	Apr-2013	40,946	0.940	\$1,181,818	\$62,000	15, 20 opt.	\$28.86	5.25%
Taco Cabana	810 West Stacy Road	Allen	Jul-2012	57,935	1.330	\$2,125,000	\$130,000	20, 10 opt.	\$36.68	6.12%
Beck's Prime	4622 Greenville Ave	Dallas	Mar-2012	29,272	0.672	\$1,165,000	\$125,000	20, 20 opt.	\$39.80	10.73%
Renaissance Parking	1201 Pacific Avenue	Dallas	Jan-2012	30,665	0.704	\$2,850,000	\$158,636	47, N/A	\$92.94	5.57%
Chili's	2503 West Wheatland Road	Dallas	Dec-2011	77,537	1.780	\$1,050,000	\$76,125	N/A, N/A	\$13.54	7.25%
O'Reilly Auto Parts	7601 Loop 12	Dallas	Jan-2011	74,052	1.700	\$580,800	\$38,256	18, N/A	\$7.84	6.59%
LA Fitness	3029 Forest Lane	Dallas	Aug-2010	197,457	4.533	\$9,600,000	\$868,800	25, N/A	\$48.62	9.05%
Long John Silvers/A&W	8890 Preston Road	Frisco	Jul-2010	49,484	1.136	\$500,000	\$30,000	20, N/A	\$10.10	6.00%
7-Eleven	10820 Eldorado Pkwy	Frisco	Jun-2010	45,912	1.054	\$1,200,000	\$80,000	15, 20 opt.	\$26.14	6.67%
Taco Bell	380 East Stacy Road	Allen	Nov-2009	48,352	1.110	\$1,185,000	\$74,655	20, N/A	\$24.51	6.30%
Northstar Bank	900 East Wall Street	Grapevine	May-2008	58,806	1.350	\$2,000,000	\$120,000	30, 20 opt.	\$34.01	6.00%
Wachovia Bank (Wells Farg	3800 Cheek Sparger Road	Bedford	May-2008	39,988	0.918	\$3,304,347	\$190,000	N/A, N/A	\$82.63	5.75%
Wachovia Bank (Wells Farg	5015 Eldorado Pkwy	Frisco	Mar-2008	43,560	1.000	\$2,260,000	\$130,000	20, N/A	\$51.88	5.75%
Chase	4900 Eldorado Pkwy	Frisco	Feb-2008	35,280	0.810	\$2,440,000	\$140,000	20, N/A	\$69.16	5.74%
<i>Average</i>									\$47.04	5.82%
<i>Median</i>									\$38.26	5.74%

The data represent sales of existing ground leases in the Dallas/Fort Worth metropolitan area. The ground leases in the survey are on commercial tracts ranging in size from 0.244 acres to 6.664 acres.

The sites are similar to the subject and have capitalization rates ranging from 4.00% to 10.73%, with an average of 5.82% and a median of 5.74%.



Over the past eight years the capitalization rates have been on a slight decline, with the most recent trend being between 4% and 6%. However, in most circumstances, the improvements on long-term ground leased property will revert to the landowner at lease expiration. As such, the term can influence the amount paid. Additionally, scheduled escalations will influence the price paid.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2016*						
LAND LEASES						
Property Type	Capitalization Rates			Discount Rates		
	Min.	Max.	Avg.	Min.	Max.	Avg.
Apartments	1.98%	10.16%	5.94%	4.58%	10.66%	6.94%
Golf	2.44%	15.87%	8.59%	5.04%	16.37%	9.59%
Health Care/Senior Housing	2.53%	12.03%	6.75%	5.13%	12.53%	7.75%
Industrial	2.29%	10.73%	6.35%	4.89%	11.23%	7.35%
Lodging	2.44%	15.37%	7.01%	5.04%	15.87%	8.01%
Mobile Home/RV Park	2.23%	12.59%	7.32%	4.83%	13.09%	8.32%
Office	2.29%	10.73%	6.81%	4.89%	11.23%	7.81%
Restaurant	3.48%	15.30%	8.03%	6.08%	15.80%	9.03%
Retail	1.99%	12.10%	6.49%	4.59%	12.60%	7.49%
Self-Storage	2.29%	10.73%	7.46%	4.89%	11.23%	8.46%
Special Purpose	2.99%	16.38%	8.21%	6.01%	18.38%	9.11%
All Properties	1.98%	16.38%	7.18%	4.58%	16.37%	8.08%

*1st Quarter 2016 Data

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As a secondary source, RealtyRates Inventory Survey shows capitalization rates on land leases for office uses ranging from 2.29% to 10.73% with an average of 6.81%.

MARKET LEASE RATE

The fee simple value of the land was established, using the sales comparison approach in the previous section, at \$3.00 per square foot, or \$1,095,000. In comparison to the sales extractions, market surveys, and given the characteristics of the area and market demand, a return of 6% is expected. Using the fee simple value of the land and the expected return of 6% results in a market oriented annual lease rate of \$65,700.

LEASE TERM

The duration of ground leases in the market including option periods appears to be on average 50 years. The term is highly dependent on the expected economic life of the proposed building improvements. Shorter lease terms of 25 for 30 years are present in restaurants, big-box retailers, and auto-service uses.

The ground leases in the market sample show initial lease terms ranging from 15 to 30 years with option periods ranging from 5 to 20 years. Option periods almost always include escalations in the lease rate.

In comparing a ground lease of 50 years and 70 years in terms of present value, there is very little difference in the market value today. The time value of money and the effect of discounting payments expected between years 50 and 70 results in a negligible increase in the present value. A likely development timetable for the county would appear to make a 50 year period more attractive.

LEASE ESCALATIONS

The recent trend in ground leases escalations, as seen in the market, is built-in rent increases occurring every one to five years based on an agreed percentage or the consumer price index. Historically, ground leases require re-evaluation of the underlying land value every five to ten years and a reassessment of the lease rate. These reappraisal and escalation clauses have the potential to complicate the lease agreements by requiring up to three appraisals, and mediation/arbitration if an agreement could not be reached. The market has moved away from these types of leases as they are seen as increasing costs and uncertainly for the leasehold.

Market participants are likely to expect rent escalations based on inflation. The following tables show the historical annual inflation rate from 1996 to the present.

Historical Annual U.S. Inflation Rate from 1996 to the present													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVE.
2016	1.37%	1.02%	0.85%										
2015	-0.09%	-0.03%	-0.07%	-0.20%	-0.04%	0.12%	0.17%	0.20%	-0.04%	0.17%	0.50%	0.73%	0.12%
2014	1.58%	1.13%	1.51%	1.95%	2.13%	2.07%	1.99%	1.70%	1.66%	1.66%	1.32%	0.76%	1.62%
2013	1.59%	1.98%	1.47%	1.06%	1.36%	1.75%	1.96%	1.52%	1.18%	0.96%	1.24%	1.50%	1.47%
2012	2.93%	2.87%	2.65%	2.30%	1.70%	1.66%	1.41%	1.69%	1.99%	2.16%	1.76%	1.74%	2.07%
2011	1.63%	2.11%	2.68%	3.16%	3.57%	3.56%	3.63%	3.77%	3.87%	3.53%	3.39%	2.96%	3.16%
2010	2.63%	2.14%	2.31%	2.24%	2.02%	1.05%	1.24%	1.15%	1.14%	1.17%	1.14%	1.50%	1.64%
2009	0.03%	0.24%	-0.38%	-0.74%	-1.28%	-1.43%	-2.10%	-1.48%	-1.29%	-0.18%	1.84%	2.72%	-0.34%
2008	4.28%	4.03%	3.98%	3.94%	4.18%	5.02%	5.60%	5.37%	4.94%	3.66%	1.07%	0.09%	3.85%
2007	2.08%	2.42%	2.78%	2.57%	2.69%	2.69%	2.36%	1.97%	2.76%	3.54%	4.31%	4.08%	2.85%
2006	3.99%	3.60%	3.36%	3.55%	4.17%	4.32%	4.15%	3.82%	2.06%	1.31%	1.97%	2.54%	3.24%
2005	2.97%	3.01%	3.15%	3.51%	2.80%	2.53%	3.17%	3.64%	4.69%	4.35%	3.46%	3.42%	3.39%
2004	1.93%	1.69%	1.74%	2.29%	3.05%	3.27%	2.99%	2.65%	2.54%	3.19%	3.52%	3.26%	2.68%
2003	2.60%	2.98%	3.02%	2.22%	2.06%	2.11%	2.11%	2.16%	2.32%	2.04%	1.77%	1.88%	2.27%
2002	1.14%	1.14%	1.48%	1.64%	1.18%	1.07%	1.46%	1.80%	1.51%	2.03%	2.20%	2.38%	1.59%
2001	3.73%	3.53%	2.92%	3.27%	3.62%	3.25%	2.72%	2.72%	2.65%	2.13%	1.90%	1.55%	2.83%
2000	2.74%	3.22%	3.76%	3.07%	3.19%	3.73%	3.66%	3.41%	3.45%	3.45%	3.45%	3.39%	3.38%
1999	1.67%	1.61%	1.73%	2.28%	2.09%	1.96%	2.14%	2.26%	2.63%	2.56%	2.62%	2.68%	2.19%
1998	1.57%	1.44%	1.37%	1.44%	1.69%	1.68%	1.68%	1.62%	1.49%	1.49%	1.55%	1.61%	1.55%
1997	3.04%	3.03%	2.76%	2.50%	2.23%	2.30%	2.23%	2.23%	2.15%	2.08%	1.83%	1.70%	2.34%
1996	2.73%	2.65%	2.84%	2.90%	2.89%	2.75%	2.95%	2.88%	3.00%	2.99%	3.26%	3.32%	2.93%

Source: www.inflationdata.com/inflation/inflation_rate/HistoricalInflation.aspx

The projected inflation rate is 3%, based on historical trends. Escalations every one to five years are typical.

NON-FINANCIAL LEASE PROVISIONS

Lease provisions that are non-financial in nature typically have to be crafted to satisfy a third-party lender.

SUBORDINATION

Subordination is the most basic of all nonfinancial issues. It refers to one of two possibilities: 1) In subordination of the fee, the landlord can lose title to the land. 2) In subordination of the land rent, the landlord, may lose income.

Subordination of the lessor's fee interest in the property is a major concern for any lessor. It provides for the leasehold mortgagee to foreclose on the lessor's interest if the lessee fails to satisfy the lender's claims. When the fee is subordinated, failure of the lessee's enterprise can wipe out both the lessee's and the lessor's interests. A lessor should exercise great caution before agreeing to such an arrangement. For all practical purposes, land leases should always be unsubordinated. In some instances of publicly-owned property, subordination is prohibited because of law or public policy.

Subordination of all or a portion of the lessor's economic return is also of concern. This can occur when the land lessee receives a preferred return ahead of some or all of the income payable to the lessor. This provision in a lease requires careful scrutiny.

USE CLAUSE

The provisions in the lease controlling the nature of the improvements to be put in place on the property during the lease term are the lessor's first line of defense against inappropriate use of the property. A weak use clause usually makes good sense in unsubordinated leases where the ground rent is fixed at an amount that increases in predetermined increments unrelated to the performance of the project.

INSURANCE

The casualty and liability insurance clause, though often overlooked, is one of the most important nonfinancial clauses in a land lease. Inadequate indemnification of the lessor by the lessee may be expensive to the lessor if liability becomes an issue. Rental income may be diverted for years to pay a judgment not covered by a lessee's liability insurance.

A lessor with deep pockets, like a public entity or agency, is seen as a convenient target for lawsuits and therefore must be particularly careful about adequate insurance coverage. The lease should give the lessor the right to require an increase every two to three years in the amount of the lessee's liability coverage.

GROUND LEASE CONCLUSION

The market data indicate an initial ground rental rate of \$65,700 with one to five year escalations of approximately three percent for a period of 50 years with appropriate provisions for subordination, use, and insurance.

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

I have no present or contemplated future interest in the real estate that is the subject of this appraisal report. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved. My engagement in this assignment was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

To the best of my 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.

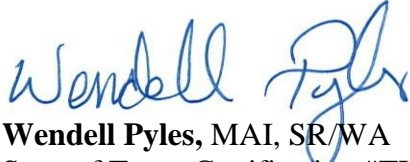
This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report. These are my personal, impartial, unbiased professional analyses, opinions, and conclusions.

This appraisal report has been made in conformity with the Uniform Standards of Professional Appraisal Practice. I 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.

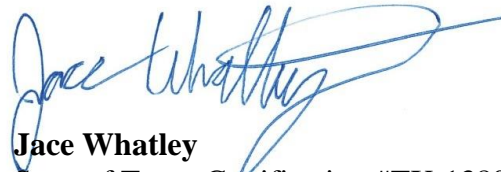
The Appraisal Institute conducts a program of continuing education for its designated members. As of the date of this appraisal, Wendell Pyles has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report, Jace Whatley has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.

We 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. Jace Whatley provided real property appraisal assistance to the person signing this certification. We certify that Wendell Pyles and Jace Whatley personally inspected the property appraised.

PYLES WHATLEY CORPORATION



Wendell Pyles, MAI, SR/WA
State of Texas Certification #TX-1320453-G



Jace Whatley
State of Texas Certification #TX-1380205-G

WENDELL PYLES, MAI, SR/WA

Appraisal assignments include office buildings, multi-family dwellings, commercial and industrial properties, right-of-way projects, automobile dealerships, land development, and specialized properties, as well as feasibility and market studies.

Experience

- Owner of *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 analyses, financial reporting, and acquisition evaluation
- Qualified as expert witness in Texas District Courts and U.S. Bankruptcy courts.

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
- Certified by the State of Oklahoma as General Real Estate Appraiser, 13099CGA
- Senior Member (SR/WA) – International Right-of-Way Association, Registration Number 4444
- Right-of-Way Professional of the Year, 2004 - IRWA Chapter 36
- 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

JACE C. WHATLEY**Experience**

- ❖ Employed with PYLES WHATLEY CORPORATION. Appraisal assignments include retail centers, restaurants, convenience stores, office buildings, and various commercial and industrial properties. Additional consulting assignments include condemnation and right-of-way work.

Education

- ❖ North Texas Chapter of the Appraisal Institute
 - Appraisal Principles
 - Appraisal Procedures
 - National USPAP
 - Site Valuation and Cost Approach
 - Sales Comparison Approach
 - Real Estate Statistics
 - Market Analysis and Highest and Best Use
 - Basic Income Approach Part 1
 - Basic Income Approach Part 2
 - General Report Writing and Case Studies
 - Advanced Income Capitalization
- ❖ University of Texas at Austin, 2004-2008
 - McCombs School of Business: Bachelor of Business Administration
 - Major: Finance, Minor: Accounting

Professional Titles

- ❖ Texas Appraiser Licensing and Certification Board
 - Certified General Real Estate Appraiser, State of Texas Authorization # 1380205-G
- ❖ Appraisal Institute
 - Candidate for Designation
 - Passing score on the MAI Comprehensive Examination
- ❖ IRWA Chapter 36: Program Chair, August 2012

ADDENDA

TAX INFORMATION**Property ID: 1988776 - Tax Year:** 2016**General Information**

Property ID	1988776
Property Status	Active
Geographic ID	R-2667-002-0010-1
Property Type	Real
Property Address	McKinney, TX
Total Land Area	500,635 sq. ft.
Total Improvement Main Area	n/a
Abstract/Subdivision	Collin County Justice Center
Primary State Code	F1 (Govt Owned County)
Legal Description	Collin County Justice Center, Blk 2, Lot 1

Owner Information

Owner ID	102673
Owner Name(s)	Collin County
Exemptions	EX-XV (Other Exemptions (Including Public, Religious, Charitable, And Other Property Not Reported E
Percent Ownership	100.00%
Mailing Address	2300 Bloomdale Rd McKinney, TX 75071-8517

2016 Value Information

Value information for Property ID 1988776 in the 2016 tax year is unavailable. Value information for prior years may be available in the [Value History](#) section below.

Entities

Taxing Entity	Tax Rate	Collected By
CMC (McKinney City)	0.583000 (2015 Rate)	Collin County Tax Office
GCN (Collin County)	0.225000 (2015 Rate)	Collin County Tax Office
JCN (Collin College)	0.081960 (2015 Rate)	Collin County Tax Office
SMC (McKinney ISD)	1.670000 (2015 Rate)	Collin County Tax Office

Improvements

Our records don't show any improvement data for Property ID 1988776 in the year 2016.

Land Segments

Land Segment #1	Undeveloped
State Code	F1 (Govt Owned County)
Homesite	No
Market Value	
Ag Use Value	n/a
Land Size	11.4930 acres 500,635 sq. ft.

Value History

Year	Improvement	Land	Market	Ag Loss	Appraised	HS Cap Loss	Assessed
2015	\$0	\$574,650	\$574,650	\$0	\$574,650	\$0	\$574,650
2014	\$0	\$574,650	\$574,650	\$0	\$574,650	\$0	\$574,650
2013	\$0	\$574,650	\$574,650	\$0	\$574,650	\$0	\$574,650
2012	\$0	\$574,650	\$574,650	\$0	\$574,650	\$0	\$574,650

TAX INFORMATION - *Continued*

2011	\$0	\$574,650	\$574,650	\$0	\$574,650	\$0	\$574,650
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Deed History

Deed Date	Seller	Buyer	Instr #	Volume/Page
	COLLIN COUNTY	COLLIN COUNTY		
	COLLIN COUNTY TEXAS	COLLIN COUNTY		
10/01/1998	COLLIN COUNTY TX JAIL FACILITY	COLLIN COUNTY TEXAS	99-00096231	4470/2524

ZONING DESCRIPTION**Sec. 146-86. - C - Planned Center district.**

(a)

Purpose. The "C" - Planned Center zone is designed to provide for high-intensity concentrations of shopping and related commercial activities along regional highways or large arterial roadways. Zoning or rezoning to this classification will not generally be permitted after July 1, 2014.

(b)

Permitted uses. The following uses are permitted in the planned center district:

(1)

Any use permitted in district "BN" - Neighborhood Business; and

(2)

Other uses indicated as being permitted in the "C" - Planned Center zone in the schedule of uses.

(c)

Space limits. The following space limits shall apply to the "C" - Planned Center zone:

(1)

Minimum rear yard: 25 feet when abutting any zone requiring a rear yard; none abutting business.

(2)

Minimum side yard: 15 feet when abutting any zone requiring a side yard; none abutting business.

(3)

Maximum lot coverage: 50 percent.

(4)

Maximum floor area ratio: one to 1.25.

(5)

All other space limits identified as being applicable to the "C" - Planned Center zone in appendix F of the zoning ordinance.

(d)

Special provisions.

(1)

The entire parcel of land in the planned center zone shall be considered as one zoning lot in arranging buildings and other facilities.

(2)

The commission and the council shall take into consideration the ability of nearby streets to handle traffic generated by the proposed development and shall take into consideration the effects upon the value and amenities of the nearby neighborhood residential properties and in the event of conflict between the maintenance of such values and the proposed development, shall weigh the equities between the two using the criterion of community service and maintaining the concept of the zoning plan in assessing the position of the proposed development.

(3)

It is intended that a planned center zone be designated to carry out the objectives and planning practices established by the commission for development of the city and particularly the development of unified planned business centers, whether in single or multiple ownership, and to be so developed within a reasonable time. The district is not intended for extensive parceling-off of tracts or creation of pad sites, especially along the frontage of an arterial street, not extending the full depth of the district. The intent of the district shall be considered in determining whether any tract shall be zoned as a planned center district and its associated site plan approved. Thenceforth, any development or subdivision of the property shall be consistent with an approved conceptual site plan, as originally approved or as may be subsequently amended and approved.

(Code 1982, § 41-81; Ord. No. 1270, § 3.14, 12-15-1981; Ord. No. 1513, § 2, 1-15-1985; Ord. No. 97-11-61, § 1, 11-18-1997; Ord. No. 2002-08-084, § 1.1, 8-20-2002; Ord. No. 2008-07-066, § 1, 7-14-2008; Ord. No. 2008-11-104, § 6, 11-4-2008; Ord. No. 2010-05-011, § 5, 5-17-2010; Ord. No. 2010-12-053, § 14, 12-7-2010; Ord. No. 2012-11-056, § 30, 11-5-2012; Ord. No. 2013-04-033, § 3, 4-2-2013; Ord. No. 2014-03-018, § 13, 3-4-2014)

STATE CERTIFICATION

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1320453 G**

Issued: **04/15/2015**

Expires: **04/30/2017**

Appraiser: **WENDELL LEE PYLES**

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


Douglas E. Oldmixon
Commissioner

INFORMATION REGARDING
CONFLICT OF INTEREST QUESTIONNAIRE

During the 79th Legislative Session, House Bill 914 was signed into law effective September 1, 2005, which added Chapter 176 to the Texas Local Government Code. Recent changes have been made to Chapter 176 pursuant to HB23, which passed the 84th Legislative Session. Chapter 176 mandates the public disclosure of certain information concerning persons doing business or seeking to do business with Collin County, including family, business, and financial relationships such persons may have with Collin County officers or employees involved in the planning, recommending, selecting and contracting of a vendor for this procurement.

For a copy of Form CIQ and

CIS: [http://www.ethics.state.tx.us/filinginfo/conflict_form
s.htm](http://www.ethics.state.tx.us/filinginfo/conflict_form_s.htm)

The vendor acknowledges by doing business or seeking to do business with Collin County that he/she has been notified of the requirements under Chapter 176 of the Texas Local Government Code and that he/she is solely responsible for complying with the terms and conditions therein. Furthermore, any individual or business entity seeking to do business with Collin County who does not comply with this practice may risk award consideration of any County contract.

For a listing of current Collin County Officers:

<http://www.collincountytexas.gov/government/Pages/officials.aspx>

The following County employees will be involved in the planning, recommending, selecting, and contracting for the attached procurement:

Department:

Bill Burke – Construction and Projects Manager

Purchasing:

Michalyn Rains, CPPO, CPPB – Purchasing Agent

Sara Hognlund, CPPB – Asst. Purchasing Agent

Matt Dobecka, CPPO, CPPB, CPCP – Functional Analyst

Collin County Commissioners' Court:

Keith Self – Judge

Susan Fletcher – Commissioner Precinct 1

Cheryl Williams – Commissioner Precinct 2

Chris Hill – Commissioner Precinct 3

Duncan Webb – Commissioner Precinct 4

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity

Date

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed;
- or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number	
or	
Employer identification number	

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.