

Noncash Charitable Contributions

▶ **Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.**
▶ **See separate instructions.**

OMB No. 1545-0908

Attachment
Sequence No. **155**

Name(s) shown on your income tax return

Tejas Avco Inc

Note. Figure the amount of your contribution deduction before completing this form. See your tax return.

Section A. Donated Property of \$5,000 or Less and Certain Publicly Traded Securities—List in this section only items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is more than \$5,000 (see instructions).

Part I Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) Description of donated property (For a donated vehicle, enter the year, make, model, condition, and mileage, and attach Form 1098-C if required.)
A		
B		
C		
D		
E		

Note. If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value (see instructions)	(h) Method used to determine the fair market value
A						
B						
C						
D						
E						

Part II Partial Interests and Restricted Use Property—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

2a Enter the letter from Part I that identifies the property for which you gave less than an entire interest ▶ .
If Part II applies to more than one property, attach a separate statement.

b Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ▶ .
(2) For any prior tax years ▶ .

c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept ▶

e Name of any person, other than the donee organization, having actual possession of the property ▶

3a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?

Yes	No

b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?

Is there a restriction limiting the donated property for a particular use?

4-6-11 copy received

Name(s) shown on your income tax return

Identifying number

Tejas Avco Inc.

Section B. Donated Property Over \$5,000 (Except Certain Publicly Traded Securities)—List in this section items for which you claimed a deduction of more than \$5,000 per item or group (except securities reported in Section A). An appraisal is generally required for property listed in Section B (see instructions).

Part I Information on Donated Property—To be completed by the taxpayer and/or the appraiser.

4 Check the box that describes the type of property donated:

- | | | |
|--|--|-------------------------------------|
| <input type="checkbox"/> Art* (contribution of \$20,000 or more) | <input type="checkbox"/> Qualified Conservation Contribution | <input type="checkbox"/> Equipment |
| <input type="checkbox"/> Art* (contribution of less than \$20,000) | <input type="checkbox"/> Other Real Estate | <input type="checkbox"/> Securities |
| <input type="checkbox"/> Collectibles** | <input type="checkbox"/> Intellectual Property | <input type="checkbox"/> Other |

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

**Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note. In certain cases, you must attach a qualified appraisal of the property. See instructions.

5	(a) Description of donated property (If you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition of the property at the time of the gift	(c) Appraised fair market value
A	Four tracts of land totaling 12.472 acres of land out of a 211.109		236,498.00
B	acres property lying in the Moses Shipman League, Abstract 86 and		
C	Thomas Barnett Survey Abstract 7, Arcola, Fort Bend County, Texas		
D			

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	See Instructions (h) Amount claimed as a deduction	(i) Average trading price of securities
A						
B	04/21/99	purchase	147,109.54			
C	04/21/99	purchase	41,178.19			
D						

Part II Taxpayer (Donor) Statement—List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above, has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions. ▶

Signature of taxpayer (donor) ▶

J. B. H. - President

Date ▶ 2/14/11

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). In addition, I understand that a substantial or gross valuation misstatement resulting from the appraisal of the value of the property that I know, or reasonably should know, would be used in connection with a return or claim for refund, may subject me to the penalty under section 6695A. I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.

Sign

Here

Signature ▶

[Signature]

Title ▶

McDermott

Date ▶

2/9/11

Business address (including room or suite no.)

5718 Westheimer, Suite 1100

City or town, state, and ZIP code

Houston, Tx 77057

Identifying number

36-4506539

Part IV Donee Acknowledgment—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date ▶ April 20, 2010

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file Form 8282, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? ▶ ☐ Yes ☒ No

Name of charitable organization (donee)

Fort Bend County, Texas

Employer identification number

Address (number, street, and room or suite no.)

301 Jackson, Suite 714

City or town, state, and ZIP code

Richmond, TX 77479

Authorized signature

[Signature]

Title

County Judge

Date

April 5, 2011

Robert Hebert

Form 8283 (Rev. 12-2006)

received
12/20/10

December 07, 2010

Tejas Avco, Inc.
3417 Milam
Houston, TX 77002-9531

Attention: Mr. James Griffith, Jr.

Re: Appraisal of easement gifts for right of way and
drainage of South Post Oak Boulevard's extension in
Fort Bend County.

Dear Mr. Griffith:

As requested, an appraisal of the above referenced property for proposed right of way and drainage was prepared to arrive at opinions of market value and total gift value. The Subject Property may be legally described as:

Four tracts of land totaling 12.472 acres of land out of a 211.109 acre property lying in the Moses Shipman League, Abstract 86 and Thomas Barnett Survey, Abstract 7, Arcola, Fort Bend County, Texas.

The purpose of this appraisal is to estimate the market value of four tracts of land for gift purposes. They were deeded as easement to Fort Bend County with each filing dated on June 3, 2010. The purpose of the ownership transfer is for the extension of South Post Oak Boulevard in the City of Arcola and appropriate detention for the roadway. Three tracts (7.137 acres, 1.415 acres and 1.445 acres) are for the actual roadway. In all, the roadway easements total 9.997 acres. The fourth tract is approximately 2.475 acres and is for a detention facility. As indicated, the transactions are recorded in Fort Bend County deed records and described as easements. The three easements comprising the roadway are effectively for public roadway purposes and considered equivalent to fee simple ownership transfer. The detention area is described as a temporary easement in the deed record. Based on the filing, the acquisition is in perpetuity but the land owner has the right to relocate the detention facility on the property with approval by appropriate authorities. The actual size cannot be reduced. In effect, the property owner has relinquished 99% of their rights to this area of the property.

The whole property or parent tract is 211.109 acres that is located along the southwesterly line of SH 6 between Darby Lane and FM 521 in the City of Arcola. The tract extends to Briscoe Canal, which parallels the north line of McKeever Road. Brisco Canal is described by the survey provided as a 200' canal that is owned by the Brazos River Authority.

The roadway gifting begins on SH 6 across from existing South Post Oak Boulevard. It curves southwest and then south to tie into McKeever Road on the westerly part of the parent tract. The detention facility is located along the south line of a drainage ditch that passes through the property and the east side of the proposed roadway. The detention facility is irregular in shape.

A survey by Charlie Kalkomey Surveying, Inc. was provided by the client for the whole property. It indicates that a portion of the SH 6 frontage is within the City of Arcola. However, after speaking with the City of Arcola City Administrator, George Farland, the Subject Property has been completely annexed into the City this past year. He also indicates that sewerage utilities are in proximity to the property and that water lines are proposed to be extended to the site within the next 18 months to 24 months.

The properties being gifted to the County are part of a larger tract of land. Alone, the tracts would not be developable, i.e., the shape and configuration of the tracts are not conducive to valuation as separate economic units. Therefore, throughout this report, the property will be valued using an "at the fence" valuation methodology. Within this approach to value, the property will be considered as though it is part of the larger parent tract, ready for development. Within the analysis, a determination of value will be derived for the assumed whole property or parent tract, as if it were available for development. After determining a base valuation for the parent tract, this unit value will be applied to the roadway and detention tracts.

This is a summary appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers' files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraisers are not responsible for unauthorized use of this report.

PURPOSE OF THE APPRAISAL

The purpose of this summary appraisal is to estimate the market value of the land being gifted to Fort Bend County.

Market value means the most probable price, which a property should bring in a competitive market under all conditions requisite to a fair sale, the buyer and seller acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definite is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, each acting in what he considers his own best interest;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: Office of the Comptroller of the Currency under 12CFR, Part 34, Subpart C-Appraisals, 34.42 Definition (f).

The previous definition is used in support of City of Austin v. Cannizzo, 267 S.W. 2d 808, 815 (Texas 1954), which defines market value as:

...the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.

The valuation in this report assumes a transaction involving cash consideration or cash equivalent terms.

IDENTITY OF CLIENT

The client is Tejas Avco, Inc.

INTENDED USERS AND USE OF REPORT

The only intended user of this report is the client and its employees/agents. This report may also be used by an outside entity hired by the client to assist in the assignment. The intended use of this report is to assist Tejas Avco, Inc for gifting of right of way and drainage to Fort Bend County for the placement of South Post Oak Boulevard.

PRIOR SERVICES

We have not performed any services in connection with the Subject Property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.

INTEREST VALUED

The property rights appraised in this report are fee simple.

Fee Simple Estate is defined by the Dictionary of Real Estate Appraisal, Fifth Edition, copyright 2010, page 78, by the Appraisal Institute as:

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

EFFECTIVE DATE OF VALUE

November 30, 2010

DATE OF REPORT

December 07, 2010

HISTORY OF THE SUBJECT

According to information provided or gathered through the client, Fort Bend County Appraisal District or Fort Bend County deed records, the parent tract has been owned by Tejas Avco, Inc. since 1999. A 98.1708 acre tract was purchased from L.P. – 1001 and a 69.8168 acre tract from Buffet Inc with file dates of April 23, 1999. On June 1, 1999, a deed was filed for the additional 43.129 acres. Jane A. MacKinnon was the grantor for this transaction. It was also noted that the easement deeds transferring the right of way and detention facility for the extension of South Post Oak Boulevard were filed on June 3, 2010. The appraiser is not aware of any transaction involving the Subject Property since that time. It was noted that the property has a for sale sign along the SH 6 frontage. The broker indicates the property is listed as subdivided tracts. He does not expect transactions to occur prior to obtaining the water utilities in 18 months to 2 years. As the property sold in excess of three years, the sale of the parent tract is not analyzed.

SCOPE OF WORK

Data collection consists of inspecting and photographing the Subject Property and researching the proper real estate market for comparable cost, sales and rental data.

A diligent effort to research the proper markets and locate all pertinent data was made so that all valuations would be based on thoroughly researched and accurate data. This data came from numerous sources, including the appraisers' files, local and regional publications of sales data, local brokers, lenders, property owners and appraisers. Any data omitted was considered to be potentially misleading or inappropriate and did not satisfy the requisites of "market value". Only the sales sharing the most similar characteristics to the subject are included in the report.

The client, Tejas Avco, Inc, provided details and specific information regarding the dimensions of the site to be acquired, a description of the acquisition areas, etc. The purpose of this appraisal report is to assist Tejas Avco, Inc for gifting purposes. The client provided requirements for the appraisal process and reporting format.

The Area Data was obtained from numerous sources. These sources include, but are not limited to, the Fort Bend County Appraisal District, local real estate experts, grantors, grantees, internet data sources, multiple listing service and other knowledgeable persons and agencies in the area.

Neighborhood Data is based on information provided by local Chambers of Commerce, published sources, various real estate publications, and a visual inspection of the defined neighborhood as well as analysis of market trends indicated by current sales and listings. The market transactions were confirmed by one or more of the parties directly involved (grantor, grantee, broker).

To perform this assignment, we took the following steps to gather, confirm, and analyze relevant data.

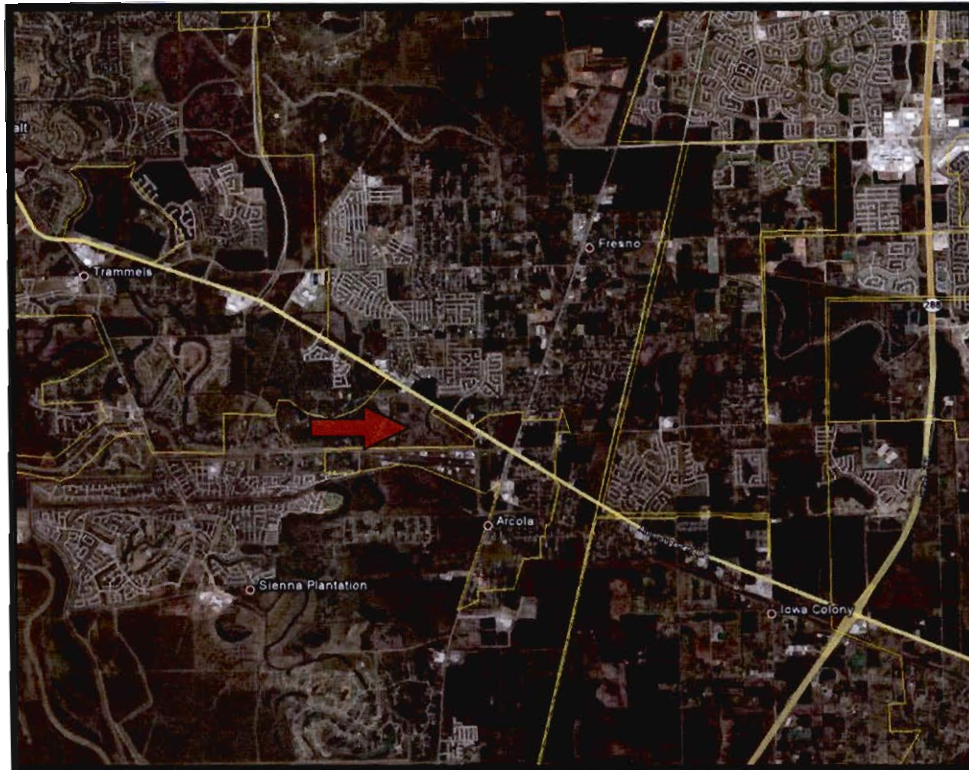
- Physically inspected the Subject Property and the surrounding market area. The inspection of the property is limited to those things readily observable without the use of special testing or equipment.

- Collected factual information about the property and the surrounding market, and confirmed the information with various sources.
- Performed a highest and best use analysis of the subject site as vacant.
- Analyzed market information and developed indications of value under the necessary approaches to value for a credible assignment result. The market information was analyzed for an appraisal of the Property and the part to be gifted for roadway placement and detention.
- Prepared an appraisal report summarizing our analyses, opinions and conclusions.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

The appraisal process is a systematic approach whereby the appraiser researches, collects, and analyzes data pertaining to the Subject Property in order to arrive at an estimate of market value for the real property interest being appraised. The first step in this process is an inspection and investigation of the subject site and the neighborhood in which it is located. The appraiser then researches and collects data pertaining to sales of comparable properties that have sold in the market area. If the Subject Property is an income-producing property, data is collected pertaining to income and operating expenses for the Subject Property and similar properties. Typically, three approaches are used in estimating the value of the Subject Property. These are the Sales Comparison Approach, the Cost Approach, and the Income Capitalization Approach. Generally, the Cost Approach and the Income Approach are only used when the property is improved or the appraisal concerns a proposed development. Following analysis of the data collected, the appraiser reconciles the values estimated by each approach into a single estimate of market value for the Subject Property.

The appraiser has inspected the Subject Property and the neighborhood in which it is located. The real estate market has been researched for sales of properties similar to the Subject Property. Sources of sale data include: in-house sales files, Comps on-line sales database, Houston Association of Realtors Multiple Listing Service, and Fort Bend County Appraisal District and Tax Records.

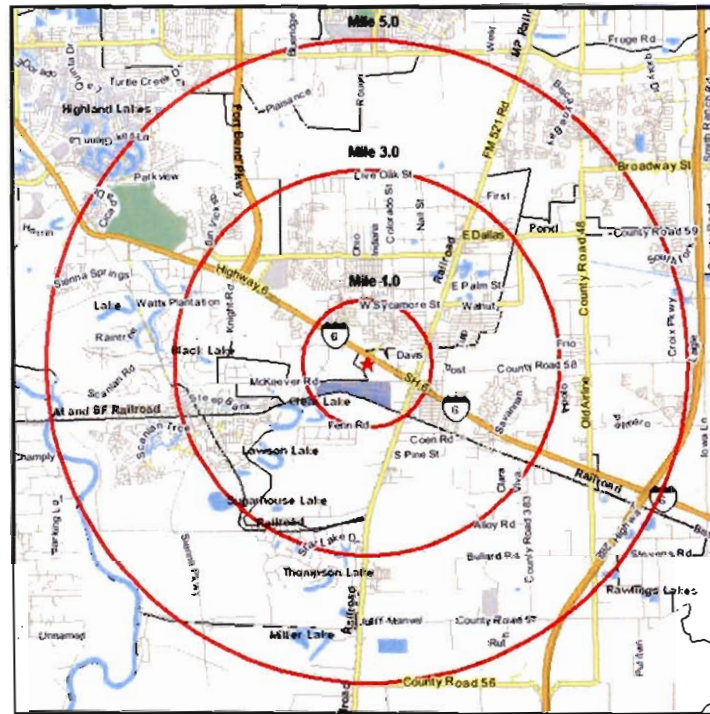
DESCRIPTION OF REAL ESTATE APPRAISEDLocation/Neighborhood Description:

The parent tract is located along the southwest line of SH 6, west of FM 521 in the City of Arcola in Fort Bend County. The City of Arcola was originally incorporated in 1986 and the 2000 census population was indicated to be 1,048. The City covers more than 1.9 square miles of territory in eastern Fort Bend County. It is part of the Houston Metropolitan area and is located approximately 18 miles southwest of downtown Houston. SH 6, SH 288 and FM 521 are major thoroughfares, which serve this portion of the County. Overall, ingress/egress to the subject neighborhood is considered to be good via the aforementioned thoroughfares.

Development within the neighborhood consists primarily of single-family residential with limited commercial development along the major thoroughfares. Overall, the neighborhood is considered to be in a period of stability.

The neighborhood is considered as having adequate services necessary to accommodate residents including retail shopping, public schools, park areas and religious facilities.

As a means of providing additional information pertinent to the subject neighborhood, the appraisers have included information obtained from Claritas, Inc. The demographic information has been included in tabular form for ease of reading. The one mile, three mile and five mile radii referenced on the table have been determined based upon a center point located at the Subject Property.



Attribute	1-Mile Radius	3-Mile Radius	5-Mile Radius
Population			
1990 Census	22,678	221,254	310,128
2000 Census	27,515	238,482	633,378
2010 Estimate	31,555	268,957	684,207
2015 (Projection)	33,358	280,708	704,701
Housing Units			
1990 Census	11,393	110,422	271,315
2000 Census	14,561	122,740	288,052
2010 Estimate	16,878	138,981	312,394
2015 (Projection)	17,968	145,069	321,911
Total Median Age of Population (years)	34.52	36.91	37.57
Average Household Income (2010)	\$115,026	\$116,435	\$111,068
Claritas, 2010			

The subject neighborhood has good access to the City's major thoroughfare system, which benefits neighborhood resident's ability to use area facilities. The subject neighborhood is in a residential area in Fort Bend County that is considered to be in a period of stability.

Property Description:

As stated previously, the parent tract is located along the southwest line of SH 6, west of FM 521. The tract is also located just north of Houston Southwest Airport. The areas being gifted to Fort Bend County totals approximately 12.472 acres. This land is out of the larger 211.109 acre parent tract. Three of the properties were deeded as easements to Fort Bend County for the development of South Post Oak Boulevard. They are contiguous and follow the path of the proposed roadway. These properties are for roadway construction and effectively considered to be fee acquisitions. The fourth deed describes the transfer of land for a temporary detention easement. It appears to be termed a temporary easement as the property owner reserves the right to relocate the detention facility to another area of the property. In doing so, the expense is upon the property owner and the area of the detention must maintain the same size. In effect, this easement relinquishes 99% of the property owner's rights to this area of the property. As of the date of this report, the parent tract is effectively vacant land. The roadway and detention facility were under construction at the time of inspection. A bridge across Briscoe canal was also under construction. This roadway will effectively provide access between SH 6 to McKeever Road. The Houston Southwest Airport is located across McKeever Road from proposed South Post Oak Boulevard.



Site Access: SH 6 provides access for the parent tract.

Flood Plain: The Federal Emergency Management Agency (FEMA) publishes flood insurance rate maps for the Fort Bend County area. According to the FEMA Maps (Panel 48157C0290J, dated January 3, 1997), the Subject Property appears to be located in Zone "X" (unshaded), which is outside the 500-year floodplain. Flood insurance is not typically required for properties in this designation.

Environmental Statement: The appraiser is not qualified to detect the presence of environmental hazards, and the services of an expert in this field should be retained, if necessary. The values estimated in this appraisal are based on the assumption that the Subject Property is unaffected by environmental issues or hazardous materials.

Off-Site Improvements: SH 6 is a six lane concrete paved, divided roadway with a center turn lane that is considered to be in good condition.

Adjacent Land Use: The parent tract is adjacent to residential properties as well as vacant tracts of land. South of McKeever road is the Southwest Houston Airport.

Utilities: The Subject Property has public sewer service immediately available. The City Manager for Arcola indicates that they have a loan application in to the USDA to finance the extension of water service from FM 521 area to the subject property. Although he could not project the exact date the water service would be available, he estimated that it would be within 18 to 24 months. Various providers are available for electricity, natural gas and telecommunications.

Zoning/Restrictions: The parent tract is located in the City of Arcola. The survey provided by the property owner indicates that only a part of the property is within the City of Arcola. However, the City Manager indicates that the property was totally annexed into the City this year. The City of Arcola has a zoning and development board but the City does not subscribe to zoning to control development within its governmental jurisdiction. The site is also located with Fort Bend County. The county does not utilize zoning to control development either; therefore, the parent tract is not zoned to a specific use. Any development on the property would have to meet minimal building standards set by the governmental entities.

In addition, the supplied survey by LJA Engineering and Surveying, Inc., dated January 12, 2010 indicates the parent tract is totally within the Fort Bend Subsidence District and Fort Bend County Drainage District.



Description of Improvements: The parent tract and the areas of the Subject being gifted are vacant tracts of land. Therefore, there are no improvements included in this analysis.

Project: Fort Bend County is being gifted land for the placement of South Post Oak Boulevard and detention facilities for right of way purposes.

Gifted Parcels: The gifted parcels are comprised of four deeds that have been filed in the Fort Bend County deed records, all of which are termed easements. Three of the deeds comprise the extension of South Post Oak Boulevard through the parent tract. One deed describes the roadway itself and the other two are for drainage from the roadway. In effect, these deeds comprise one use and that is the placement of the roadway. The fourth deed is to provide detention for the roadway. This deed is described as being a temporary easement. Although termed temporary, this is a permanent easement that the property owner reserves the right to move with approval by appropriate governmental entities. The deed indicates that the detention area could not be reduced in size and would be moved at a cost paid by the property owner. The three deeds comprising the roadway extension is approximately 9.997 acres, total. The land area comprising the detention pond is approximately 2.475 acres. The areas being gifted do not have sufficient characteristics to support independent economic uses and are valued as pro-rata parts of the parent tract. As the unit value used in developing concluded values for the gifted parcels is based on the pro-rata value of the parent tract, the Highest and Best Use for the property is based on an analysis of the whole 211.109 acres.

HIGHEST AND BEST USE

Highest and Best Use - As Though Vacant:

Highest and best use is defined by the Dictionary of Real Estate Appraisal, Fifth Edition, copyright 2010, page 93, by the Appraisal Institute as: "the reasonably probable use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value." The highest and best use of a property must be one that is legally

permissible, physically possible, and financially feasible and represents the most likely use of the land. This fourth test is sometimes referred to as the "maximally productive test."

Legally Permissible:

The parent tract is located within the City of Arcola and Fort Bend County. Neither of these governmental entities subscribes to zoning regulations to control development within their jurisdictions. Therefore, the parent tract is not restricted to specific uses by a governmental entity. Upon development, the property would require compliance to minimal building standards set by both entities.

Physically Possible:

From a physically possible standpoint, the gifted parcels do not have sufficient positive characteristics to warrant independent development and are considered integral to the whole property or parent tract. The parent tract has significant frontage along SH 6, has sewerage utilities available. It will be approximately 18 months to 2 years before water service is extended to the property by the City of Arcola. The tract is not located in a flood hazard area. Surrounding properties along SH 6 are either vacant land or commercial along the SH 6 frontage and single family residential beyond the frontage. To the rear of the property, across McKeever Road is the Houston Southwest Airport. The highest and best use of the parent tract from a physically possible standpoint is commercial along the SH 6 road frontage and single family residential off the roadway.

Financially Feasible:

The financial feasibility of development of the parent tract is directly related to the local economy and the demand for new construction in the general and immediate area surrounding the subject. The demand for new construction, either commercial or residential, in the immediate area is not evident. It is the appraisers' opinion that a financially feasible use of the site is for future commercial development along the SH 6 frontage and single family development off the roadway.

Maximally Productive:

After considering legal permissibility, physical possibilities and financial feasibility, maximally productive uses must be considered. As it has been determined by the three previous tests for highest and best use for the parent tract, the most probable highest and best use is future commercial use along the SH 6 frontage and single family residential off the roadway. The maximally productive use is determined the same as developed in the financially feasible test.

After taking into consideration the legally permissible, physically possible, financially feasible and maximally productive uses of the parent tract, it is the opinion of the appraiser that the highest and best use of the site, as vacant, is for future commercial development along the SH 6 road frontage and single family development off the roadway.

DISCUSSION OF COST APPROACH

The Cost Approach is utilized to value minor improvements impacted by an acquisition. In this instance the parent tract is a vacant tract of land. Therefore, the Cost Approach to value is not applicable in developing a final value conclusion.

INCOME APPROACH

The Income Approach to value is predicated on the assumptions that there is a definite relationship between the amount of income a property will earn and its value. In other words, the value indicated in this approach equals an amount an investor might be willing to pay for a property based upon the income the investor can reasonably expect to see in the future from the property. This income is typically measured by the potential rental payments of a property, followed by adjustment for vacancy and collection loss and then the deduction of necessary expenses to operate the property. As this income is adjusted, it is progressively referred to as the potential gross income, effective gross income and, ultimately, the net operating income. The net operating income is the income stream, which is capitalized in arriving at an indication of value for the Subject Property. The parent tract is a vacant tract of land. Properties similar to the parent tract are not typically purchased for their income generating capabilities. Therefore, the Income Approach to value is not considered applicable in developing a final value conclusion.

SALES COMPARISON APPROACH - AS IMPROVED

The Direct Sales Comparison Approach is based upon the principle of substitution that states that a person will not pay more for a property than the cost of acquiring an equal desirable substitute on the open market. As stated above, the parent tract is a vacant tract of land; therefore, the direct sales comparison approach for improved properties is not considered applicable in developing a final value conclusion.

SALES COMPARISON APPROACH - LAND ONLY

A summary of the data on comparable land sales is illustrated as follows. It was necessary to expand the search beyond the immediate neighborhood as there was little market activity in the Houston area.

LAND SALES SUMMARY

No.	Property Location	Sale Date	Size/AC	Price/AC
1	NWC Clay Rd. and Katy-Hockley Cutt Off Rd.	3/19/2009	157.11	\$ 16,500
2	NC Bryan Rd and FM 2977	12/30/2008	93.89	\$ 25,242
3	FM 517	3/27/2008	58.93	\$ 12,726
4	NWC Grand Parkway and Harlem Rd	11/16/2007	134.25	\$ 57,144
5	SEC Grand Parkway and Owens Rd	1/17/2008	151.20	\$ 47,618

LAND SALES ANALYSIS

The land sales summarized above are those considered most comparable to the parent tract. Those factors considered most pertinent to the valuation of the property include surrounding property use and size. As few current sale transactions were found in the immediate area, it was necessary to expand the search beyond the immediate neighborhood. Each sale was compared to the parent tract and adjusted based on these and other relevant factors.

Explanation of Adjustments: Each of the comparable sales was compared to the parent tract and adjusted for the various factors noted above, when appropriate. First, the sales were adjusted for condition of sale (seller financing, distressed sales, etc.) that might have affected the effective sale price of the property. Next, adjustments were considered to reflect changing market conditions that might have resulted in appreciation or depreciation in market values since the date on which each of the comparable sales occurred. The sales were then compared to the parent tract and adjusted for variances in location and physical characteristics. Following is the explanation of adjustments considered.

Financing/Conditions of Sale: These factors of comparison are separate items and consider the effects of favorable financing or other special conditions of the sale that might have an impact on the effective sale price of the property. Such factors include: owner financing at an interest rate and/or on terms that are not readily available in the market; special considerations associated with a sale that are not arms-length; or other costs paid by the buyer or seller that are not normally involved in a land sale transaction. Adjustments for these characteristics are made prior to adjustment for physical characteristics.

Market Conditions: This factor considers the effects of changing market conditions that may have resulted in appreciation or depreciation in market value since the date the comparable sale occurred. Attempts are made to obtain land sales that have occurred within a time frame similar to current market conditions. If the sales utilized occurred in a period of dissimilar market conditions, adjustments are made to reflect the dynamics of the market.

Location: Location is a key factor considered by purchasers of real estate. Commercial tracts located on major thoroughfares generally command higher prices than properties located on secondary thoroughfares. Corner lots many times sell at higher unit values than interior lots. This is usually attributed to increased traffic exposure and improved ingress/egress characteristics typically available to such properties. When appropriate, adjustments will be made to reflect the differences between the comparable properties and the Subject Property.

Size: Larger tracts of land usually sell at lower per unit prices than otherwise similar smaller tracts. This fact is attributed to the economic principle of supply and demand. Larger tracts require a larger capital investment, which restricts the number of market participants with the financial ability to invest in such tracts and, therefore, the market demand. When necessary, adjustments are made to reflect significant size differences.

Shape: The shape of a tract can have an effect on its desirability and development potential. When a tract is long and narrow with little frontage, this can have a negative impact on value. On the other hand, if the same tract has a lot of frontage and depth sufficient to support development, this can be a positive influence and can affect a property's sale price. When necessary, adjustments will be made to account for this characteristic.

Use: This adjustment is used to address the development differences a property may have. A property having frontage that could be developed with commercial improvements and a secondary use to the rear would have a greater value than one having only the secondary use as a development alternative.

Utilities: Properties with access to public utilities and/or those with utilities connected to the site usually sell at higher prices than tracts without such utilities. When necessary, adjustments are made to account for differences in utility availability.

Flood Hazard: Tracts located in the flood plain and/or floodway typically sell for lower per unit prices than otherwise similar tracts not so affected. This fact is attributed to the increased development costs and restrictions often associated with such properties. In this case, all the sale transactions are outside a flood hazard area and no adjustments are required.

Other Physical Characteristics: Other factors that might have an effect on the market value of real estate include: drainage, shape/configuration with respect to development potential, adverse easements, road frontage, and topography. When necessary, these items will be addressed and appropriate adjustments will be applied.

Sale 1 occurred in March of 2009 and involved a 157.109 acre tract of land located at the northwest corner of Clay Road and Katy-Hockley Road just outside Katy, Texas. The grantor in this transaction was Clay/Katy Hockley, Ltd and the grantee was Clay Venture Fund #3, LP. Consideration involved in this sale was \$16,500 per acre. When comparing this sale to the parent tract, a downward adjustment was necessary to account for current inferior economic conditions when compared to the time in which the comparable sold. The Subject is inferior in location. The Katy area has experienced significantly greater demand in the past for development in comparison to the Arcola area. This property has secondary road frontage and would not have demand for commercial development. As the Subject's parent tract has SH 6 frontage, there is commercial development opportunities along this frontage. The parent tract is considered superior for use and an upward adjustment is required. The broker also noted that the sale property was approximately 20% encumbered by a 4 acre drill site and various pipeline easements. The parent tract for the Subject is not encumbered by a drill site or pipeline easements. Therefore, the Subject is superior to the sale for encumbrances and an upward adjustment is required.

Sale 2 occurred in December of 2008 and involved a 93.890 acre tract of land located at the north corner of Bryan Road and FM 2977. The grantor in this transaction was Rosenberg Properties, Inc and the grantee was Paranjali Yog Foundation USA, Inc. Consideration involved in this sale was \$25,242 per acre. When comparing this sale to the parent tract, a downward adjustment was necessary to account for inferior economic conditions. A downward adjustment is also necessary for location. As with the Katy area, the Rosenberg area has seen significantly greater demand than the Arcola area. The parent tract is larger than the comparable; therefore, the Subject is inferior and a downward adjustment is warranted. The parent tract for the Subjects has significant frontage along SH 6 and the possibility of commercial development along this frontage. As these commercial properties bring a higher unit value than interior tracts, the parent tract is considered superior to the sale and an upward adjustment is warranted. An additional consideration is for that part of the comparable property lying in adjacent road right of ways. This in effect reduces its developable area. The Subject is considered superior for this characteristic and an upward adjustment is necessary.

Sale 3 occurred in March of 2008 and involved a 58.930 acre tract of land located along south line of FM 517, west of Algoa Friendswood Road. The grantor in this transaction was James D. Affolter, et

al. and the grantee was Gret Investments, Ltd. Consideration involved in this sale was \$12,727 per acre. When comparing this sale with the Subject Property, a downward adjustment was made to account for decreased economic conditions as compared to the time when the sale occurred. An upward adjustment was considered necessary to account for the Subject's superior location. The comparable is not located in an area as highly developed as the Subject and the sale is also located adjacent to a garbage dump. The parent tract is significantly larger than the sale indicating that a downward adjustment is necessary for size. The sale property has a narrow frontage and significant depth. The parent tract is superior for shape and an upward adjustment is warranted. The parent tract has development potential for commercial facilities where the comparable does not. Therefore, the parent tract is superior and an upward adjustment is required for use. Utilities were not available for the sale property. The Subject is superior for utility availability and an upward adjustment is necessary for this characteristic.

Sale 4 occurred in November of 2007 and involved a 134.25 acre tract of land located at the northwest corner of Grand Parkway and Harlem Road. The grantor in this transaction was the State of Texas Permanent School Fund and the grantee was 99 Grand Mission, LLC. Consideration involved in this sale was \$57,144 per acre. When comparing this sale to the parent tract, a downward adjustment was necessary to account for the downturn in economic conditions. The parent tract is located in an area inferior to this transaction and a downward adjustment is warranted for location. The land area for the parent tract is larger than the comparable and a downward adjustment was made to reflect the parent tracts inferior size. The sale property, like the parent tract has potential for commercial development along one of its road frontages. The sale property is located in an area with higher demand and would bring a higher commercial unit value than that of the Subjects' area. Therefore, a downward adjustment is made to reflect the parent tracts inferior commercial potential compared to the sale.

Sale 5 occurred in January of 2008 and involved a 151.200 acre tract of land located at the southeast corner of Grand Parkway and Owens Road. The grantor in this transaction was the State of Texas General School Fund and the grantee was LRI Partners, Ltd. Consideration involved in this sale was \$47,618 per acre. When comparing this sale to the parent tract, a downward adjustment was considered necessary to account for inferior economic conditions when compared to those of the sale. An additional downward adjustment is made to account for the inferior location of the parent tract when compared to the sale. As with Sale 4, this property is located in an area that would generate a higher unit value for commercial properties. Therefore, a downward adjustment is made for use.

ESTIMATED VALUE OF SUBJECT PROPERTIES

As few transactions have occurred over the past few years due to poor economic conditions, it was necessary to go outside the immediate neighborhood for transactions. The sales were compared to each other and to the parent tract and adjustments were considered for various dissimilar characteristics.

Comparable sales analyzed in the preceding chart reflect an unadjusted sale price range of \$12,727 to \$57,144 per acre. Following the application of adjustments, the indicated per unit market value for the fee simple interest in the parent tract is \$19,000 per acre considering the aforementioned "at the fence" valuation methodology. As indicated, the tracts gifted for the extension of South Post Oak Boulevard are considered as fee transactions and 100% of the ownership interest is considered transferred to Fort Bend County. For the detention area, the

property owner has relinquished 99% of their ownership interest. As indicated, the unit value conclusion developed herein is based on the parent tract of 211.109 acres and this unit value is applied to the gifted land. The indicated market value for the gifted land is calculated as follows:

South Post Oak Boulevard: -----9.997 Ac X \$19,000/Ac = -----	\$	189,943
Detention Pond: -----2.475 Ac X \$19,000/Ac X 99% = -----	\$	<u>46,555</u>
Value of Gifted Land:	\$	236,498

RECONCILIATION

As stated previously, the purpose of this report was to estimate a market value for the land being gifted to Fort Bend County for the placement of South Post Oak Boulevard and necessary detention for the roadway. The land area gifted has a market value of \$236,498.

***This value is contingent upon no adverse conditions currently existing on the subject site including, but not limited to, toxic or hazardous wastes. Since it is the property owner's obligation to correct any contamination caused by these factors, it would be recommended that an audit be prepared by a qualified professional engineer to establish an environmental site assessment to identify any potential environmental liabilities and associated clean-up costs prior to any decision to purchase or sell.**

1. This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers' files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for

reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
15. Any proposed improvements are assumed to be completed in a good and workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers and, in any event, only with properly written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news sales or other media without prior written consent and approval of the appraiser.


CERTIFICATION

We certify that, to the best of our knowledge and belief:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
- (3) We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- (4) Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- (5) This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- (6) Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- (7) David R. Dominy, MAI, CRE, FRICS made a personal inspection of the property that is the subject of this report.
- (8) Rickey Martin and Dennis Pilkington provided significant professional assistance to the person(s) signing this report. Mr. Martin assisted in the inspection, confirmation of sales and analysis and writing the report. All under appropriate supervision.
- (9) We have not performed any services in connection with the Subject Property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.
- (10) The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- (11) The use of this report is subject to the requirements of the Appraisal Institute and the Texas Appraiser Licensing and Certification Board relating to review by its duly authorized representatives.

- (12) As of the date of this report, we, David R. Dominy, MAI, CRE, FRICS, has completed the requirements under the continuing education program of the Appraisal Institute and the Texas Appraiser Licensing and Certification Board.

INTEGRA REALTY RESOURCESS - HOUSTON
BY:



David R. Dominy, MAI, CRE, FRICS
Principal
TX-1321542-G