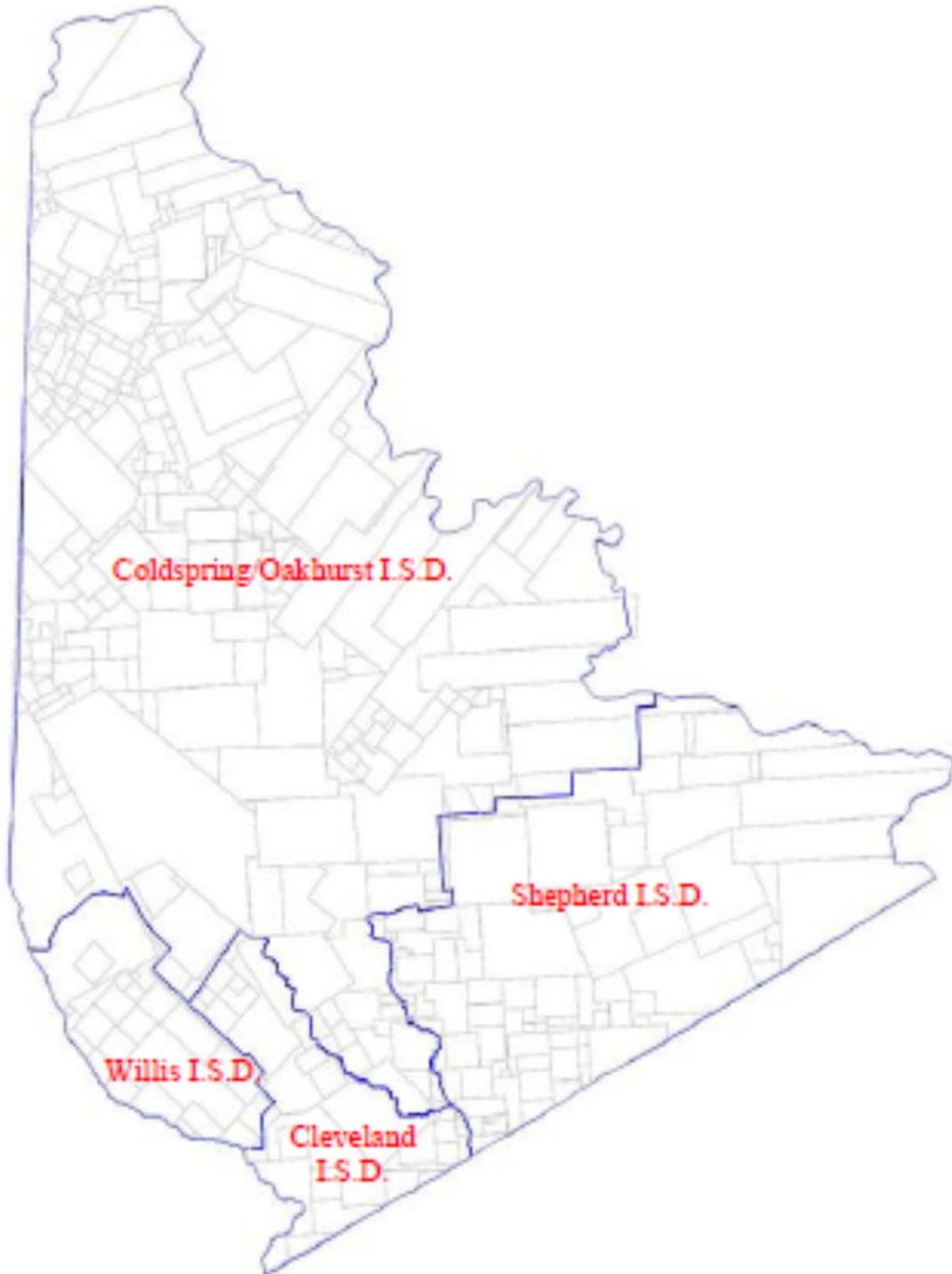


San Jacinto County Appraisal District



SAN JACINTO COUNTY APPRAISAL DISTRICT REAPPRAISAL PLAN 2015 through 2016

INTRODUCTION

According to Texas law, appraisal districts must establish a plan for the periodic reappraisal of all property within the boundaries of the district. Please see attached property tax code sections 6.05 and 25.18. In order to comply with state law, the San Jacinto county appraisal district set forth and established the following reappraisal plan.

The San Jacinto county central appraisal district (SJCAD) is responsible for the appraisal of all classes of taxable property located within its jurisdictional boundaries. The boundaries include all property located in San Jacinto county. SJCAD is responsible for the appraisal of approximately:

37535 real property parcels;

5002 mineral accounts;

853 commercial, industrial, and other personal property accounts.

The district serves taxing units. Those taxing units consist of 4 Independent school districts, 1 city, 1 county, 6 special use districts, such as an Emergency Service District, Municipal Utility Districts, Road and Bridge and Junior College. SJCAD employs an outside appraisal firm, Capital Appraisal Group, LLC, to appraise minerals, oil and gas, utilities, and various other complex properties, Capital Appraisal Group, LLC appraisers are also guided by the principles set forth in USPAP.

In mass appraising property for the purpose of ad valorem taxation, SJCAD subscribes to the standards established by the International Association Of Assessing Officers (IAAO). In addition, SJCAD is guided by the principles set forth in the appraisal foundation's "Uniform Standards of Professional Appraisal Practice" (USPAP). In appraising property for ad valorem tax purposes, the district employs generally accepted appraisal methods and techniques. Our appraisers conduct mass appraisal utilizing the three approaches to value: the cost, market, and income approaches.

Mission Statement

The mission of the San Jacinto County Appraisal District is to discover, list and appraise all properties in the district at market value on a fair and equitable basis as per statutory requirements; provide information and quality service to all taxing units, taxpayers and other users (i.e. Appraisers, lawyers, land men, and Chambers of Commerce) at the most economical cost; treat all taxpayers with the utmost respect and courtesy at all times; and strive to maintain an attitude of open mindedness when seeking to resolve taxpayer disputes or addressing taxing units concerns.

LEGAL REQUIREMENTS

The Texas constitution contains the laws that form the foundation for the Texas property tax code. The tax code provides an annotated and cross-referenced version of the tax laws that govern property tax administration in Texas. The provisions contained in the Texas constitution, the Texas property tax code, related case law, and attorney general's opinions, serve as the primary sources of law that govern the activities of the SJCAD.

SJCAD 2015-2016 Reappraisal Plan

San Jacinto CAD proposes to physically inspect all property every three years. The appraisal opinion of value for all property located in the district is reviewed and evaluated each year. For 2015-2016, San Jacinto CAD, within time and budget constraints will reappraise in the county. The county has been divided into 4 School districts, and the appraisers work in to complete the reappraisal in each abstract or subdivision. Commercial personal property, as well as mineral and industrial property is reappraised annually. See Exhibit B for a map of the four reappraisal school districts, a list of the property categories and estimated number of parcels is included in this plan. Also included is our proposed 2015-2016 work timeline. SJCAD Deputy Chief Appraiser will maintain a work completed worksheet.

SJCAD will reevaluate real property annually by reviewing all appraisal schedules and tables, neighborhood factors and depreciation schedules. Within budget constraints, it is the District's goal to complete update inspections of all improved properties excluding industrial improved properties appraised by Capital Appraisal Group, LLC on a three (3) year rotating cycle by school district. These update inspections will include physical inspection of the properties and updating all attributes and other necessary information. Revisions to cost models, income models, and market models are specified, updated and tested each year.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with the Texas property tax code, section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from Marshall & Swift.

Land tables are updated using current market data (sales) and tested with ratio study tools. Value modifiers are developed for property categories by market area and tested with ratio study tools.

Income, expense, and occupancy data is updated in the income models for each market area and cap rate studies are completed using current sales data when available. The resulting models are tested using ratio study tools.

All personal property will be reappraised annually. Update inspections of personal property will be conducted one or more times per year. Density schedules are updated using data received during previous year from renditions and hearings. Valuation procedures are reviewed, modified, and tested.

Mineral and industrial property will be appraised annually by Capital Appraisal Group, LLC, in Austin, Texas.

APPRAISAL RESOURCES

The SJCAD staff consists of the Chief Appraiser, Deputy Chief Appraiser, Field Appraisers, and other support type personnel. SJCAD currently employs 2 Registered Professional Appraisers (RPA) and 6 Level III appraisers. At this time SJCAD does not provide collection services; however, the SJCAD does provide technical support to the taxing units it serves. The District Board of Directors will consider appointment of a taxpayer liaison officer after the population of the county reaches 125,000 as stated in section 6.052 of the Texas property tax code.

SJCAD appraisers are actively involved in the discovery, listing, and appraisal of all types of property. Properties are grouped by location, type, use, quality, and a variety of other quantitative data elements. A common set of data characteristics on each specific type of property is observed, listed, and collected during field inspection. Each appraiser is trained in the use of the San Jacinto County Central Appraisal District's appraisal manual, appraisal techniques, and methodology.

COMPUTER RESOURCES

The District's appraisal records are maintained using True Automation's PACS appraisal software and a Dell server computer. The PACS software is a CAMA (computer assisted mass appraisal) based system using cost and depreciation schedules for creating values for both real and personal property.

The District provides for public access via the internet to the appraisal district records at <http://www.sjcad.org>. The website provides access to individual property information including ownership, address, and homestead and appraisal data.

MAPPING RESOURCES

The District contracts with True Automation to maintain ownership maps on paper and electronically using a geographic information system (GIS) of San Jacinto County utilizing ESRI's products arc-info, arc-viewer and arc-map. Additionally, the District has a license agreement with Pictometry International for aerial photography of San Jacinto County.

INFORMATION SOURCES

SJCAD appraisal staff and administration collect data on local and school district economic forces that may affect value. Locational forces are carefully observed as we find location to be the most significant factor in determining the market value of property in our geographic area. General trends in employment, interest rates, availability of vacant land, and new construction trends are closely monitored. SJCAD obtains information from mail surveys, local realtors, brokers, appraisers, and a variety of other sources, such as Marshall & Swift, the Appraisal Institute, Texas A&M Real Estate Center and local Chambers of Commerce.

THE DATABASE

The SJCAD database was constructed from property data obtained originally from San Jacinto County in 1980. Since the inception of the SJCAD, the property records have been continually updated. A variety of programs designed to discover changes that may occur to data elements are maintained. Property inspections occur as the result of information gathered from various information sources. Building permits, field review, renditions, reports of value, local news publications, tax offices, and the public are but a few of the sources of information considered by staff appraisers during the discovery phase of the appraisal process. Information from building permits is compiled from local taxing units, sorted, and entered into our CAMA system.

Data collection in the field requires preparation of maps, computer generated appraisal cards, and coordination of the appraisal staff. Properties are grouped by type, location, and neighborhood prior to the start of the fieldwork. State Property Tax Assistance Division (PTAD) property classifications include residential, multi-family, commercial, industrial, farm and ranch, vacant land and acreage, oil, gas, and mineral, utilities, business personal property, and other special inventory types.

Properties are also grouped by location within each of our four school districts. Within each school district are neighborhoods, defined by the IAAO as the environment of a subject property that has a direct and immediate effect on value. The neighborhood concept is used extensively in the grouping of all taxable property located in SJCAD with the exception of some special use properties.

APPROACHES TO VALUE

Value occurs in many different forms. Numerous and varied forces and influences combine to create, sustain, or destroy value. The appraiser must define the type of value sought in order to compile and analyze all relevant data, giving due consideration to all factors which may influence value. The appraisal is simply an opinion of value and the accuracy and validity of the opinion can be measured against the supporting evidence from which it was derived along with its accuracy against the actual behavior of the market. An appraiser must adequately and fully obtain, document, and then interpret the evidence into a final estimate of value.

Appraising real property is an exercise in reasoning. It is a discipline and, like any discipline, it is founded on fundamental, economic and social principles. From these principles evolve a certain premises which, when applied to the valuation of property, serve to explain the reaction of the market. This section concerns itself with those concepts and principles basic to the property valuation process. One cannot overstate the necessity of having a workable understanding of them.

The processing of data into a conclusion of value generally takes the form of three recognized approaches to value: the cost, market, and income approaches to value. Underlying each approach is the principle that the justifiable price of a property is no more than the cost of acquiring and/or reproducing an equally desirable substitute property. The use of one or all three approaches in the valuation of a property is determined by the quantity, quality, and accuracy of the data available to the appraiser.

THE COST APPROACH TO VALUE

The cost approach to value is an appraisal analysis that is based on the economic principle of substitution that suggests that an informed purchaser would not pay more for a property than the cost of reproducing a substitute property with the same utility. The cost approach involves estimating the cost of the improvements new less all forms of depreciation (physical, functional, economic) plus the value of the site. If an improvement has no accrued depreciation, then and only then is cost equal to value.

STEPS IN THE COST APPROACH INCLUDE:

1. Estimate the value of the site as if vacant
2. Estimate reproduction or replacement cost new of the improvements
3. Estimate accrued depreciation
4. Deduct the accrued depreciation from the reproduction (or replacement) cost new to obtain an estimate of the present worth of the improvements
5. Add the present worth to the site value to obtain the indicated value.

The significance of the cost approach lies in its extent of application; it is the one approach that can be used on all types of properties. The cost approach is a starting point for appraisers and therefore a very effective "yardstick" in any equalization program for ad valorem taxes. Its widest application is in the appraisal of properties where lack of adequate market and income data preclude the reasonable application of the other two approaches to value.

THE MARKET APPROACH TO VALUE

The market approach to value is an appraisal analysis that involves the compiling of sales and offerings of properties that are comparable to the property being appraised. The sales and listings are then adjusted for differences and a value range obtained. The market approach is reliable to the extent that the properties are comparable and the appraiser's judgment of property adjustments is sound. The procedure for utilizing this approach is essentially the same for all types of property with the only difference being the elements of comparison.

The significance of the market approach directly lies in its ability to produce estimates of value that directly reflect the attitude of the market. Application is contingent upon the availability of comparable sales, and therefore finds its widest range in the appraisal of vacant land and residential properties.

THE INCOME APPROACH TO VALUE

The income approach to value is an appraisal technique that measures the present worth of the future benefits of a property by capitalization of the net income stream over the remaining economic life of the property.

The income approach involves making an estimate of "effective gross income" which is derived by deducting vacancy and collection losses from the estimated economic rent, as evidenced by comparable properties. Operating expenses, taxes and insurance, and reserves for replacements are deducted from the effective gross income. The resultant net income is capitalized into an indication of value. The income approach obviously has its basic application in the appraisal of properties universally bought and sold for their ability to generate and maintain an income stream. The effectiveness of the approach lies in the appraiser's ability to relate to the changing economic environment and to analyze income yields in terms of their relative quality and durability.

In theory, the market value of a property should be equal to the present value of its future income. The

simplest capitalization formula is $v = i/r$ (present value of the property = annual net income expected in the future divided by the rate [interest, risk, or discount rates]). For an asset that declines in value over time, the appropriate capitalization formula is $v = (i/r) [1 - 1/(i + r)^n]$ where n equals the number of years that the asset will be in use. The resultant capitalization rate is the hoped-for or expected rate of return. It is the rate necessary to attract capital to the investment.

Section 23.012 of the Texas Property Tax Code (effective January 1, 2004) requires the chief appraiser, when using the income approach, to:

1. Analyze available comparable rental data or the potential earnings capacity of the property, or both, to estimate the gross income potential of the property;
2. Analyze available comparable operating expense data to estimate the operating expenses of the property;
3. Analyze available comparable data to estimate rates of capitalization or rates of discount; and
4. Base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.
5. In developing income and expense statements and cash-flow projections, the chief appraiser shall consider: (1) historical information and trends; (2) current supply and demand factors affecting those trends; and (3) anticipated events such as competition from other similar properties under construction.

Valuation process

All taxable properties in the District are valued by the aforementioned cost schedule using a comparative unit method. All SJCAD schedules were developed in house except the original residential schedules which were developed by a contract mass appraisal firm and are periodically modified to reflect the current market. The cost schedules are tested against commonly accepted sources of building cost information, such as Marshall & Swift, to determine accuracy. Cost estimates are also compared to analysis of the local market to determine level of appraisal.

Residential Market Analysis

Market analysis is performed throughout the year. Both, general and specific data is collected and analyzed. There are a number of economic principles that relate to the market value of property. The principle of supply and demand is an important economic principle that must be considered by appraisers. There are a number of others including economic trends, national, school district, and local trends that affect the value of properties located in our various tax jurisdictions. An

awareness of physical, economic, governmental, and social forces is essential in understanding, analyzing, and identifying local trends that affect the real estate market.

DATA COLLECTION

Field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, and re-inspection of the universe of properties on a specific cycle (3 years). The International Association of Assessing Officers, Standard Six on Mass Appraisal of Real Property, specifies that the universe of properties should be re-inspected on a cycle 4-6 years.

The re-inspection includes the re-measurement of at least two sides of each improved property. The annual re-inspection requirements are identified by the property type and property classification.

New construction field and office review procedures are identified and revised as required. Field production standards are established and procedures for monitoring tested. Source of building permits is confirmed and system input procedures are identified. Process of verifying demolition of improvements is specified. Market areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristic data. Updates to valuation procedures are tested with ratio studies before finalized in the valuation modeling.

Real property market areas, by property classification, are tested for: low or high protest volumes; low or high sales ratios; or high coefficient of dispersion. Market areas that fail any or all these tests are determined to be problematic. Field reviews are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified. Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

BASIC MEASURING PROCEDURES

In any appraisal the foundation for the cost approach is the improvement sketch. The District's appraisers are trained in the procedures for measuring, drawing, vectoring and reconciling measurements. Appraisers are also trained to segregate and separately measure areas by use (i.e. main area/living area, porches, garages, patios etc.)

DEPRECIATION

SJCAD depreciation tables are based on the extended life concept, which starts with the hypothesis that buildings age in much the same manner as people and that the older they get the greater their total life expectancy. This concept recognizes that a building is in the prime of life before mid-life and that the road is downhill after that, but the correction of deficiencies may lower effective

age and lengthen the remaining life.

HIGHEST AND BEST USE ANALYSIS

In considering the fair market value of taxable property, SJCAD employs the principle of highest and best use analysis. Highest and best use analysis is the first step in the district appraisers' economic analysis. Highest and best use is defined as the most profitable use at a specific time. For the purpose of ad valorem property taxation in Texas, the specific time is January 1st of each calendar year. The highest and best use must be legal, physically possible, and financially feasible. SJCAD appraisers generally consider that the current use of the property is most likely its highest and best use. In certain types of property, local zoning and deed restrictions often determine highest and best use. However, in areas of transition, it may be necessary for the analyst to more carefully consider the concept of highest and best use. Highest and best use may not be the present use of the property when the agents of production are not in alignment (i.e. land, labor, capital, and management).

NEIGHBORHOOD ANALYSIS

Initially, property is considered based on its location within particular boundaries. The most common boundary used to define location is the school district boundary. In all types of property, valuation analysis and neighborhood analysis is conducted on school districts. The IAAO defines a neighborhood as the environment of a subject property that has a direct and immediate effect on value. For our purposes, the neighborhood boundary is the environment of the subject property. The neighborhood concept is used in the grouping of all taxable property located in SJCAD with the exception of some special use properties.

LAND ANALYSIS

Land analysis is conducted generally by the District's review appraisers. Highest and best use determinations generally occur at this time. Base lot square footage tables and acreage tables are established during this phase of the appraisal operation. A computerized land table containing the necessary information by school district and neighborhood, and any other pre-specified area, assist the appraisal in consistently valuing land based on its location, size, configuration, and topography elements. When possible, the sales comparison approach is used to assist in the development of unit prices. The land appraisal techniques of allocation by abstraction and allocation by ratio are used to best reflect the value of the land as vacant in areas where build-out has occurred or in areas where vacant land sales are not available.

APPRAISAL OF RURAL LAND

This section provides general guidelines to assist appraisers in the market valuation of rural lands. Appraised values based on market valuation must be established for all taxable land in

each taxing jurisdiction, regardless of whether the land qualified, or would qualify, for productivity valuation under either article VIII, section 1-D or section 1-d-1 of the Texas constitution. Market values so determined must be submitted to the appraisal review board for determination of protests for all taxable land in each jurisdiction, including land that qualifies for productivity valuation. In addition, appraised values based on market valuation must be retained for land receiving productivity valuation for rollback purposes.

The rural land market can best be understood by dividing it into three distinct types of markets--the production, investment, and consumptive land markets--each based on the principal factor which influences value. Discussion of these market influences and common examples of each are presented below.

PRODUCTION LAND MARKET

The principle factor influencing value of rural land in the production land market is the income potential associated with agricultural production. In the production land market, land values will reflect the productive capacity of soils, the availability of irrigation water, and the topographic features which influence the ability of a producer to use the land for agricultural purposes. Most areas of the Texas high plains are still dominated by production-market influences.

INVESTMENT LAND MARKET

The principal factor influencing the market value of rural land in the investment land market is the appreciation potential of land investments. The investment land market is not composed strictly of speculators who purchase land with the intent to make a quick profit by resale, but also includes individuals who purchase land for conversion into subdivisions or for other types of development. In addition, the investment land market includes individuals who purchase land as a means of preserving their capital for a later use, or as a hedge against inflation. Although investment-market influences exist in all areas of the state, they are the principal market influences in suburban areas.

CONSUMPTIVE LAND MARKET

The principal factor influencing the market value of rural land in the consumptive land market is the satisfaction that land ownership provides. The consumptive land market is often characterized by the purchase of small tracts of land to be used for recreational purposes. For instance, an individual who lives in a city or town may purchase a 10-acre tract of land in a rural area to visit on weekends with his family. Generally, the value of land located within 200 miles of major population centers is most heavily affected by consumption-market influences.

The most distinctive features of the rural land market are that all three types of market influences, in combination with supply, establish market values. For this reason, it is important that the appraiser be knowledgeable of the key factors that influence value and of the relative influence each of these factors has upon value when establishing procedures for the valuation of rural land in a jurisdiction.

ANALYSIS OF THE LOCATION MARKET

From a practical standpoint, using a fee-appraisal approach to appraise each individual tract of land in a jurisdiction is not possible. Fee appraisers make detailed appraisals of individual parcels by obtaining comparable sales of other land in the jurisdiction and adjusting each comparable sale to the subject property to estimate the value of the subject property. In this way, fee appraisers allow market transactions that have occurred regarding other properties to define the market value of the subject property. Common types of adjustments made by fee appraisers to comparable properties in estimating market values of subject properties include adjustments for date of sale, for size of tract, for productivity factors, for improvement value, and for special amenities.

Central appraisal district appraisers must also use market transactions to define factors that influence rural land values in their jurisdictions. However, unlike fee appraisers, these appraisers cannot compare each tract individually to each market transaction identified to make adjustments because of the volume of properties to be appraised. Appraisal office appraisers must, therefore, incorporate the factors indicated by market transactions into general standards or schedules of value. Such schedules are normally comprised of per acre prices that will be multiplied by the number of acres in an individual tract to develop an estimate of the value of the tract. Schedules of this kind should be divided into as many categories or classes as are necessary to reasonably reflect market values when applied to individual tracts of land found in the jurisdiction.

SALES ANALYSIS

The SJCAD review appraisers gather sales information. SJCAD receives sales from a variety of sources including, but not limited to, field discovery, local realtors, appraisers, buyer and seller questionnaires, protest hearings, local builders, and sometimes from overlapping jurisdictions. Sales are reviewed for validity and field inspected for data accuracy. All sales are keypunched into our CAMA system. The sales are classified to recognize their appropriate status, source, and confirmation codes. The sales ratio analysis and associated individual property review is conducted on a year around basis. As stated above, properties that do not fit a homogenous statistical profile are set aside for review.

Ratio studies are performed by property class, appraiser, school district, neighborhood, strata to identify areas in need of reappraisal.

RESIDENTIAL VALUATION

The ratio study procedures provide accurate information regarding the level of appraisal of the various classes and categories of properties. For the purpose of valuing residential property, the SJCAD approach to value is described by the IAAO as a hybrid cost-sales comparison approach. This commonly accepted mass appraisal technique considers local influences not always accounted for in the cost approach. The following equation explains this theory: $MV = MA (RCN - D) + LV$.

Where MV equates to market value, MA equals market adjustment, RCN-D is the replacement cost new of the dwelling, less depreciation, and Lv is the estimate of land value based on highest and best use. Market value equals market adjustment times RCNLD + LAND.

In areas where the sales ratio indicate that the property located within a given neighborhood is not being appraised at the legally permissible level of appraisal, the market adjustment process described in the previous paragraph is conducted. Base cost estimates are compared to sales and a ratio is derived. The ratio is divided into a target ratio, and a neighborhood adjustment factor is determined. Each homogenous parcel in that given neighborhood is programmatically adjusted according to the factor derived from the process. This adjustment factor is keypunched to a mainframe computer program and each parcel is adjusted programmatically. Ongoing neighborhood analysis and delineation ensures the accuracy of this process.

COMMERCIAL PROPERTY VALUATION

The SJCAD employs all three approaches to value when possible in valuing income-producing property. The primary approach used to initiate the valuation process is the cost approach to value. Each commercial property is listed according to its quantitative data elements. The data elements are keypunched to our computer mainframe and an initial cost value is calculated. The depreciation is calculated and assigned during this process so that an RCNLD of the improvements may be derived and this is added to an estimate of the land value.

The income and expense data of these types of properties is gathered and evaluated. When appropriate, one or more forms of the income approach to value are used. Information from a variety of sources is obtained and detailed analysis is undertaken. When possible, the appraiser uses the technique of direct capitalization to derive the income approach value. Further, during the establishment of the capitalization rate it is always important to estimate an appropriate amount of risk when building the capitalization rate. SJCAD prefers utilizing current market, sales, and income information to develop overall rates by class, use, location, and quality of commercial improvements.

The field inspection, valuation review, and performance analysis described throughout this report, apply to commercial as well as other types of properties. When available, the commercial analyst also uses the sales comparison approach to determine the fair market value of income-producing properties. In using the cost approach, however, it is sometimes necessary for the appraiser to utilize the unit in place, quantity survey, or historical cost method to derive accurate cost estimates.

PERSONAL PROPERTY VALUATION

All income-producing business personal property located within district boundaries is subject to tax. Business use vehicles are also listed in the appraisal records and subject to ad valorem taxation. Personal property schedules are used to value business furniture, fixtures, equipment, and inventory. Additionally, personal property values are obtained by some other sources. Business owners are required by Texas law to render their business personal property each year. The

appraiser considers rendered values during the appropriate phase of valuation analysis. Rendered values are often used as the basis for the cad value if the value rendered is reasonable for the type of business and within acceptable ranges when compared to the district's personal property schedules. Should the property owner choose not to render the property, or if the rendered amount does not fit acceptable ranges, then the district will rendered for the property owner or appraise the property based on the district's schedules.

Depreciation of the property is determined by the age of the property and its expected life. Valuation and depreciation schedules are included in the SJCAD appraisal manual. Business vehicles are valued based on NADA used car guide trade-in value for the particular make, model, and age of the vehicle. The appraisal district uses a vehicle report to determine ownership, make, model, and vehicle characteristics to determine NADA trade-in value. This report along with the aforementioned renditions and physical observations are used to discover and list vehicles that are taxable.

PROCEDURES FOR RATIO STUDIES

A ratio study is designed to evaluate appraisal performance through a comparison of appraised or assessed values for tax purposes with estimates of market value based on sales prices, and tested by measures of central tendency. The district will adhere to the IAAO standards on ratio studies.

The property tax division of the Texas comptroller of public accounts performs annual ratio studies on all Texas school districts. Appraisal districts performance is judged by the results of these ratio studies. State law requires that appraisal districts appraise all taxable property at one hundred percent (100%) of market value.

Failure to appraise property within a confidence interval of 95% to 105% may result in diminished funding from the state to local school districts. Additionally, in circumstances where an appraisal district fails to appraise properties within the PTAD's intervals for an extended period of time a master may be appointed to assume control of the appraisal district's operations.

PLANNING OBJECTIVES

Long Range Objectives: (1 to 3 years)

IMPROVED SERVICE, RECORD ACCURACY, APPRAISAL SYSTEM, EQUITY, AND REPORTING SYSTEM.

1. Within 2 years convert all computerized maps to ARC-GIS and updates from True Automation for changes.
2. Within 3 years update all land account records with a minimum of last deed transfer volume and page.
5. Within 3 years update on CAMA software and expand usage of existing software and programs
6. Each year examine and test appraisals, using ratio studies of selected categories of property and areas of the county.
7. Continue to analyze and improve preparation and presentation of appraisal values and

- support at ARB hearings.
8. Continue to refine and improve field appraisal procedures.
 9. Complete improvement update, inspections on four school districts on a 3 year rotating cycle.
 10. Complete update of open space agricultural and timber land applications on a 3 year basis.
 11. Strive to improve employee retention through competitive benefits, salary increases and increased job satisfaction.

OPERATIONAL PLANS:

- I. Mineral and industrial property will be appraised on annual basis by Capitol Appraisal Group, LLC located in Austin, Texas.
- II. All personal property will be appraised on an annual basis by the San Jacinto CAD personal property department. Personal property will be appraised using renditions, on-site inspections, density schedules or any combination thereof. Additionally, data from sources such as assumed name lists, vehicle lists and Chamber of Commerce membership lists will be used to discover taxable personal property. Similar types of properties will be appraised using the same or similar methods.
 - A. Update inspections will be conducted by the personal property department one or more times a year. The real property department, during the course of inspecting, will assist by reporting to the personal property department any new businesses or businesses with significant changes. The inspections are used for determining:
 1. Location changes
 2. New businesses;
 3. Business closings;
 4. Significant changes in character, nature, inventory, density levels or size of a particular business; and
 5. Businesses warranting detailed on-site inspections.
 - B. All inspections will be evidenced by notes on computer listings of personal property accounts. Detailed on-site inspections must be evidenced by completion of personal property field inspection worksheets.
- III. All real property will be appraised or updated by the real property department on a mass appraisal basis using generally accepted appraisal practices as follows:
 - A. County and city building permits will be used to discover, list and appraise new improvements on an annual basis. Permit inspections will normally begin in November of the proceeding tax year and end in June of the current year.
 - B. Within budget constraints, it is the district's goal to complete and update inspections of all improvements excluding industrial properties appraised by Capitol Appraisal Group, LLC by school districts on a three (3) year rotating cycle.

- C. New open-space agricultural and timber applications will be requested by school district for properties with questionable qualifying use according to the same calendar as update inspections or for ownership changes. Field inspections may be performed on all properties in each district to identify properties requiring a new application.
- D. Interim property improvements inspections or neighborhood reappraisals may result from request from property owners, taxing units, the appraisal review board, or as a result of in house ratio studies.
- E. Residential and commercial appraisal schedules will be evaluated for accuracy and uniformity annually through comparison with Marshall and Swift cost schedules and through the use of ratio studies.
- F. The residential and commercial depreciation schedules, base years and effective years will be adjusted to the current year. Improvement values and depreciation schedules will be reviewed annually for accuracy and uniformity to assure that all property is appraised at its market value as required by Sec. 22.01 of the Texas Property Tax Code.
- G. All land accounts appraised will be reviewed at least every three (3) years. Land sales will be reviewed on a continuous basis in order to identify land use or types and locations which are in need of reappraisal. Land schedules will be built for all new subdivisions. Other tools for the discovery of land warranting reappraisal are the State Comptroller's bi-annual value study, the appraisal districts in-house ratio studies, the ARB hearing process or new subdivisions filed of record with the county clerk.
- H. To facilitate the district's land scheduling, computerized effective acre tracts will be established for owners with contiguous properties in different abstracts or subdivisions.
- I. Annually survey all apartment complexes for occupancy rates, income and expense data.

PROJECT PLANS 2015-2016

These project plans are **dynamic** and will be updated as needed during the year.

REAL PROPERTY PLANS 2015-2016:

All districts: permits, field checks, & rechecks.

EFFECTIVE YEAR CHANGES:

All school districts: plus 1year*

*effective years were changed to update to current conditions and to aid in establishing yearly reappraisals.

Appraisal of new improvements

All school districts: all new construction

Improvement reappraisal by market area subdivision or neighborhood

Revalue land areas/subdivisions, development of land schedules.

Development or adjustment of land schedules for all districts.

All school districts: miscellaneous land schedule correction.

Appraise new subdivisions 2015-2016:

All school districts- development of land schedules for each new subdivision developed for the tax year 2015-2016.

OPEN SPACE AG & TIMBER APPLICATIONS

All School districts:

Field check all agricultural & timber applications, contact the taxpayer if more information is necessary to make the determination of approval or denial.

Process any re-checks on agricultural & timber accounts.

Send letters of approval or denial by certified mail.

Apply agricultural or timber use values to the properties that were approved.

Calculate the agricultural & timber values for the current year.

COMPARABLE SALES ANALYSIS

Process all sales data as received.

Perform periodic ratio studies by:

1. Appraiser
2. Property improvement class
3. School district, market area, neighborhood or subdivision

Defined Market Areas

Section 25.18 (b) (3) requires that SJCAD define the market areas in the district. SJCAD’s market areas are defined by four school districts within the county boundaries.

Shepherd I.S.D

Coldspring-Oakhurst C.I.S.D

with portions of:

Willis I.S.D.

Cleveland I.S.D

SJCAD MARKET AREAS

DEFINED BY ISD

SCL

A119	S5990	A153	A224	A284	A359	A426	A71	S1232	S1902	S2300	S5624	S9700
A128	S6001	A154	A225	A285	A36	A43	A72	S1234	S1903	S2301	S5625	SSH
A141	S6002	A155	A226	A286	A360	A437	A73	S1240	S1912	S2302	S5650	A113
A157	S8080	A156	A227	A287	A364	A44	A74	S1245	S1920	S2303	S5680	A114
A174	S8115	A157	A228	A288	A365	A441	A75	S1246	S1921	S2412	S5682	A128
A196	S8118	A158	A229	A289	A366	A448	A76	S1250	S1961	S2511	S5710	A133
A198	S8130	A159	A23	A29	A367	A449	A77	S1260	S1962	S2601	S5715	A137
A202	S9700	A16	A231	A292	A368	A45	A78	S1262	S2001	S2602	S5721	A138
A221	A1	SCS	A232	A295	A37	A467	A79	S1350	S2002	S2604	S5722	A141
A230	A10	A173	A233	A296	A370	A468	A8	S1352	S2015	S2700	S5860	A144
A244	A100	A175	A234	A297	A371	A470	A82	S1353	S2020	S2701	S5880	A145
A245	A101	A176	A235	A298	A372	A471	A83	S1391	S2030	S2702	S5885	A162
A253	A102	A178	A236	A299	A373	A472	A85	S1392	S2035	S2990	S5890	A163
A255	A104	A179	A237	A3	A374	A474	A88	S1393	S2036	S3001	S6020	A164
A259	A105	A18	A238	A30	A375	A478	A9	S1394	S2041	S3010	S6031	A165
A264	A108	A182	A239	A300	A376	A48	A90	S1398	S2042	S3050	S6032	A166
A277	A109	A183	A24	A307	A377	A481	A93	S1399	S2050	S3060	S6051	A167
A304	A11	A185	A240	A309	A378	A482	A94	S1400	S2060	S3080	S6052	A168
A313	A110	A187	A241	A31	A38	A485	A95	S1401	S2070	S3090	S6090	A169
A324	A115	A188	A242	A310	A380	A486	A96	S1402	S2081	S3100	S6093	A170

A325	A116	A19	A244	A311	A384	A487	A97	S1450	S2082	S3110	S6095	A171
A326	A117	A191	A247	A313	A385	A488	A99	S1480	S2083	S3120	S7020	A172
A350	A118	A193	A248	A315	A387	A489	B5185	S1501	S2084	S3130	S7022	A177
A386	A12	A194	A250	A316	A39	A490	BO	S1502	S2085	S5001	S7050	A181
A389	A120	A195	A251	A317	A390	A491	HO	S1550	S2095	S5050	S7061	A189
A403	A121	A197	A252	A318	A391	A492	M2097	S1580	S2097	S5070	S7062	A190
A406	A122	A199	A254	A319	A392	A493	M218	S1590	S2098	S5111	S7063	A192
A416	A123	A201	A256	A32	A393	A495	MH	S1601	S2100	S5112	S7064	A20
A428	A124	A203	A257	A321	A394	A497	MO	S1602	S2101	S5130	S7800	A200
A429	A125	A205	A258	A322	A395	A498	NULL	S1603	S2102	S5160	S8001	A208
A438	A126	A206	A26	A323	A399	A5	S1001	S1604	S2103	S5170	S8020	A212
A45	A127	A207	A260	A328	A4	A51	S1047	S1605	S2104	S5185	S8066	A24
A457	A128	A209	A261	A333	A40	A52	S1050	S1620	S2130	S5321	S8067	A243
A48	A13	A210	A262	A336	A400	A53	S1101	S1680	S2135	S5322	S8070	A25
BO	A134	A211	A263	A338	A401	A56	S1102	S1690	S2137	S5323	S8084	A272
HO	A135	A213	A265	A342	A405	A58	S1103	S1693	S2140	S5324	S8085	A276
M264	A136	A214	A266	A344	A408	A6	S1104	S1697	S2145	S5351	S8150	A278
M48	A14	A215	A267	A346	A409	A61	S1151	S1703	S2149	S5352	S8155	A290
MH	A140	A216	A269	A347	A41	A62	S1152	S1710	S2150	S5400	S8160	A291
MO	A142	A217	A27	A348	A414	A65	S1153	S1720	S2151	S5500	S8170	A306
NULL	A146	A218	A271	A349	A415	A66	S1154	S1723	S2152	S5510	S8180	A308
S1725	A149	A219	A279	A35	A418	A67	S1155	S1724	S2155	S5520	S8200	A32
S1851	A15	A22	A28	A353	A42	A68	S1200	S1740	S2160	S5550	S8215	A329
S1852	A150	A220	A280	A354	A423	A69	S1210	S1750	S2199	S5621	S8216	A33
S5090	A151	A222	A281	A357	A424	A7	S1220	S1790	S2220	S5622	S8219	A331
S5602	A152	A223	A283	A358	A425	A70	S1230	S1901	S2230	S5623	S8300	A335

SSH

A339	A98	S5207	S8102	S1650	A450	A59	S1040	S5103	S7001	S8062	A160	A452
A34	BO	S5208	S8103	S1651	A454	A69	S1045	S5201	S7010	S8063	A161	A63
A341	HO	S5209	S8131	S6005	A46	A84	S1190	S5202	S7012	S8069	A18	A64
A345	M1010	S5210	S8132	S8030	A461	A86	S1571	S5203	S7013	S8075	A184	A80
A355	M1700	S5211	S8175	S9700	A462	A89	S1572	S5204	S7030	S8078	A246	A87

A356	M1802	S5212	S8185	A427	A464	A92	S1670	S5205	S8011	S8083	A249	HO
A362	M5301	S5301	S8211	A430	A465	M8101	S1695	S5206	S8012	S8090	A274	M0327
A369	M5600	S5410	S8212	A432	A47	M8211	S1700	S5661	S8013	S8101	A314	MH
A378	M5662	S5411	S8221	A433	A477	M8221	S1702	S5662	S8014	SWI	A327	
A386	M7010	S5412	S9001	A434	A479	MH	S1705	S5700	S8035	A103	A332	
A404	M8036	S5413	S9002	A439	A480	MO	S1801	S5701	S8036	A111	A334	
A407	M8040	S5414	S9003	A440	A49	NULL	S1802	S5901	S8040	A129	A352	
A410	M8061	S5415	S9005	A442	A494	S1010	S1804	S6011	S8050	A130	A420	
A411	M8063	S5416	S9700	A443	A50	S1020	S2007	S6012	S8055	A139	A431	
A412	M8083	S5600	S9750	A444	A57	S1030	S2010	S6070	S8061	A148	A451	

Category D and E properties are based on a county wide market area. All improvements are appraised using the market area within their respective school districts.

**COMPLEX PROPERTIES PLANS 2015-2016
PERSONAL PROPERTY APPRAISAL 2015-2016**

All school districts

Discover new businesses by using the assumed name list from the county clerk's office and the chamber of commerce list of new members.

Search newspapers and telephone book for new business.

Inspect all new businesses.

Process all renditions received from taxpayers.

Grant an extension of the deadline for filing a rendition until May 15th if the property owner requested the extension in writing. The chief appraiser may extend the filing date another fifteen (15) days with good cause per Section 22.23 of the State Property Tax Code.

Impose a penalty of 10% on the total amount of taxes imposed if the person failed to file a timely rendition statement per Section 22.28 of the State Property Tax Code.

Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person filed a false statement or report with the intent to commit fraud or evade the tax or alters, destroys or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district per Section 22.29 of the State Property Tax Code.

Reappraisal inspection of all existing personal property accounts.

Appraisal of leased equipment from the leasing companies renditions.

Appraisal of vehicles from the vehicle listing obtained.

INDUSTRIAL AND MINERAL PROPERTIES

Forward all renditions received on industrial or mineral properties Capital Appraisal Group, LLC, in Austin, Texas

Process all information from, Capital Appraisal Group, LLC, in Austin, Texas, about the appraisal of industrial and mineral properties.

REAL PROPERTY PLANS 2015:

APPRAISAL OF IMPROVEMENTS

All school districts:
All new construction review
All improvement schedules
Field Checks
Ratio Studies

REAPPRAISAL OF SCHOOL DISTRICTS

School district: All
Update property characteristics as needed
Ratio Studies
Field Checks

REVALUE LAND AREAS/SUBDIVISIONS, DEVELOPMENT OF LAND SCHEDULES

Development of land schedules for any area of all districts that are not valued on a land schedule.

APPRAISE NEW SUBDIVISIONS FOR 2015

Development of land schedules for each new subdivision developed for the tax year 2015.

Flat Value Conversion

Continue with converting flat value improvements to new schedules.
See Improvement Flat to Cost Work Plan: Exhibit A

OPEN SPACE AGRICULTURAL AND TIMBER APPLICATIONS

Field checks for all properties with new agricultural and timber applications.
Contact the taxpayer if more information is necessary to make the determination of approval.

COMPARABLE SALES ANALYSIS

Process all sales data as received.

Perform periodic ratio studies by:

1. Appraiser
2. Property improvement class
3. School district, market area, neighborhood or subdivision

COMPLEX PROPERTIES PLANS: 2015

PERSONAL PROPERTY: 2015

All school districts:

Process assumed names from county clerk's office for the current year.

Search newspapers and telephone book for new business.

Inspect all new businesses.

Process all renditions received from taxpayers.

Grant an extension of the deadline for filing a rendition until May 15th if the owner requested the extension in writing. The chief appraiser may extend the filing date another fifteen (15) days with good cause as per Section 22.23 of the state property tax code.

Impose a penalty of 10% of the tax amount imposed if the taxpayer did not file a timely rendition statement as per Section 22.23 of the State Property Tax Code.

Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person files a false statement or report with the intent to commit fraud or evade the tax or alters, destroys or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district as per Section 22.29 of the State Property Tax Code.

Reappraisal inspection of all existing personal property accounts.

Appraise of leased equipment from the leasing company renditions.

Appraisal of vehicles from the vehicle listing report acquired.

INDUSTRIAL AND MINERAL PROPERTIES:

Forward all renditions received on industrial or mineral properties Capital Appraisal Group, LLC, in Austin, Texas

Process all information from, Capital Appraisal Group, LLC, in Austin, Texas, about the appraisal of industrial and mineral properties.

SAN JACINTO CAD 2015 REAPPRAISAL WORK TIMELINE (PROPOSED)

2015 Fieldwork begins in August 2014 and ends April 15, 2015

August-April

Overview

Discover new subdivisions

Begin reappraisal field work in School Districts

Review and analyze cost tables and compare new construction cost from all residential properties

Quality control

Review problem Regions (discovered from conference hearings and current sales reports.)

Data Entry

Run sales valuation reports/ Analysis

August-December

Begin reappraisal field work in all School Districts, real and commercial property.

Data Entry

Quality control

January-April

Begin personal property inspections for all jurisdictions

Work permits and field checks for all jurisdictions

Complete 2015 reappraisal fieldwork by April 15th.

Run sales valuation reports/ Analysis

Redefine neighborhoods if necessary

Test results of neighborhood adjustments with sales ratios

Review and analyze cost tables and compare new construction cost from all residential properties

Perform Sales Analysis/ Market shifts

Prepare final sales reports and maps for protest season.

Prepare and mail 2015 Notices of Appraised Value

Prepare ARB informal and formal hearing procedures

May-July

Conduct ARB formal and informal hearings

Certify Appraisal Roll by July 25, 2015

REAL PROPERTY PLANS 2016:

APPRAISAL OF IMPROVEMENTS

All school districts:

Ratio Studies

Field Checks

All new construction review

All improvement schedules

REAPPRAISAL OF SCHOOL DISTRICTS

School district: ALL

Update new property characteristics as needed

Ratio Studies

Field Checks

REVALUE LAND AREAS/SUBDIVISIONS, DEVELOPMENT OF LAND SCHEDULES

Development of land schedules for any area of all districts that are not valued on a land schedule.

APPRAISE NEW SUBDIVISIONS FOR 2016

Development of land schedules for each new subdivision developed for the tax year 2016.

Flat Value Conversion

Continue with converting flat value improvements to new schedules.

See Improvement Flat to Cost Work Plan: Exhibit A

OPEN SPACE AGRICULTURAL AND TIMBER APPLICATIONS

Field checks for all properties with new agricultural and timber applications.

Contact the taxpayer if more information is necessary to make the determination of approval.

COMPARABLE SALES ANALYSIS

Process all sales data as received.

Perform periodic ratio studies by:

1. Appraiser
2. Property improvement class
3. School district, market area, neighborhood or subdivision

COMPLEX PROPERTIES PLANS 2016

PERSONAL PROPERTY: 2016

All school districts:

Process assumed names from county clerk's office for the current year.

Search newspapers and telephone book for new business.

Inspect all new businesses.

Process all renditions received from taxpayers.

Grant an extension of the deadline for filing a rendition until May 15th if the owner requested the extension in writing. The chief appraiser may extend the filing date another fifteen (15) days with good cause as per Section 22.23 of the state property tax code.

Impose a penalty of 10% of the tax amount imposed if the taxpayer did not file a timely rendition statement as per Section 22.23 of the State Property Tax Code.

Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person files a false statement or report with the intent to commit fraud or evade the tax or alters, destroys or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district as per Section 22.29 of the State Property Tax Code.

Reappraisal inspection of all existing personal property accounts.

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Appraisal of vehicles from the vehicle listing report acquired.

INDUSTRIAL AND MINERAL PROPERTIES:

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2016 Fieldwork begins in August 2015 and ends April 15, 2016

August-April

Overview

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Begin field work all School Districts

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Quality control

Review problem Regions (discovered from conference hearings and current sales reports.)

Data Entry

Run sales valuation reports/ Analysis

August-December

Begin field work in all School Districts, real and commercial property.

Data Entry

Quality control

January-April

Begin personal property inspections for all jurisdictions

Work permits and field checks for all jurisdictions

Complete 2016 reappraisal fieldwork by April 15th.

Run sales valuation reports/ Analysis

Redefine neighborhoods if necessary

Test results of neighborhood adjustments with sales ratios

Review and analyze cost tables and compare new construction cost from all residential properties

Perform Sales Analysis/ Market shifts

Prepare final sales reports and maps for protest season.

Prepare and mail 2016 Notices of Appraised Value

Prepare ARB informal and formal hearing procedures

May-July

Conduct ARB formal and informal hearings

Certify Appraisal Roll by July 25, 2016

**2015-2016
Mass Appraisal Methodology Manual
&
Reappraisal Plan**

For

San Jacinto County Central Appraisal District

By

Capital Appraisal Group, LLC

Procedure for CAD Verification of Services

Provided by Appraisal Contractor

1. Verify lists of properties provided by the contractor agree with CAD's lists.
2. Verify appropriate methods of appraisal are used for each type of property [market, cost, income].
 - a. Inquire if there has been any change in agreed appraisal methodology or application.
 - b. Any variations from USPAP guidelines shall be documented and reviewed the following year.
3. Verify that complete and correct data resources, including market data, are used appropriately for each type of property.
 - a. Inquire if there are added or deleted sources.
 - b. If so, document reason for change and track affected properties.
4. Verify that contractor follows laws and statues applicable for all properties being appraised, including rendition compliance.
 - a. Verify that Property Tax Code [P. T. C.] 1.04 (7) is met for all relevant properties such that both the appraisal approach and its conclusions meet the definition of fair market value.
 - b. For minerals verify compliance with P. T. C 23.175 for mineral properties:
 - Use of Comptroller's Manual for Discounting Oil and Gas Income
 - Use of average product prices for the year prior to Jan 1
5. Verify agreed scheduling of:
 - a. Preliminary appraisal report summarizing progress in completing the year's appraisals.
 - b. Mail dates:
 - Notices of Appraisal
 - Last date to file a protest
 - ARB meeting dates
 - c. Compilation of Certified Estimate of Value in accordance with P. T. C. 26.01 (e)
 - d. Copies of all appraisal and supporting data in agreed format

Procedure for Evaluating Results

of Contractor's Property Discovery for all property other than Oil and Gas

1. Review renditions and compare to appraisal roll.
2. Review local news articles.
3. Have chief appraiser or another appraiser ride with contract personnel during inspection

process.

4. Meet with contract personnel and go over any discrepancies.
5. Stay aware of what is going on in the area and meet with contractor about new projects.
6. Review contractor's appraisal roll and discuss any discrepancies.

Procedure for Evaluating Results

Of Contractor's Oil and Gas Property Discovery

1. Obtain a list from the Texas Railroad Commission of all new leases currently producing in the CAD.
2. Choose a sample of leases or if time permits list all new leases producing on January 1st. of current tax year.
3. Check to see if the lease was completed prior to January 1st or producing before January 1st of current tax year.
4. Compare to list of new leases currently producing or completed prior to January 1st of current tax year. If discrepancies exist contact contractor to discover why lease may be left off tax rolls. Some reasons may include but are not limited to: incorrect RRC reporting data, lease being listed under its permit number on current tax roll, or lease being currently listed under a prior RRC lease number.
5. If contractor has accounted for all new production and leases, the CAD has complied with the MAP requirement.
6. Verify timely receipt and correct format of following information:
 - a. Value
 - preliminary appraised value
 - preliminary appraisal roll
 - certified roll including all documentation
 - b. Reports
 - new property listing
 - list of renditions
 - protests and waives of protest
 - pending protest list

Contractor's procedures for identifying new property

Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.

Industrial Personal Property

Through inspection the appraiser identifies personal property to be appraised. The appraiser begins with properties from the previous tax year and identifies new properties from visual identification and/or publications, newspaper articles, or information obtained through the interview of property owners. The appraiser may also refer to other documents, both public and confidential, to assist in identification of these properties. Such documents might include, but are not limited to, the previous year's appraisal roll, vehicle listing services and private directories.

Utility, Railroad and Pipeline Property

Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and confidential, to assist in the identification of these properties.

Oil and Gas Property

As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAG obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as CAG's in-house map resources.

MASS APPRAISAL REPORT

BUSINESS PERSONAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

2015

Overview

This type of property consists of tangible personal property owned by a business or individual for the purpose of producing an income. The Uniform Standards of Professional Appraisal practice define personal property as “identifiable portable and tangible objects which are considered by the general public as being “personal,” e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate.” The Texas Property Tax Code (Sec. 1.04(5)) defines tangible personal property as “...personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value.” The Texas Property Tax Code (Sec. 1.04(4)) defines personal property as “...property that is not real property.”

Capitol Appraisal Group, LLC is contracted to reappraise this type of property according to the scope of work in the normal course of business of the client consistent with the Uniform Standards of Professional Appraisal Practice guidelines. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). “Market value” means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- B. both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and

- C. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

A separate definition of the value of inventory is found in the Texas Property Tax Code (Sec. 23.12(a)), "...the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business." Additionally, some inventories may qualify for appraisal as of September 1 in accordance with the provisions of Texas Property Tax Code Section 23.12(f).

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code. The date of this report is April 20 of the tax year for which it is submitted.

The client for the mass appraisal is the Texas appraisal district named on the last page of this report. The intended users of this report are the client and the property owners of the client appraisal district.

The appraisal results will be used as the tax base upon which a property tax will be levied. A listing of the personal property appraised by Capitol Appraisal Group, LLC for the appraisal district is available at the appraisal district office. Personal property is normally re-inspected annually.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property tax Code; asset lists and other confidential data supplied by the owner or agent; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts; and Engineering Valuation and Depreciation by Marston, Winfrey, and Hempstead; and the Texas Property Tax Code.

Capitol's personal property appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Personal property appraisal staff stays abreast of current trends affecting personal property through review of published materials, attendance at conferences, course work, and continuing education. All personal property appraisers are registered with the Texas Department of Licensing and Regulation (TDLR).

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not requested to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents has been obtained by members of Capitol Appraisal Group's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes. As such some valuation formulas may be required by the Property Tax Code as opposed to generally accepted appraisal practices.

Data Collection and Validation

Data on the subject properties are collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other modes which require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties. Due to the multitude of personal property types there is no standard data collection form or manual.

Valuation Approach and Analysis

Personal property is appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Reproduction costs are based on actual investment in the subject or comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of

knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization and income data for the subject property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the industry of the subject property. A value estimate derived from an income approach model in which the operating income of a business was capitalized must be reduced by the value of any real property in order to arrive at the value of the operating personal property. A market data model based on typical selling prices per item or unit of capacity is also used when appropriate market sales information is available. In the case of some personal property types, such as licensed vehicles, market data from published pricing guides is used to construct a market value model. In other cases, models are based on sales information available through published sources or through private sources.

Because cost information is the most readily available type of data, the cost approach model is always considered and used. If sufficient data is available either of both of the other two models may also be considered and used. The market data and income approach models may need to be reduced by the value of the land in order to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

The mathematical form of each model is described below.

Cost Approach

RCN

-PD

-FO

-EO

=Cost Indicator of Value

Where:

RCN = Replacement or Reproduction Cost New

PD = Physical Depreciation

FO = Functional Obsolescence

EO = Economic Obsolescence

Income Approach

PGR

-VCL

-FE

-VE

NOI

$NOI/R = \text{Income Indicator of Value}$

Where:

PGR = Potential Gross Rent

VCL = Vacancy and Collection Loss

FE = Fixed Expenses

VE = Variable Expenses

R = Discount Rate or Cost of Capital

A variation of the income model is:

$NOI \text{ for year } 1 \times DF \text{ for year } 1 = PW \text{ of year } 1 \text{ NOI}$

$\text{NOI for year } n \times \text{DF for year } n = \text{PW of year } n \text{ NOI}$

$\text{Net Reversion} \times \text{DF for year } n = \text{PW of Reversion}$

$\text{Sum of PW's for all years } 1 - n = \text{Income Indicator of Value}$

Where:

NOI = Net Operating Income

DF = Discount Factor

PW = Present Worth

n = Last year of holding period

Market Data Approach

$\text{ASPCP}/\text{U} = \text{PU}$

$\text{PU} \times \text{SU} = \text{Market Data Indicator of Value}$

Where:

ASPCP = Adjusted Sales Price of Comparable Property

U = Unit of comparison

ASPU = Adjusted Sales Price per Unit of comparison

SU = Subject Property's number of Units of comparison

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property and that are based on the most reliable data while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Highest and best use analysis of personal property is based on the likelihood of the continued use of the

personal property in its current and/or intended use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance and are used when possible. However sales for some types of personal property are very infrequent. Furthermore, many market transactions occur for multiple sites and include both real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures for real and personal property are subject to review by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review as well as appraisal-to-sale ratios and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed. Commercial personal property appraised by Capitol Appraisal Group, LLC is not subject to methods and procedures review however it is included in the Property Tax Division's annual ratio study with satisfactory results.

MASS APPRAISAL REPORT

UTILITY, RAILROAD, AND PIPELINE PROPERTIES

APPRAISED BY CAPITOL APPRAISAL GROUP

2015

Overview

This type of property consists of operating property, excluding land, owned by utility, railroad, and pipeline companies, and related personal property and improvements. Capitol Appraisal Group, LLC is contracted to reappraise this type of property according to the scope of work in the normal course of business of the client consistent with the Uniform Standards of Professional Appraisal Practice guidelines. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- B. both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- C. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code. The date of this report is April 20 of the tax year for which it is submitted.

The client for the mass appraisal is the Texas appraisal district named on the last page of this report. The intended users of this report are the client and the property owners of the client appraisal district

The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple in conformance with the Texas Property Tax Code Sec. 25.06. This

is a jurisdictional exception to Standards Rule 6-5 (c) comment of the Uniform Standards of Professional Appraisal Practice 2008. A listing of the utility, railroad, and pipeline properties appraised by Capitol Appraisal Group, LLC for the appraisal district is available at the appraisal district office. Such utility, railroad, and pipeline properties that are susceptible to inspection (e.g. compressor stations, pump stations, buildings, and power plants) are normally re-inspected at least every three years.

Capitol's utility, railroad, and pipeline appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. The appraisal staff stays abreast of current trends affecting utility, railroad, and pipeline properties through review of published materials, attendance at conferences, course work, and continuing education. All appraisers are registered with the Texas Department of Licensing and Regulation (TDLR).

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not requested to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents has been obtained by members of Capitol Appraisal Group's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes. As such some valuation formulas may be required by the property tax code as opposed to generally accepted appraisal practices.
8. The appraisers have inspected as far as possible, by observation, the improvements being appraised, however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore no representations are made as to these matters unless specifically considered in an individual appraisal.

Data Collection and Validation

Data on the subject properties is collected as part of the inspection process and through later

submissions by the property owner. Submitted data may be on a rendition form or in other modes which require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties. Due to the varied nature of utility, railroad, and pipeline properties there is no standard data collection form or manual.

Valuation Approach and Analysis

For all pipelines a value is calculated using a Replacement Cost New Less Depreciation (RCNLD) model. This involves first calculating the cost of building a new pipeline of equal utility using current prices. The Replacement Cost New (RCN) is a function of location, length, diameter, and composition. Depreciation is then subtracted from RCN to produce the final value estimate. Depreciation is defined as the loss of value resulting from any cause. The three common forms of depreciation are physical, functional, and economic. Physical depreciation is accounted for on the basis of the age of the subject pipeline. Functional and economic obsolescence (depreciation) can be estimated through the use of survivor curves or other normative techniques. Specific calculations to estimate abnormal functional and/or economic obsolescence can be made on the basis of the typical utilization of the subject pipeline.

After deductions from RCN have been made for all three forms of depreciation the remainder is the RCNLD or cost approach model indicator of value.

In addition to the RCNLD indicator, a unit value model may also be used for those pipelines for which appropriate income statements and balance sheets are also available. Generally, this model is used for those pipelines that by regulation are considered to be common carriers. The unit value model must be calculated for the entire pipeline system.

The unit value model typically involves an income approach to value and a rate base cost approach. The income approach is based on a projection of expected future typical net operating income (NOI). The projected NOI is discounted to a present worth using a current cost of capital that is both typical of the industry and reflective of the risks inherent in the subject property. The unit value model cost approach is typically an estimation of the current rate base of the subject pipeline (total investment less book depreciation allowed under the current form of regulation). An additional calculation is made to detect and estimate economic obsolescence. Any economic obsolescence is deducted from the rate base cost less book depreciation to achieve a final cost indicator. The unit value model may also include a stock and debt approach in lieu of a market data approach. The stock and debt approach involves finding the

total value of the owner's liabilities (equity and debt) and assuming that they are equal to the value of the assets. The two (or three, if the stock and debt approach is included) unit value indicators are then reconciled into a final unit appraisal model indicator of value. The unit value must then be reconciled with the RCNLD model indicator of value for the entire pipeline system being appraised. The final correlated value of the system can then be allocated among the various components of the system to determine the tax roll value for each pipeline segment.

Utility and railroad properties are appraised in a manner similar to pipeline except the RCNLD model is not used. For all three types of property (utility, railroad, and pipeline) the appraiser must first form an opinion of highest and best use. If the highest and best use of the operating property is the current use under current regulation, the unit value model is considered highly appropriate. If the highest and best use is something different, then the RCNLD model may be more appropriate.

Compressor stations, pump stations, improvements, and related facilities are appraised using a replacement cost new less depreciation model.

Model calibration in the RCNLD model involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Model calibration in the unit value cost approach involves the selection of the appropriate items to include in the rate base calculation and selection of the best measure of obsolescence, if any. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the stock and debt approach involves allocating sales prices of debt and equity to reflect the contribution to value of the operating property of the subject company.

The mathematical form of each model is described below.

RCNLD Approach

RCN

-PD

-FO

-EO

=RCNLD Indicator of Value

Where:

RCN = Replacement or Reproduction Cost New

PD = Physical Depreciation

FO = Functional Obsolescence

EO = Economic Obsolescence

Unit Cost Approach

OC

-AD

-EO

=Unit Cost Approach Indicator of Value

Where:

OC = Original Cost

AD = Allowed Depreciation

EO = Economic Obsolescence

Unit Income Approach

PGR

-VCL

-FE

-VE

NOI

$\text{NOI}/R = \text{Income Indicator of Value}$

Where:

PGR = Potential Gross Rent

VCL = Vacancy and Collection Loss

FE = Fixed Expenses

VE = Variable Expenses

R = Discount Rate or Cost of Capital

A variation of the income model is:

$\text{NOI for year } 1 \times \text{DF for year } 1 = \text{PW of year } 1 \text{ NOI}$

$\text{NOI for year } n \times \text{DF for year } n = \text{PW of year } n \text{ NOI}$

$\text{Net Reversion} \times \text{DF for year } n = \text{PW of Reversion}$

$\text{Sum of PW's for all years } 1 - n = \text{Income Indicator of Value}$

Where:

NOI = Net Operating Income

DF = Discount Factor

PW = Present Worth

n = Last year of holding period

Stock and Debt Approach

MVE

+MVD

=Market Value of Assets

Where:

MVE = Market value of Equity

MVD = Market value of Debt

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for utility and pipeline properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use. Railroad corridor land is included in the appraisal of the operating property. The highest and best use of railroad corridor land is presumed to be as operating property. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

The rate-base cost approach, stock and debt approach, and income approach models must be reduced by the value of the land in order to arrive at a value of improvements, personal property, and other operating property.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal to sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Appraisal results are tested annually by the Property Tax Division of the Texas Comptroller's Office. The Comptroller's review and comparisons with single-property appraisals indicate the validity of the models as well as the calibration techniques employed.

MASS APPRAISAL REPORT

INDUSTRIAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

2015

Overview

This type of property consists of processing facilities and related personal property. Capitol Appraisal Group, LLC is contracted to reappraise this type of property according to the scope of work in the normal course of business of the client consistent with the Uniform Standards of Professional Appraisal Practice guidelines. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- B. both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- C. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code. The date of this report is April 20 of the tax year for which it is submitted.

The client for the mass appraisal is the Texas appraisal district named on the last page of this report. The intended users of this report are the client and the property owners of the client appraisal district.

The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 © Comment of the Uniform Standards of

Professional Appraisal Practice 2008. A listing of the industrial properties appraised by Capitol Appraisal Group, LLC for the appraisal district is available at the appraisal district office. Industrial properties are normally re-inspected annually.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property Tax Code; asset lists and other confidential data supplied by the owner or agent; the General Appraisal Manual adopted by the Texas Comptroller of Public Accounts; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts; and Engineering Valuation and Depreciation by Marston, Winfrey, and Hempstead; and the Texas Property Tax Code.

Capitol's industrial appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Industrial appraisal staff stays abreast of current trends affecting industrial properties through review of published materials, attendance at conferences, course work, and continuing education. All industrial appraisers are registered with the Texas Department of Licensing and Regulation (TDLR).

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not requested to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents has been obtained by members of Capitol Appraisal Group's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes. As such some valuation

formulas may be required by the property tax code as opposed to generally accepted appraisal practices.

8. The appraisers have inspected as far as possible, by observation, the improvements being appraised, however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore no representations are made as to these matters unless specifically considered in an individual appraisal.

Data Collection and Validation

Data on the subject properties is collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other modes which require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports, and through analysis of comparable properties, if any. Due to the unique nature of many industrial properties there is no standard data collection form or manual.

Valuation Approach and Analysis

Industrial properties are appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Reproduction costs are based on actual investment in the subject or comparable properties adjusted for typical changes in cost over time. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization and income data for the subject property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the industry of the subject property. A market data model based on typical selling prices per unit of capacity is also used when appropriate market sales information is available.

Because cost information is the most readily available type of data, the cost approach model is always considered and used. If sufficient data is available either of both of the other two models may also be considered and used. The market data and income approach models may need to be reduced by the value of the land in order to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

The mathematical form of each model is described below.

Cost Approach

RCN
-PD
-FO
-EO
=Cost Indicator of Value

Where:

RCN = Replacement or Reproduction Cost New

PD = Physical Depreciation

FO = Functional Obsolescence

EO = Economic Obsolescence

Income Approach

PGR
-VCL
-FE
-VE

NOI

$\text{NOI}/R = \text{Income Indicator of Value}$

Where:

NOI = Net Operating Income

PGR = Potential Gross Rent

VCL = Vacancy and Collection Loss

FE = Fixed Expenses

VE = Variable Expenses

R = Discount Rate or Cost of Capital

A variation of the income model is:

$\text{NOI for year 1} \times \text{DF for year 1} = \text{PW of year 1 NOI}$

$\text{NOI for year } n \times \text{DF for year } n = \text{PW of year } n \text{ NOI}$

$\text{Net Reversion} \times \text{DF for year } n = \text{PW of Reversion}$

$\text{Sum of PW's for all years } 1 - n = \text{Income Indicator of Value}$

Where:

DF = Discount Factor

PW = Present Worth

n = Last year of holding period

Market Data Approach

$$\text{ASPCP}/U = \text{PU}$$

$$\text{PU} \times \text{SU} = \text{Market Data Indicator of Value}$$

Where:

ASPCP = Adjusted Sales Price of Comparable Property

U = Unit of comparison

PU = Price per Unit of comparison

ASPU = Adjusted Sales Price per Unit of comparison

SU = Subject Property's number of Units of comparison

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property and that are based on the most reliable data while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for industrial properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very

infrequent. Furthermore, market transactions normally occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures are subject to review by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed.

Calibration Models

INDUSTRIAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures are subject to review by the Property Tax Assistance Division (PTAD) of the Texas Comptroller's office. The Comptroller's review and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed.

Calibration Models

OIL AND GAS RESERVES

CAPITOL APPRAISAL GROUP

Review and Testing

Each year we review the estimated market value for each mineral property appraised according to its year-to-year value change and also to industry expected payouts and income indicators. We also examine income projected to be received with the previous year's income and test that income against the lease's appraised value. Market value for income producing properties is a multiple of its monthly or annual income. Our experience through the years indicates that values typically vary within in a range of 2-5 times income, provided all appropriate income factors have been appropriately identified. Periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser also contribute to the review process.

Application of appraisal-to-sales ratios is another method for measuring performance. However, single property sales or sales of interest(s) within a property remain difficult to obtain due Texas' disclosure laws. Furthermore many market transactions are normally for multiple properties in multiple areas and include both real and personal property, tangible and intangible. We access licensed databases providing statistical data for company and property sales to compare our efforts. We also measure our performance through comparison of valid single-property market transactions, if any, that are submitted for staff review. Lastly, Capitol Appraisal's mineral appraisal values are subject to review each year in the Property Value Study conducted by the Property Tax Division of the Texas Comptroller of Public Accounts. The Property Tax Assistance Division's (PTAD) review as well as comparisons to industry transactions and to single-property market value sales (when available), indicate the validity of the models, techniques and assumptions used.

Calibration Models

BUSINESS PERSONAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance and are used when possible. However sales for some types of personal property are very infrequent. Furthermore, many market transactions occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures for real and personal property are subject to review by the Property Tax Assistance Division (PTAD) of the Texas Comptroller's office. The Comptroller's review as well as appraisal-to-sale ratios and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed. Commercial personal property appraised by Capitol Appraisal Group, LLC is not subject to methods and procedures review however it is included in the Property Tax Division's annual ratio study with satisfactory results.

Calibration Models

UTILITY, RAILROAD, AND PIPELINE PROPERTIES

APPRAISED BY CAPITOL APPRAISAL GROUP

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A computer-assisted statistical review of property value changes is also conducted.

Appraisal to sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Appraisal results are tested annually by the Property Tax Assistance Division (PTAD) of the Texas Comptroller's Office. The Comptroller's review and comparisons with single-property appraisals indicate the validity of the models as well as the calibration techniques employed.

Industrial Real Property

Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year or September 1 of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

September 1 of previous year to March 31 of the current tax year

Discovery and listing:

This includes physical inspection of existing properties to appraise and discovery of potential new properties to appraise. New potential properties are reported to the appraisal district to determine if Capitol Appraisal will value the property for the current tax year.

April 1 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out value notices are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

July 25

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25.

July 26 to August 31

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

Industrial Property

Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year or September 1 of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

September 1 of previous year to March 31 of the current tax year

Discovery and listing:

This includes physical inspection of existing properties to appraise and discovery of potential new properties to appraise. New potential properties are reported to the appraisal district to determine if Capitol Appraisal will value the property for the current tax year.

April 1 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out value notices are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

July 25

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25.

July 26 to August 31

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

Oil and Gas Mass Appraisal Procedures and Timeline

Capitol Appraisal Group, LLC (CAGL) contracts with Appraisal Districts and other governmental entities to appraise all oil and gas subsurface, producing, mineral interests within the purview of the law.

October-December:

SEC 10(k) data gathered for use in discount rate study.

A base discount rate is developed using the Securities and Exchange Commission (SEC) 10k Standard Measure of Value, before Federal Income Tax (BFIT), for a grouping of Exploration and Production (E&P) companies, and then matching their 10k Standard Measure of Value (BFIT), reserves and costs, through a discounted cash flow (DCF) technique. This reserve and cost match is used with Section 23.175 pricing directives to determine a discount rate necessary to equal the stock and debt value of the companies, as of January 1 for a given tax year. This analysis is calibrated with a WACC for the same companies that are used in the stock and debt analysis. Management determines an appropriate base discount rate to be used.

January:

Discount rate study finalized

November-March:

The appraiser commences the annual appraisal cycle with identification of new property and determination of situs.

“Minerals in place” and an estate or interest in the same, are classified by the state of Texas as real property. They cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these minerals in place and estates or interests in the same. CAGL obtains monthly oil and gas lease production information from the Railroad Commission of Texas [RRC] and compares it to existing oil and gas properties already identified and appraised. New properties are identified in this process by comparing existing data to new information obtained from the RRC.

The appraiser determines the validity of new properties and then determines the situs of these new properties by obtaining plats, W-2/G-1 records obtained from the RRC, and using in-house mapping resources.

January-March:

Appraisers begin entering detailed new property information.

Along with RRC lease specific information, the appraiser enters the lease's legal description, its situs, and detailed lease information obtained from the RRC. This process of discovery and entry into the appraisal system continues year round to identify assessable properties that are obtained because of delays in the RRC reporting system.

February:

Comptroller's 23.175 pricing data and market condition factors are obtained and incorporated into the appraisal system.

February-April:

Properties are appraised and values are posted on the CAG web site for clients, operators and agents to review and submit information.

Appraiser(s) access production declines for leases to be appraised. Based on the appraiser's decline rate analysis and review of previous year's appraisal parameters and current Comptroller pricing data, the estimated value for the current appraisal year is determined.

Preliminary appraised values are available from the CAG web site www.cagi.com following appraiser and supervisor review.

April-May:

Preliminary appraisals reviewed.

Appraisers review operating expenses, product prices, new or revised information about production submitted by operators and agents before Notifications of Value are mailed to taxpayers.

May-July:

Notified values formally & informally reviewed.

Appraisers work with taxpayers following Notification of Value and continue to review information submitted by royalty owners, operators and agents. The ARB process is part of this review

Utility, Railroad and Pipeline Property Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year or September 1 of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

September 1 of previous year to March 31 of the current tax year

Research and capitalization rate development. For properties valued via the income approach data is obtained and analyzed for calculation of a capitalization rate appropriate to a specific property type.

October to December

Submission of appraisals to the Property Tax Assistance Division (PTAD) of the Comptroller's office, and preparation of value defense for any properties included in their ratio study. Defense documentation and appraisal analysis of the PTAD appraisal is prepared and submitted to the appraisal district or the representative of the taxing jurisdictions whichever is appropriate.

April 1 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out notice of value are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

July 25

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25.

July 26 to August 31

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

Sec. 6.05 Appraisal Office

(a) Except as authorized by Subsection (b) of this section, each appraisal district shall establish an appraisal office. The appraisal office must be located in the county for which the district is established. An appraisal district may establish branch appraisal offices outside the county for which the district is established.

(b) The board of directors of an appraisal district may contract with an appraisal office in another district or with a taxing unit in the district to perform the duties of the appraisal office for the district.

(c) The chief appraiser is the chief administrator of the appraisal office. The chief appraiser is appointed by and serves at the pleasure of the appraisal district board of directors. If a taxing unit performs the duties of the appraisal office pursuant to a contract, the assessor for the unit is the chief appraiser.

(d) The chief appraiser is entitled to compensation as provided by the budget adopted by the board of directors. The chief appraiser's compensation may not be directly or indirectly linked to an increase in the total market, appraised, or taxable value of property in the appraisal district. The chief appraiser may employ and compensate professional, clerical, and other personnel as provided by the budget.

(e) The chief appraiser may delegate authority to his employees.

(f) The chief appraiser may not employ any individual related to a member of the board of directors within the second degree by affinity or within the third degree by consanguinity, as determined under Chapter 573, Government Code. A person commits an offense if the person intentionally or knowingly violates this subsection. An offense under this subsection is a misdemeanor punishable by a fine of not less than \$100 or more \$1,000.

(g) The chief appraiser is an officer of the appraisal district for purposes of the nepotism law, Chapter 573, Government Code. An appraisal district may not employ or contract with an individual or the spouse of an individual who is related to the chief appraiser within the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code.

(h) The board of directors of an appraisal district by resolution may prescribe that specified actions of the chief appraiser relating to the finances or administration of the appraisal district are subject to the approval of the board.

(i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25. 18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place for the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

Added by Acts 1979, 66th Leg., p. 2224, ch. 841, § 1, eff. Jan. 1, 1980. Amended by Acts 1987, 70th Leg., ch. 55, § 1, eff. Jan.

1,1988; Acts 1989, 71st Leg., ch. 384, § 15, eff. Sept. 1, 1989; Acts 1989, 71st Leg., ch. 796, § 7, eff. Sept. 1, 1989; Acts

1990, 71st Leg., 6th C.S., ch. 12, § 2(29), eff. Sept. 6, 1990; Acts 1991, 72nd Leg., ch. 561, § 44, eff. Aug. 26, 1991; Acts

1995, 74th Leg., ch. 76, § 5.95(25), (27), eff. Sept. 1, 1995; Acts 2005, 79th Leg., ch. 412, § 5, eff. Sept. 1, 2005; amended by

HB 35, 80th Leg., eff. September 1, 2007.

Sec. 6.06 Appraisal District Budget and Financing

(a) Each year the chief appraiser shall prepare a proposed budget for the operations of the district for the following tax year and shall submit copies to each taxing unit participating in the district and to the district board of directors before June 15. He shall include in the budget a list showing each proposed position, the proposed salary for the position, all benefits proposed for the position, each proposed capital expenditure, and an estimate of the amount of the budget that will be allocated to

each taxing unit. Each taxing unit entitled to vote on the appointment of board members shall maintain a copy of the proposed budget for public inspection at its principal administrative office.

(b) The board of directors shall hold a public hearing to consider the budget. The secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district not later than the 10th day before the date of the hearing a written notice of the date, time, and place fixed for the hearing. The board shall complete its hearings, make any amendments to the proposed budget it desires, and finally approve a budget before September 15. If governing bodies of a majority of the taxing units entitled to vote on the appointment of board members adopt resolutions disapproving a budget and file them with the secretary of the board within 30 days after its adoption, the budget does not take effect, and the board shall adopt a new budget within 30 days of the disapproval.

(c) The board may amend the approved budget at any time, but the secretary of the board must deliver a written copy of a proposed amendment to the presiding officer of the governing body of each taxing unit participating in the district not later than the 30th day before the date the board acts on it.

(d) Each taxing unit participating in the district is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year. If a taxing unit participates in two or more districts, only the taxes imposed in a district are used to calculate the unit's cost allocation in that district. If the number of real property parcels in a taxing unit is less than 5 percent of the total number of real property parcels in the district and the taxing unit imposes in excess of 25

percent of the total amount of the property taxes imposed in the district by all of the participating taxing units for a year, the unit's allocation may not exceed a percentage of the appraisal district's budget equal to three times the unit's percentage of the total number of real property parcels appraised by the district.

(e) Unless the governing body of a unit and the chief appraiser agree to a different method of payment, each taxing unit shall pay its allocation in four equal payments to be made at the end of each calendar quarter, and the first payment shall be made before January 1 of the year in which the budget takes effect. A payment is delinquent if not paid on the date it is due. A delinquent payment incurs a penalty of 5 percent of the amount of the payment and accrues interest at an annual rate of 10

percent. If the budget is amended, any change in the amount of a unit's allocation is apportioned among the payments remaining.

(f) Payments shall be made to a depository designated by the district board of directors. The district's funds may be disbursed only by a written check, draft, or order signed by the chairman and secretary of the board or, if authorized by resolution of the board, by the chief appraiser.

(g) If a taxing unit decides not to impose taxes for any tax year, the unit is not liable for any of the costs of operating the district in that year, and those costs are allocated among the other taxing units as if that unit had not imposed taxes in the year used to calculate allocations. However, if that unit has made any payments, it is not entitled to a refund.

(h) If a newly formed taxing unit or a taxing unit that did not impose taxes in the preceding year imposes taxes in any tax year, that unit is allocated a portion of the amount budgeted to operate the district as if it had imposed taxes in the preceding year, except that the amount of taxes the unit imposes in the current year is used to calculate its allocation. Before the amount of taxes to be imposed for the current year is known, the allocation may be based on an estimate to which the district board of directors and the governing body of the unit agree, and the payments made after that amount is known shall be adjusted to reflect the amount imposed. The payments of a newly formed taxing unit that has no source of funds are postponed until the unit has received adequate tax or other revenues.

(i) The fiscal year of an appraisal district is the calendar year unless the governing bodies of three-fourths of the taxing units entitled to vote on the appointment of board members adopt resolutions proposing a different fiscal year and file them with the secretary of the board not more than 12 and not less than eight months before the first day of the fiscal year proposed by the resolutions. If the fiscal year of an appraisal district is changed under this subsection, the chief appraiser shall prepare a proposed budget for the fiscal year as provided by Subsection (a) of this section before the 15th day of the seventh month preceding the first day of the fiscal year established by the change, and the board of directors shall adopt a budget for the fiscal year as provided by Subsection (b) of this section before the 15th day of the fourth month preceding the first day of the fiscal year established by the change. Unless the appraisal district adopts a different method of allocation under Section 6.061 of this code, the allocation of the budget to each taxing unit shall be calculated as provided by Subsection (d) of this section using the amount of property taxes imposed by each participating taxing unit in the most recent tax year preceding the fiscal year established by the change for which the necessary information is available. Each taxing unit shall pay its allocation as provided by Subsection (g) of this

section, except that the first payment shall be made before the first day of the fiscal year established by the change and subsequent payment shall be made quarterly. In the year in which a change in the fiscal year occurs, the budget that takes effect on January 1 of that year may be amended as necessary as provided by Subsection (c) of this section in order to accomplish the change in fiscal years.

(j) If the total amount of the payments made or due to be made by the taxing units participating in an appraisal district exceeds the amount actually spent or obligated to be spent during the fiscal year for which the payments were made, the chief appraiser shall credit the excess amount against each taxing unit's allocated payments for the following year in proportion to the amount of each unit's budget allocation for the fiscal year for which the payments were made. If a taxing unit that paid its allocated amount is not allocated a portion of the district's budget for the following fiscal year, the chief appraiser shall refund to the taxing unit its proportionate share of the excess funds not later than the 150th day after the end of the fiscal year for which the payments were made.

(k) For good cause shown, the board of directors may waive the penalty and interest on a delinquent payment under Subsection (e).

Amended by 1981 Tex. Laws (1st C.S.), p. 122, ch. 13, Sees. 17 & 18; Subsection (i) added by 1985 Tex. Laws, p. 2495, ch. 311, Sec. 1; amended by 1989 Tex. Laws, p. 3594, ch. 796, Sec. 9; amended by 1991 Tex. Laws, p. 412, ch. 20, Sec. 16; amended by 1993 Tex. Laws, p. 1526, ch. 347, Sec. 4.07; amended by

SB 948, 80th Tex. Leg., eff. September 1, 2007.

Sec. 25.18 Periodic Reappraisals

(a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05(i).

(b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:

- (1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
- (2) Identifying and updating relevant characteristics of each property in the appraisal records;
- (3) Defining market areas in the district;
- (4) Identifying property characteristics that affect property value in each market area, including:
 - (A) the location and market area of property;
 - (B) physical attributes of property, such as size, age, and condition;
 - (C) legal and economic attributes; and
 - (D) easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
- (5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
- (6) Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
- (7) Reviewing the appraisal results to determine value.

(c) A taxing unit by resolution adopted by its governing body may require the appraisal office to appraise all property within the unit or to identify and appraise newly annexed territory and new improvements in the unit as of a date specified in the resolution. On or before the deadline requested by the taxing unit, which deadline may not be less than 30 days after the date the resolution is delivered to the appraisal office, the chief appraiser shall complete the appraisal and deliver to the unit an estimate of the total appraised value of property taxable by the unit as of the date specified in such resolution. The unit must pay the appraisal district for the cost of making the appraisal. The chief appraiser shall provide sufficient personnel to make the appraisals required by this subsection on or before the deadline requested by the taxing unit. An appraisal made pursuant to this subsection may not be used by a taxing unit as the basis for the imposition of taxes.

Acts 1979, 66th Leg., p. 2273, ch. 841, § 1, eft. Jan. 1, 1982. Amended by Acts 1981, 67th Leg., 1st C.S., p. 159, ch. 13, § 106, eft. Jan. 1, 1982; Acts 1989, 71st Leg., ch. 796, § 23, eft. Sept. 1, 1989; Acts 2005, 79th Leg., ch. 412, § 10, eft. Sept. 1, 2005.

Exhibit A

Work Plan/Timeline Projected Improvement Schedule Conversion

Beginning August 1, 2013 all new improvements added to the appraisal roll for the 2014 year and all field checked/updated properties shall be valued using the new improvement cost and depreciation schedules.

This completion schedule is a projection only, adjustments may be made due to time and budget constraints.

Year	Month	% Completion
2013	August	2%
	September	4%
	October	6%
	November	8%
	December	9%
2014	January	10%
	February	13%
	March	16%
	August	19%
	September	22%
	October	25%
	November	27%
	December	28%
2015	January	30%
	February	32%
	March	16%
	August	19%

	September	35%
	October	38%
	November	40%
	December	41%
2016	January	43%
	February	45%
	March	48%
	August	51%
	September	54%
	October	57%
	November	59%
	December	60%
2017	January	65%
	February	68%
	March	70%
	August	75%
	September	80%
	October	86%
	November	92%
	December	100%

Exhibit B

