REAPPRAISAL PLAN

FOR

KIMBLE CENTRAL APPRAISAL DISTRICT

2021-2022

Proposed August 18, 2020
Hearing August 18, 2020
Adopted August 18, 2020

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INTRODUCTION

The Kimble Central Appraisal District has prepared and published this reappraisal plan and appraisal report to provide our Board of Directors, citizens and taxpayers with a better understanding of the district's responsibilities and activities.

The Kimble Central Appraisal District (CAD) is a political subdivision of the State of Texas created pursuant to Section 6.01 of the Texas Property Tax Code and effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A Board of Directors, appointed by the taxing units within the boundaries of Kimble County, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for the 6 jurisdictions or taxing entities in the county. Each taxing unit, such as the county, city, school district, hospital district and water district, sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled persons, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

All taxable property is appraised at its "market value" as of January 1st, except as otherwise provided by the *Texas Property Tax Code*. Under the tax code "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the buyer and the seller 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;
- Both the buyer and seller seek to maximize their gains and neither is in a position to take advantage of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec 23.23), productivity (Sec 23.41), real property inventory (Sec 23.12), dealer inventory (Sec 23.121, 23.124,23.1241 and 23.127), nominal (Sec 23.18) or restricted use properties (Sec 23.83) and allocation of interstate property (Sec 23.03).

The Texas Property Tax Code, under Sec 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The CAD is located in an area known as the Texas Hill Country. This area has experienced significant increases in market value of properties since the early 1990's. To maintain the level of appraisal accuracy within the district 2021 and 2022 will be reappraisal years. Business personal and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs, and recognized appraisal methods and techniques, we compare that information with the data for similar properties and with recent cost and market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures and subscribes to the standards set by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

This Reappraisal Plan is being submitted as a tool to organize the appraisal activities of the Kimble Central Appraisal District. As we progress into the actual reappraisal process, we reserve the right to modify the plan as required in order to meet the requirement of this office as set forth in the *Texas Property Tax Code.*

PERSONNEL RESOURCES

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staff and district operations. The chief appraiser and field appraiser are responsible for the valuation of all business personal and real property accounts. The appraisal of utilities and industrial is contracted to a firm which specializes in these fields. The clerk is responsible for information and assistance to property owners, collection of current and delinquent taxes, and record maintenance. The district also contracts with Kimble County for motor vehicle registration and titling.

The district's staff is subject to the provision of the Property Taxation Professional Certification Act and must be registered with the Texas Department of Licensing and Regulation (TDLR).

The appraisal district staff consists of four (5) employees with the following classifications:

- Chief Appraiser, RPA RTA (level 3)
- 2 Field Appraisers – RPA (level 1)
- Bookkeeper/Collections Clerk- RTA RTC
- Motor Vehicle/Collections Clerk - RTC

After certification the Registered Professional Appraiser (RPA) must receive additional training with a minimum of 30 hours of continuing education within a two (2) year period. The continuing education must include two hours of professional ethics, state laws and rules update course and three and one-half hours in USPAP. The Registered Texas Assessor / Collector (RTA) must receive additional training with a minimum of 30 hours of continuing education within a two (2) year period. The continuing education must include two hours of professional ethics and state laws and rules update course. The Registered Texas Collector (RTC) must receive additional training with a minimum of 10 hours of continuing education within a two (2) year period.

The continuing education must include two hours of professional ethics and state laws and rules update course.

DATA

The district is responsible for establishing and maintaining approximately 10,000 real and personal accounts within Kimble County. The overlapping taxing jurisdiction, Harper ISD, is located in Gillespie County. The overlapping taxing jurisdiction, Mason ISD, is located in Mason County. Kimble County Groundwater Conservation District is located in Kimble County. Hickory Underground Water Conservation District is located in Mason County, and portions of McCulloch, San Saba, Menard, Concho, and Kimble Counties.

The data includes property characteristics, ownership and exemption information. Ownership and legal description is maintained by processing recorded deeds. Exemption data is processed with application requirements as stipulated in the *Texas Property Tax Code*. Letters are sent to both the buyer and seller of property to acquire voluntary sale information to aid in the valuation of property.

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data and aerial photography. The district maintains a website where public information is available concerning general tax information, values, property characteristics, tax rates and downloadable tax forms.

SHARED APPRAISAL DISTRICT BOUNDARIES

The district has established procedures whereby ownership and property data are routinely exchanged within over-lapping boundaries. Kimble CAD submits values to Mason and Gillespie CAD's where they are imported to create a portion of the school districts current tax rolls within their boundaries.

PROPERTY VALUE STUDY

According to Section 5.10 of the *Texas Property Tax Code* and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Assistance Division (PTAD) conducts a biennial property value study (PVS) of each Texas school district and each appraisal district. As part of this biennial study, the code requires the Comptroller to conduct a study to determine the degree of uniformity and the median level of appraisals by the appraisal district within each major category of property. The preliminary results of this study are released February 1 in the year following the year of appraisement. The final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) the following July of each year. This outside ratio study provides additional assistance to the CAD in determining areas of market activity of changing market conditions. After completion of the study the findings will be published. These findings will be distributed to the school district and the appraisal district. There is one (1) independent school district in Kimble County for which appraisal rolls are annually developed. Not including the two (2) overlapping districts that are not studied.

The Property Value Study utilizes statistical analysis of sold properties (sales ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts the reported measures include

median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median and price-related differential (PRD) for properties overall and by state category.

At least once every two years, the comptroller shall review the governance of each appraisal district, taxpayer assistance provided and the operating and appraisal standards, procedures and methodology used by each appraisal district to determine compliance with generally accepted standards, procedures and methodology. This review is the Methods and Assistance Program Review (MAP).

The property value study for Kimble Central Appraisal District will be conducted in odd numbered years. The Methods and Assistance Program Review (MAP) will be conducted in even numbered years.

EXECUTIVE SUMMARY

TAX CODE REQUIREMENT

Passage of S. B. 1652 amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

The Written Plan

Section 6.05, Tax Code, is amended by adding Subsection (i) to read as follows:

(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 of 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.

Plan for Periodic Reappraisal

Subsections (a) and (b), Section 25.18, Tax Code, are amended to read as follows:

(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 the 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.

REVALUATION DECISION

REAPPRAISAL CYCLE

The Kimble CAD, by policy adopted by the Board of Directors, reappraises all property in the district yearly. Each property within the district is physically inspected and/or statistically evaluated which is determined to be a complete appraisal of all properties in the district. Therefore, tax years 2021 and 2022 are both determined to be a reappraisal year.

Kimble CAD has overlapping properties with Mason and Harper School Districts which extend into Kimble County. As per HS 1010, each county (CAD) will appraise the property in their county. The overlapping districts use Kimble CAD valuations.

All taxable property will be appraised at its market value as of January 1, except as otherwise provided by the *Texas Property Tax Code.* The market value of property shall be determined by the application of generally accepted appraisal techniques, and the same or similar appraisal techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property's market value (Sec. 23.01, *Texas Property Tax Code*).

Productivity values will be recalculated on a yearly basis as required by Sec 23.51, *Texas Property Tax Code.*

Personal property will be reviewed each year. Business Personal Renditions, for the use of the commercial property owner, are mailed no later than January 1.

PERFORMANCE ANALYSIS

In each tax year, 2021 and 2022, the previous tax year's equalized values are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within state property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* from the International Association of Assessing Officers. Mean, median, and weighted mean ratios are calculated for properties in each reporting category to measure the level of appraisal (appraisal accuracy). The mean ratio is calculated in each market area to indicate the level of appraisal (appraisal accuracy) by property reporting category. In 2021, the reappraisal year for rural properties in the western part of Kimble County, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2022, the reappraisal year for the City of Junction this analysis is used to indicate the uniformity or equity of existing appraisals.

ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget requirements for tax year 2021 are detailed in the 2021 appraisal district budget, as adopted by the board of directors and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2021 and the anticipated staffing for tax year 2022. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2021 – 2022 time period.

The Board of Directors of the Kimble Central Appraisal District have contracted with Western Valuation and Consulting, LLC to provide expertise towards the appraisal of residential and commercial property including data analysis and cost schedule analysis of the reappraisal plan. They also contracted with Thomas Y. Pickett for the appraisal of Minerals, Industrial, Utilities, and related Personal Property including all the components listed above according to the contract and TYP booklet attached that outlines its reappraisal plan in further detail.

Existing appraisal practices, which are continued from year to year, are identified, and methods utilized, to keep these practices current are specified. In the reappraisal year, real property appraisal depreciation tables are tested against verified sales data to ensure they represent current market data. Personal property values are evaluated and analyzed based on renditions, prior year documentation, and inspections. Depreciation schedules are tested and analyzed. The Comptroller's Guide is utilized to appraise new and/or undocumented personal property and for verification purposes.

Data collection for real properties that are being appraised are recorded in our computer assisted mass appraisal system, referred to as PACs. PACs is developed and maintained by True Automation. A diligent effort is made to make sure the characteristics accurately reflect the current status of a property. The information included in PACs include site characteristics, such as land size and improvement data, such as square foot of improvement area, year built, quality of construction (classification) and condition. Additional characteristics such as number of baths, heating and air conditioning or fireplace will be considered.

The Business Personal Property information that is recorded will be the doing business as name as well as inventory, furniture and fixtures, equipment and machinery and commercial vehicles. A Business Personal Property Rendition is mailed to each existing business by January 1 of each calendar year.

PLANNING AND ORGANIZATION

CALENDAR OF KEY EVENTS

A calendar of key events with critical completion dates is prepared for each area of work. This calendar identifies key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for tax years 2021 and 2022. Production standards for field activities are calculated and incorporated in the planning and scheduling process. The projected dates incorporated into the calendar may be adjusted within the overall plan due to unforeseen changes in staffing, budgetary constraints, weather, and /or reevaluation of the priorities of the projects with the plan.

Periodic and concurrent examination of production standards, goals, and progress in the plan may very well require adjustments to the on-going plan or to the plan for the succeeding year(s). The CAD field staff and the Chief Appraiser, together with the staff provided by both Western Valuation and Consulting, LLC and Thomas Y. Pickett., will work together closely to identify issues that may affect the successful completion of the on-going plan and to resolve them.

2021 REAPPRAISAL YEAR

September 2020

2020 Tax Rates set by entities

October 2020

2021 Field inspections in Roosevelt and surrounding rural areas of Kimble County

2020 Tax Statements mailed

November 2020

2021 Field inspections continue in Roosevelt and surrounding rural areas of Kimble County

December 2020

2021 Field inspections continue in Roosevelt and surrounding rural areas of Kimble County

January 2021

2021 Field inspections continue western Kimble County (dependent on weather conditions)

Homestead Exemption forms mailed to new property owners

Homestead Exemptions verification

1-D-1 Ag application mailed

Business Personal Rendition forms mailed

February 2021

2021 Field inspections continue western Kimble County (dependent on weather conditions)

Homestead Exemption forms processed

1-D-1 Ag applications processed

Send letters to motels for income and expense information

2020 taxes become delinquent

March 2021

2021 Field inspections in western Kimble County to be completed (dependent on weather conditions)

Homestead Exemption forms processed

1-D-1 Ag applications processed

Process Business Personal Property Renditions

Deadline to notify the assessor for each taxing unit in writing of the form the certified roll will be provided to the unit.

April 2021

Process Business Personal Property Renditions

2021 Reappraisal inspections completed (dependent on weather conditions)

	Sales Ratio studies used to adjust schedules
	ARB training to be completed for members and appraisal staff
	Ag Advisory Committee meets
April 1	Mail Notice of Appraised Value to single-family residence that qualifies for an exemption (or as soon as practicable)
April 15	Rendition deadline (unless an extension has been requested and granted)
April 30	Deadline to certify estimated values to taxing units

May 2021

Deadline to file –

May 1	Homestead exemption
May 1	1-D-1 Ag application
May 1	Mail Notice of Appraised Value to taxpayers for all properties - except those valued by contracted appraisal firm (or as soon thereafter as practicable)
May 10	Receive values from contracted appraisal firm (TYP)
May 15	Chief appraiser submits appraisal records to ARB
May 15	Rendition deadline (if extension requested)
May 25	ARB meets to examine the appraisal records (or within 10 days of Chief Appraiser submitting records to ARB)
	Informal value discussions with property owners
	Prepare for ARB

June 2021

June 1	File protest with ARB (or by 30th day after Notice of Appraised Value mailed)
June 15	Submit proposed 2022 budget to CAD board and taxing units

July 2021

July 1-19	2021 ARB Hearings
July 20	ARB approve appraisal records
July 25	Chief appraiser certifies appraisal roll to taxing units

August 2021

August 7	Deadline to publish Effective Tax Rates (as soon as practicable)

September 2021

	2021 Field inspection begin – City of Junction and surrounding rural areas Kimble County
Sept 15	2022 Budget Adopted
Sept 30	Tax Rates set by entities for 2021 Levy Roll

October 2021

	Field inspection continues for 2022 – City of Junction and surrounding rural areas Kimble County
	Mail out AG surveys
	Mail AG/Wildlife Updates
	2021 Tax Statements mailed

November 2021

	Field inspection continues for 2022– City of Junction and surrounding rural areas Kimble County

December 2021

	Field inspection continues for 2022 - – City of Junction and surrounding rural areas Kimble County (dependent on weather conditions)

CALENDAR OF KEY EVENTS

2022 REAPPRAISAL YEAR

January 2022

2022 Field inspections continues –City of Junction and surrounding rural areas Kimble County (dependent on weather conditions)

Homestead Exemption forms mailed to new property owners

Homestead Exemptions verification

1-D-1 Ag application mailed

Business Personal Rendition forms mailed

February 2022

2022 Field inspections continue – City of Junction and surrounding rural areas Kimble County (dependent on weather conditions)

Homestead Exemption forms processed

1-D-1 Ag applications processed

Send letters to motels for income and expense information

2021 taxes become delinquent

March 2022

2022 Field inspections continue – City of Junction and surrounding rural areas Kimble County (dependent on weather conditions)

Homestead Exemption forms processed

1-D-1 Ag applications processed

Process Business Personal Property Renditions

Deadline to notify the assessor for each taxing unit in writing of the form the certified roll will be provided to the unit.

April 2022

Process Business Personal Property Renditions

2022 Reappraisal inspections completed (dependent on weather conditions)

Sales Ratio studies used to adjust schedules

Ag Advisory Committee Meets

April 1	Mail Notice of Appraised Value to single-family residence that qualifies for an exemption (or as soon as practicable)
April 15	Rendition deadline (unless an extension has been requested and granted)
April 30	Deadline to certify estimated values to taxing units

May 2022

Deadline to file –

May 1	Homestead exemption
May 1	1-D-1 Ag application
May 1	Mail Notice of Appraised Value to taxpayers for all properties - except those valued by contracted appraisal firm (or as soon as practicable)
May 10	Receive values from contracted appraisal firm
May 15	Chief appraiser submits appraisal records to ARB
May 15	Rendition deadline (if extension requested)
May 25	ARB meets to examine the appraisal records (or within 10 days of Chief Appraiser submitting records to ARB)

Informal value discussions with property owners

Prepare for ARB

June 2022

June 1	File 2022 protest with ARB (or by 30th day after Notice of Appraised Value mailed)
June 15	Submit proposed 2023 budget to CAD board and taxing units

July 2022

July 1-19	ARB Hearings
July 20	ARB approve 2022 appraisal records
July 25	Chief appraiser certifies 2022 appraisal roll to taxing units

August 2022

August 7	Deadline to publish Effective Tax Rates

September 2022

Sept 1	20223 inspection of rural property begins
Sept 15	2023-2024 Reappraisal Plan adopted
Sept 15	2023 Budget adopted
Sept 30	2022 Tax Rates set by entities

October 2022

Field inspection continues for 2023 for rural properties – London and surrounding rural areas Kimble County

Mail AG Surveys

Mail AG/Wildlife Updates

2022 Tax Statements mailed

November 2022

Field inspection continues for 2023 for rural properties located - London and surrounding rural areas Kimble County

December 2022

Field inspection continues for 2023 for rural properties - London and surrounding rural areas Kimble County (dependent on weather conditions)

MASS APPRAISAL SYSTEM

Computer Assisted Mass Appraisal (CAMA) system revisions are completed and scheduled with True Automation, Inc.

DATA COLLECTION REQUIREMENTS

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 of at least every three (3) years, as specified by the International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property*. The re-inspection includes the physical viewing of the property and verifying the accuracy of the existing data. The field appraiser has an appraisal card for each property and makes notes of changes in condition, depreciation, additions or demolitions.

PILOT STUDY

New and/or revised mass appraisal models are tested on randomly selected market areas. These modeling tests (sales ratio studies) are conducted each tax year. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and model calibration are in compliance with *Uniform Standards of Professional Appraisal Practice*, STANDARD RULE 6.

VALUATION BY TAX YEAR

Using market analysis of comparable sales, valuation models are specified and calibrated in compliance with the supplemental standards from the International Association of Assessing Officers and the *Uniform Standards of Professional Appraisal Practice*. The calculated values are tested for accuracy and uniformity using ratio studies, a generic term for sales-based studies designed to evaluate appraisal performance. Performance standards are those as established by the *IAAO Standard on Ratio Studies*. Property values in all market areas are updated each reappraisal year. Tax year 2021 & 2022 are reappraisal year.

THE MASS APPRAISAL REPORT

Each tax year the USPAP required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6-8 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6-9 OF USPAP.

VALUE DEFENSE

NOTICE PROCESSING

In compliance with Sec 25.19 of the Texas Property Tax Code, Appraisal Notices are sent to owners of single-family residences by April 1, or as soon as practicable and all other property owners by May 1, or as soon thereafter as practicable. True Automation Inc. provides the notice forms with updates and changes required by legislative mandate.

Kimble CAD publishes, in county newspapers, information about the notices and how to protest. The district makes available the latest copy of the Comptroller's pamphlet *Property Taxpayer Remedies*

HEARING PROCESS

Protest hearing scheduling for Appraisal Review Board hearings are reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process and requirements.

APPRAISAL ACTIVITIES

APPRAISAL RESPONSIBILITIES

The field appraiser is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. For all types of property, the appraiser must determine the "highest and best use" of the property. The market value of a residence homestead shall be determined on the basis of the value as a residence, regardless of what is considered to be the "highest and best use" of the property. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, land and building characteristics. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The appraisal opinion of value, for all property located in the district, is reviewed and evaluated each year.

APPRAISAL RESOURCES

Personnel – The appraisal activities are conducted by two (2) appraisers who are on the appraisal district staff. Contracted inspections are performed by appraisers who are employed by a firm(s) specializing in the appraisal of real property including but not limited to utilities, railroad, industrial and elevators.

Data – The data used by the field appraiser includes the existing property characteristic information contained in CAMA (Computer Assisted Mass Appraisal System) from the districts computer system. The data is uploaded to True Automations PACS mobile application on one of two I-PADS belonging to the district. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review. Other data used includes maps, sales data, photos and market information. The district attempts to gather information from both buyers and sellers participating in the real estate market.

DATA COLLECTION / VALIDATION

Data collection of real property involves maintaining data characteristics of the property on CAMA. The information contained in CAMA includes site characteristics, such as land size and improvement data, such as square footage of living area, year built (if available), quality of construction and condition. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The type of information contained in the business personal property file includes personal property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and year acquired.

SOURCES OF DATA

The sources of data collection are through property inspection, new construction field effort, hearings, sales validation surveys and property owner correspondence.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to allow correction of records without having to send an appraiser on-site. As the district has increased the amount of information available on the internet, property owners have the opportunity to review information on their property and forward corrections via e-mail. For the property owner without access to the internet, letters are sometimes submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and inspected at the earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal, and is stressed throughout the process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

DATA MAINTENANCE

The field appraiser is responsible for the delivery of the data to be entered into the computer file. This responsibility includes not only the data to be entered, but quality assurance. Data updates and file modification for property descriptions and input accuracy is the responsibility of the field appraiser and appraisal supervisor.

FIELD REVIEW

The date of last inspection and the appraiser responsible are listed on the CAMA record or property card. If a property owner, or jurisdiction, dispute the district's records concerning this data during a hearing, via a telephone call or other correspondence received, the record may be corrected based on the evidence provided or an on-site inspection may be conducted. Typically, a field inspection is requested to verify this information for the current year's valuation or for the next year's valuation.

PERFORMANCE TEST

The property appraisers are responsible for conducting ratio studies and comparative analysis. Ratio studies are conducted on property located within cities, school districts or subdivisions by appraisal staff. The sale ratio and comparative analysis forms the basis for determining the level of appraisal and market influences and factors for the area. This information is the basis for updating property valuation for the entire area of property to be evaluated. A field appraiser, in many cases, may conduct field inspections to insure the accuracy of the property descriptions at the time of sale for this study. This inspection is to insure that the ratios produced are accurate for the property sold and that appraised values utilized in the study are based on accurate property data characteristics observed at the time of sale. Also, property inspections are performed to discover if property characteristics had changed as of the sale date or subsequent to the sale date. Sale ratios should be based on the value of the property as of the date of sale not after a subsequent or substantial change was made to the property after the negotiation and agreement in price was concluded. Properly performed ratio studies are a good reflection of the level of appraisal for the district.

PILOT STUDY

New and/or revised mass appraisal models are tested on randomly selected market areas. These modeling tests (sales ratio studies) are conducted each tax year. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and model calibration are in compliance with *Uniform Standards of Professional Appraisal Practice*, STANDARD RULE 6.

APPRAISAL MODEL
(CALCULATIONS)

IMPROVEMENT

Segment
Square feet X Unit Price + Improvement features = Value
Value X Adj = Adj Value (per segment)

NOTE: Improvement Features will only be added to the Main Area Segment

Total Improvement
Total adj value X NBHD% = Improvements (in the upper righthand corner of the appraisal card)

HOMESTEAD CAP

Prior year Total Assessed Value x 10% = Cap

Prior year Total Assessed Value + Cap = Homestead Capped Value for the current year.

KIMBLE CENTRAL APPRAISAL DISTRICT
2021 – 2022 REAPPRAISAL PLAN

RESIDENTIAL PROPERTY

1. The Kimble CAD shall identify properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, photographs, satellite imagery, surveys, maps and property sketches. For the 2021 tax year, a reappraisal year, the field appraiser will inspect all properties in the Roosevelt and surrounding areas in the district.
2. The Kimble CAD shall identify and update relevant characteristics, such as re-model, addition or demolition of each property in the appraisal records each year.
3. The Kimble CAD shall define market areas within the appraisal district. The first step in the analysis is to identify a group of properties that share certain common traits. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. The typical market areas are defined by the city limits of the City of Junction. Rural residential market areas are typically defined by the Junction ISD boundary. Category A properties are typically located within the city limits of the City of Junction and Community of London. Category E properties are located in the rural areas of Kimble County and encompass the entire county. The process is known as delineation. Some factors used in market area delineation include location, sales price range, lot size, and age of dwelling, quality of construction and square footage of living area. Residential market areas in all school districts have been divided between properties within city limits and rural residential properties.
4. The Kimble CAD shall identify property characteristics that affect property value in each market area, including:
   a) the location and market area of property;
   b) physical attributes of the property, such as size, age, and condition;
   c) legal and economic attributes;
   d) Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions.
5. The Kimble CAD shall develop 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. The Kimble CAD shall apply conclusions reflected in the model to the characteristics of the properties being appraised; and
7. Review the appraisal results to determine value.

RESIDENTIAL CLASS DESCRIPTIONS

CLASS RS1F

Frame. Low quality. Very cheaply constructed. Small box or single wall structure of inferior materials. Poor workmanship. One Bathroom with low cost fixtures.

Foundation – piers, blocks or post of wood or masonry.
Exterior wall – Low grade wood, composition or asbestos shingles
Roof – Corrugated metal, roll roofing or light composition with minimum eaves
Windows – Few plain windows
Electrical – Few electrical outlets
Garage / carport – No garage.
General – Square or rectangle with 400 – 800 square feet of living area.

CLASS RS2F

Frame. Fair quality. Low cost structure. Fair quality materials and workmanship. One bath with standard fixtures. Central heat and air conditioning computed as an additive.

Foundation – Light concrete slab or pier and beam.
Exterior wall – Inexpensive wood, aluminum siding, stucco or asbestos shingles
Roof – Light wood shingle, light composition shingles or metal
Windows – Few plain wooden or inexpensive metal windows.
Doors – Panel or hollow-core doors
Plumbing – One bath
Heating – Wall heater or floor furnace
Electrical – Adequate outlets
Garage / carport – one car garage or carport
General – Square or rectangle with 800 – 1200 square feet of living area.
Fireplace – Compute as additive.

CLASS RS3F

Frame. Average quality. Average construction, materials and workmanship. Pre-fabricated components. 2 bathrooms with average quality fixtures. Fireplace computed as an additive.

Foundation – Concrete slab or pier and beam.
Exterior wall – Good wood siding, asbestos shingles or stucco. Some brick or rock trim.
Roof – Metal roof, wood shingles or medium weight composition shingles
Windows – Standard wood or aluminum windows
Doors – Medium grade panel or hollow-core doors
Plumbing – Two baths
Heating & A/C - Standard
Electrical – Ample electrical outlets
Garage / Carport – One or two car garage or carport
General – L shape or other variation from rectangle with 1000 – 1800 square feet of living area
Fireplace – Compute as additive

CLASS RS4F

Frame. Good quality. Builder / architect designed. Above average materials and workmanship. Up to date features with some built-ins. 2 bathrooms with custom fixtures. Fireplace standard.

Foundation – Heavy concrete slab or pier and beam
Exterior wall – Good wood siding or stucco. Often brick front wall
Roof – Good metal roof, good wood shingles, heavy composition shingles, asbestos.
Windows – Good wood or metal windows
Doors – Good panel or slab hardwood doors
Plumbing – Two baths
Heating & A/C – Standard
Electrical – More than ample outlets
Garage / Carport – Two car garage or carport
General – L, U or H shape with 1600 – 2400 square feet of living area
Fireplace - Standard

CLASS RS5F

Frame. Fine quality. Custom built, architect designed. Very good workmanship and materials. Built-in features. 3 or more bathrooms with custom fixtures. Fireplace standard.

Foundation – Reinforced concrete slab or heavy pier and beam
Exterior wall – Select wood siding or very good stucco.
Roof – Good metal roof, wood shake, heavy asbestos or tile.
Windows – Good wood or metal windows
Doors – Hardwood slab high quality doors
Plumbing – Three baths
Heating & A/C – Standard
Electrical – More than ample outlets
Garage / Carport – Two or three car garage
General – Irregular shape with more than 2000 square feet of living area
Fireplace - Standard

CLASS RS1M, 2M

Brick Veneer. Fair quality. Low cost structure. Fair quality materials and workmanship. One bathroom with standard fixtures. Central heat and air conditioning computed as an additive.

Foundation – Light concrete slab or pier and beam.
Exterior wall – Low cost brick or concrete block
Roof – Light wood shingle, light composition shingles or metal
Windows – Few plain wooden or inexpensive metal windows.
Doors – Panel or hollow-core doors
Plumbing – One bath
Heating – Wall heater or floor furnace
Electrical – Adequate outlets
Garage / carport – one car garage or carport
General – Square or rectangle with 800 – 1200 square feet of living area.
Fireplace – Compute as additive

CLASS RS3M

Brick Veneer. Average Quality. Average construction, materials and workmanship. Pre-fabricated components. 2 bathrooms with average quality fixtures. Fireplace computed as an additive.

Foundation – Concrete slab or pier and beam.
Exterior wall – Inexpensive brick or stone
Roof – Metal roof, wood shingles or medium weight composition shingles
Windows – Standard wood or aluminum windows
Doors – Medium grade panel or hollow-core doors
Plumbing – Two baths
Heating & A/C - Standard
Electrical – Ample electrical outlets
Garage / Carport – One or two car garage or carport
General – L shape or other variation from rectangle with 1000 – 1800 square feet of living area
Fireplace – Compute as additive

CLASS RS4M

Brick Veneer. Good quality. Builder / architect designed. Above average materials and workmanship. Up to date features with some built-ins. 2 bathrooms with custom fixtures. Fireplace standard.

Foundation – Heavy concrete slab or pier and beam
Exterior wall – Good brick or stone
Roof – Good metal roof, good wood shingles, heavy composition shingles, asbestos.
Windows – Good wood or metal windows
Doors – Good panel or slab hardwood doors
Plumbing – Two baths
Heating & A/C – Standard
Electrical – More than ample outlets
Garage / Carport – Two car garage or carport
General – L, U or H shape with 1600 – 2400 square feet of living area
Fireplace - Standard

CLASS RS5M, 6M

Brick Veneer. Fine quality. Custom built, architect designed. Very good workmanship and materials. Built-in features. 3 or more bathrooms with custom fixtures. Fireplace standard.

Foundation – Reinforced concrete slab or heavy pier and beam
Exterior wall – Select wood siding or very good stucco.
Roof – Good metal roof, wood shake, heavy asbestos or tile.
Windows – Good wood or metal windows
Doors – Hardwood slab high quality doors
Plumbing – Three baths
Heating & A/C – Standard
Electrical – More than ample outlets
Garage / Carport – Two or three car garage
General – Irregular shape with more than 2000 square feet of living area
Fireplace - Standard

KIMBLE CENTRAL APPRAISAL DISTRICT
2021 – 2022 REAPPRAISAL PLAN

COMMERCIAL PROPERTIES

1. The Kimble CAD shall identify properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, photographs, surveys, maps and property sketches. For the 2021 tax year, a reappraisal year, the field appraiser will inspect all commercial properties in the district.
2. The Kimble CAD shall identify and update relevant characteristics, such as re-model, addition or demolition of each property in the appraisal records each year.
3. The Kimble CAD shall contract with an appraisal firm including converting unit cost schedules and classifications.
4. The Kimble CAD shall define market areas within the appraisal district. The first step in the analysis is to identify a group of properties that share certain common traits. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. The process is known as delineation. Some factors used in market area delineation include location, sales price range, lot size, and age of dwelling, quality of construction and square footage of living area.
5. The Kimble CAD shall identify property characteristics that affect property value in each market area, including:
    a. the location and market area of property;
    b. physical attributes of the property, such as size, age, and condition;
    c. legal and economic attributes;
    d. easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions.
6. The Kimble CAD shall develop 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.
7. The Kimble CAD shall apply conclusions reflected in the model to the characteristics of the properties being appraised; and
8. Review the appraisal results to determine value.

COMMERCIAL CLASS DESCRIPTIONS

CONSTRUCTION CLASSES

Fire Resistive

Buildings with frame of heavy structural steel or reinforced concrete or other masonry, including glass or pre-formed metal panels. Floors and roof of concrete or equivalent material.

Masonry

Buildings with walls of brick, concrete block, other masonry or concrete floors of wood or concrete slab on round. Roof of wood or light material including metal.

Frame

Buildings with walls of wood, masonry veneer on wood or metal. Floors of wood or metal.

QUALITY OF CONTRUCTION

Low Quality

Buildings in this group are constructed to meet a need for space or to provide income with the lowest possible investment. Basic design and lacking in decorative features, their overall appearances reflect little concern for aesthetics. Interior partitioning, plumbing and electrical fixtures are minimal and low cost.

Average Quality

Buildings are constructed to meet good building codes and designed for maximum economic return on investment. Most common in average communities, their appearance reflects a slight effort to make the building attractive beyond functional design.

Good Quality

Buildings are constructed to meet good building codes and designed to reflect pride of ownership or occupancy. There is more ornamentation of the exteriors and the interiors are designed for aesthetics as well as function. Lighting, heating ventilation and air conditioning are usually better quality.

Excellent Quality

Buildings are constructed for prestigious purposes. Owner or occupants wish to present a particular image to the public and are willing to pay the added cost of enhancing and maintain the property. Materials and workmanship are of the best quality and there are many expensive plumbing and electrical fixtures.

IMPROVEMENT CLASSIFICATIONS

Apartment	Improvement	Quonset	Warehouse
Bank	Industrial	Restaurant	
Barn	Medical	School	
Dry	Motel	Stable	
Garage	Office	Store	
Hog Shed	PLT	Service Station	

KIMBLE CENTRAL APPRAISAL DISTRICT
2021 – 2022 REAPPRAISAL PLAN

BUSINESS PERSONAL PROPERTIES

1. The Kimble CAD shall identify properties to be appraised through physical inspection or by other reliable means of identification, including local newspapers, sales tax permits issued by the Comptroller's office and submissions by the owner. All business personal properties are appraised each year.
2. The Kimble CAD shall identify and update relevant characteristics of each property in the appraisal records.
3. The Kimble CAD shall define market areas within the appraisal district.
4. The Kimble CAD shall identify 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 age and condition
    c. legal and economic attributes; and
    d. leases, contracts declarations, special assessments or legal restrictions.
5. The Kimble CAD shall develop 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. The Kimble CAD shall apply conclusions reflected in the model to the characteristics of the properties being appraised; and
7. Review the appraisal results to determine value.

KIMBLE CENTRAL APPRAISAL DISTRICT
2021 – 2022 REAPPRAISAL PLAN

VACANT LAND AND LAND DESIGNATED FOR AGRICULTURAL USE

1. The Kimble CAD shall identify properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, photographs, surveys and maps. Productivity value for qualifying open-space land is calculated yearly.
2. The Kimble CAD shall contract with an appraisal firm to appraise vacant lots and land designated for agricultural use which includes calculation of productivity value.
3. The Kimble CAD shall identify and update relevant characteristics of each property in the appraisal records.
4. The Kimble CAD shall define market areas within the appraisal district. The first step in this analysis is to identify a group of properties that share certain common traits.
5. The Kimble CAD shall identify 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, shape and topography
    c. legal and economic attributes; and
    d. easements, covenants, leases, reservations, contract, declarations, special assessments, ordinances, or legal restrictions.
6. The Kimble CAD shall develop 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. Section 23.52 (a) of the Texas Property Tax Code states: "The appraised value of qualified open-space land is determined on the basis of the category of the land, using accepted income capitalization methods applied to average net to land". To determine that value, appraisal districts must calculate the typical property owner's income that is generated by the land after certain expenses have been paid – commonly known as net-to-land per acre. The Property Tax Code then requires the appraisal district to divide the average net-to-land per acre, for a five-year period, by the annual cap rate. Section 23.53, Property Tax Code, requires the district to use a cap rate that is the greatest of either 10 percent or the interest rate charged on the previous December 31 by the Farm Credit Bank of Texas plus 2.5 percent. The information for this calculation is obtained from:
    - Texas Agricultural Statistics Service
    - Texas Agricultural Extension Service
    - Farm Service Agency
7. The Kimble CAD shall apply conclusions reflected in the model to the characteristics of the properties being appraised; and
8. Review the appraisal results to determine value.

KIMBLE CENTRAL APPRAISAL DISTRICT
2021 – 2022 REAPPRAISAL PLAN

UTILITY AND PIPELINE PROPERTY

1. The Kimble CAD shall identify properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, photographs, surveys and maps. The appraiser may also refer to other documents, both public and confidential to assist in identification of these properties. Values for utility and pipeline properties will be calculated yearly.
2. The Kimble CAD shall contract with an appraisal firm that specializes in the valuation of utility and pipeline property.
3. The Kimble CAD shall identify and update relevant characteristics of each property in the appraisal records.
4. The Kimble CAD shall define market areas for the utility and pipeline property which tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
5. The Kimble CAD shall identify property characteristics that affect property value in each market area, first by determining highest and best use. Among the three approaches to value (cost, income and market), pipeline value is calculated using a replacement/reproduction cost new less depreciation (RCNLD) model. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility and railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.
6. The Kimble CAD considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

KIMBLE CENTRAL APPRAISAL DISTRICT
2021 – 2022 REAPPRAISAL PLAN

INDUSTRIAL PROPERTY

1. The Kimble CAD shall identify industrial properties to be appraised through physical inspection and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
2. The Kimble CAD shall contract with an outside appraisal firm that specializes in the appraisal of industrial property.
3. The Kimble CAD shall identify and update relevant characteristics of each property in the appraisal records. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
4. The Kimble CAD shall define market areas for the industrial property which tend to be regional, national and sometimes international in scope. Published information such as prices, financial analysis and investor services reports are used to help define market area.
5. The Kimble CAD shall identify property characteristics that affect property value in each market area, first by determining highest and best use. Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement / reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also by used.
6. The Kimble CAD considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to year property value changes for the subject property are examined using computer assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

KIMBLE CENTRAL APPRAISAL DISTRICT
2021 – 2022 REAPPRAISAL PLAN

INDUSTRIAL PERSONAL PROPERTY

1. The Kimble CAD shall identify industrial properties to be appraised through physical inspection and through submitted data by the property owner. The appraiser may also refer to legal documents, both public and confidential to assist in the 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.
2. The Kimble CAD shall contract with an appraisal firm that specializes in the appraisal of industrial personal property.
3. The Kimble CAD shall identify and update relevant characteristics of each property as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
4. The Kimble CAD shall define market areas for the industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.
5. The Kimble CAD shall identify property characteristics that affect property value in each market area. Personal property is appraised using replacement / reproduction cost new less depreciation models. Income approach models are used when economic and / or subject property income is available, and a market data model is used when appropriate market sales information is available.
6. The Kimble CAD reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

LIMITING CONDITIONS

The appraised value estimates provided by the district are subject to the following conditions:

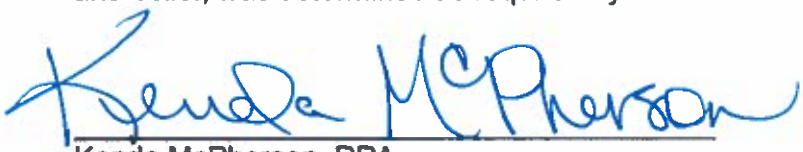
1. The appraisals were prepared exclusively for ad valorem tax purposes.

2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed.

3. Validation of sales transactions was attempted through questionnaires to buyer and seller.

CERTIFICATION STATEMENT:

"I, Kenda McPherson, Chief Appraiser for the Kimble County Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."



Kenda McPherson, RPA
Chief Appraiser

(a) WESTERN ONE-THIRD PORTION FOR 2021

KIMBLE COUNTY

McKEGAN DRAW NE	RUST RANCH	JULIO DRAW	BREWER HOLLOW	LONDON	SHEEP RUN CREEK	
McKEGAN DRAW	STARK CREEK	ELM SLOUGH	BIG DRAW	YATES	MONUMENT MOUNTAIN	
ROOSEVELT	BAILEY CREEK	JUNCTION	SEGOVIA	TOBE BRANCH	NOXVILLE	THE FALLS
HILL RANCH	TELEGRAPH	JUNCTION SE	ALLEN CREEK	MUDGE DRAW	OLD NOXVILLE	HARPER WEST

MAP ID'S; 1,2,3,4,7,8,9,10,13,14,20,21

(b) CENTER ONE-THIRD PORTION AND CITY OF JUNCTION FOR 2022 KIMBLE COUNTY

McKEGAN DRAW NE	RUST RANCH	JULIO DRAW	BREWER HOLLOW	LONDON	SHEEP RUN CREEK	
McKEGAN DRAW	STARK CREEK	ELM SLOUGH	BIG DRAW	YATES	MONUMENT MOUNTAIN	
ROOSEVELT	BAILEY CREEK	JUNCTION	SEGOVIA	TOBE BRANCH	NOXVILLE	THE FALLS
HILL RANCH	TELEGRAPH	JUNCTION SE	ALLEN CREEK	MUDGE DRAW	OLD NOXVILLE	HARPER WEST

(c) EASTERN ONE-THIRD PORTION FOR 2023 KIMBLE COUNTY

McKEGAN DRAW NE	RUST RANCH	JULIO DRAW	BREWER HOLLOW	LONDON	SHEEP RUN CREEK	
McKEGAN DRAW	STARK CREEK	ELM SLOUGH	BIG DRAW	YATES	MONUMENT MOUNTAIN	
ROOSEVELT	BAILEY CREEK	JUNCTION	SEGOVIA	TOBE BRANCH	NOXVILLE	THE FALLS
HILL RANCH	TELEGRAPH	JUNCTION SE	ALLEN CREEK	MUDGE DRAW	OLD NOXVILLE	HARPER WEST

MAP ID'S; 5,6,11,12,17,18,19,24,25,26

Kimble Central Appraisal District

Oil and Gas Reserves
2021-22 Appraisal Procedures and Reappraisal Plan

August 3, 2020

by

Thomas Y. Pickett & Company, Inc.

APPRAISAL PROCEDURES & REAPPRAISAL PLAN

OIL AND GAS RESERVES

Executive Summary

- Thomas Y. Pickett & Co., Inc. ("Thomas Y. Pickett" or "Pickett") annually reappraises all producing mineral leases within the CAD's boundaries using a Discounted Cash Flow ("DCF") methodology;
- Thomas Y. Pickett uses the Comptroller's Manual for Discounting Oil and Gas Income pursuant to Tax Code Section 23.175;
- Thomas Y. Pickett determines oil and gas prices in accordance with Tax Code Section 23.175;
- Thomas Y. Pickett's written procedures for identifying new properties are included herein.

Overview

Oil and gas reserves consists of interests in subsurface mineral rights. Thomas Y. Pickett & Co. is contracted to reappraise this type of property annually for the appraisal district. 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 appraisal results will be used as the tax base upon which a property tax will be levied. Each mineral interest is listed on the appraisal roll separately from other interests in the mineral in place in conformance with the Texas Property tax Code Sec. 25.12. A listing of the oil and gas properties appraised by Pickett for the appraisal district shall be made available at the appraisal district office. Subsurface mineral rights are not susceptible to physical inspection. This condition creates the need to invoke the Departure Provision as required by the Standards Rule

6-7 (f) comment of the Uniform Standards of Professional Practice. However, the inability to physically examine the property does not affect the appraisal process or the quality of the results. The appraisal district is aware of this limiting condition and agrees that it is appropriate.

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; the Texas Comptroller's Manual for Discounting Oil and Gas Income; other reports described in the Texas Property Tax Code; 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 the Texas Property Tax Code.

Pickett's oil and gas appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Oil and gas appraisal staff stays abreast of current trends affecting oil and gas properties through review of published materials, attendance at conferences, course work and continuing education. All oil and gas appraisers are registered with the Texas Department of Licensing and Regulation, (formerly, the Texas Board of Tax Professional Examiners).

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 required 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 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 have been obtained by members of Thomas Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.

Property Discover and Data Collection Process

Mineral properties are identified and appraised based on their Railroad Commission Identification Number (RRCID). Upon completion of a new well, a Completion Report must be submitted to the Railroad Commission (RRC). The RRC then issues a RRCID. Production from that property is reported by RRCID. Periodically, wells are completed and start producing prior to being issued a RRCID. The production from these wells still must be reported to the RRC and are usually reported by Drilling Permit Number (DP). Since mineral properties are appraised using a Discounted Cash Flow analysis, production data is required to do the analysis. The RRC is the primary source of that data.

Procedure:

1. At the beginning of the year, the RRC database is searched for new wells that started producing prior to January 1 of the appraisal year. These wells are identified by RRCID or Drilling Permit (DP) number and added to the mineral appraisal database for the county. A well is considered to have value as of January 1 if it has reported production prior to that date, has filed a completion report showing completion prior to that date, or was perforated into a producing formation which showed the presence of oil or gas prior to January 1.

2. Completion reports and plats are retrieved from the RRC to identify the location of the producing wells. These locations are cross-referenced with jurisdictional maps to establish situs.

3. Division of Interest (DOI) statements are requested from the operator of the well to establish working and royalty interests.

4. Additional reviews of the RRC database are done periodically during the year to identify any wells that may have been added to the RRC database after the first of the year, but were completed prior to January 1 of the appraisal year. New producing wells identified after the appraisal period are supplemented, going back up to five years.

Other appraisal data on the subject properties are collected from required regulatory reports from the Texas Railroad Commission and the Texas Comptroller of Public Accounts and by the property owner. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data are 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 oil and gas properties there is no standard data collection form or manual.

Valuation Approach and Analysis

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period, or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

All oil and gas interest values are arrived at through an appraisal of the whole property. Each fractional interest is then assigned a value on the basis of its relative share of expenses, income

and the value of the operating equipment. Multiple producing zones in the same well may be treated as separate properties.

Oil and gas properties are principally appraised through the income approach to value. Specifically, the discounted cash flow (DCF) technique is used almost exclusively. The almost exclusive reliance on income approach methods, adjusted for risk and market conditions, is typical of the oil and gas industry in dealings between buyers and sellers as well as in single-property appraisals. A mineral property's intrinsic value is derived from its ability to generate income by producing oil and/or gas reserves.

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 revenue stream to reflect the individual characteristics of the subject property. The DCF model is also calibrated through the use of lease operating expenses that reflect the individual characteristics of the subject property.

A jurisdictional exception to the DCF model, as this process is described in the Statement on Appraisal Standards No. 2 of the Uniform Standards of Professional Appraisal Practice, must be taken. Section 23.175 (a) of the Texas Property Code specifies that the price of oil and gas used for the first year of the DCF analysis must be the monthly average price of the oil and gas received from the interest for the preceding year multiplied by a market condition factor as promulgated by the Texas Comptroller's office. Furthermore, the prices used for succeeding years are based upon escalation factors also stipulated by the Texas Comptroller's office.

Highest and best use analysis of the oil and gas reserves is based on the likelihood of the continued use of the reserves in their current 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

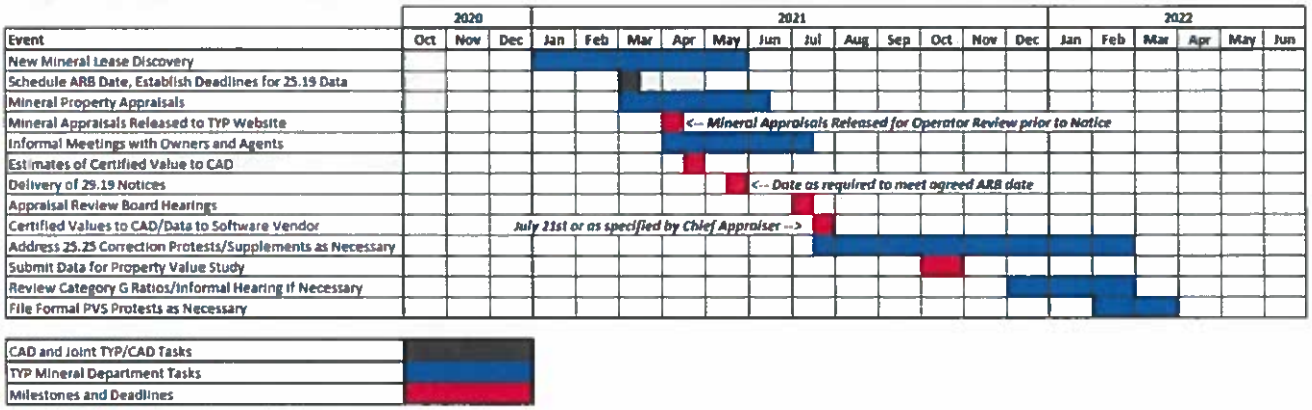
Review of appraisals is performed through a comparison of income indicators and compliance with Section 23.175 of the Texas Property Tax Code. A review of property values with respect to year-to-year changes and with respect to industry-accepted income indicators is conducted annually. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent and often the sales conditions are not made public for the sales that do occur.

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. Finally, Pickett's mineral appraisal methods and procedures are subject to review by the Property Tax Assistance Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Thomas Y. Pickett & Company, Inc.

Reappraisal Timeline 2020



Kimble Central Appraisal District

Industrial Property
2021-22 Appraisal Procedures and Reappraisal Plan

August 3, 2020

by

Thomas Y. Pickett & Company, Inc.

SUMMARY REVALUATION PROGRAM REPORT

INDUSTRIAL PROPERTY

Overview

Industrial property consists of processing facilities and related personal property. Thomas Y. Pickett & Co., Inc. ("Thomas Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. 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 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 (c) Comment of the Uniform Standards of Professional Appraisal Practice. A listing of the industrial properties appraised by Pickett for the appraisal district is available at the appraisal district office. Industrial properties are re-appraised annually. Properties are inspected annually where necessary and at least bi-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.

Pickett'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 Board of Tax Professional Examiners.

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 required 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 have been obtained by members of Thomas Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.
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.

Discovery Process and Procedures

Data 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 that 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

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period, or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

Industrial properties are generally 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 almost always considered and used. If sufficient data is available, either or both of the other two models are considered and may be used. The market data and income approach models must 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.

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 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 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 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. Finally, Pickett's industrial appraisal methods and procedures are subject to review by the Property Tax Assistance Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Kimble Central Appraisal District

Utilities Property
2021-22 Appraisal Procedures and Reappraisal Plan

August 3, 2020

by

Thomas Y. Pickett & Company, Inc.

APPRAISAL PROCEDURES AND REAPPRAISAL PLAN

UTILITY, RAILROAD AND PIPELINE PROPERTIES

Overview

Utility, railroad, and pipeline properties consists of operating property, excluding land, owned by utility, railroad and pipeline companies and related personal property and improvements. Thomas Y. Pickett & Co., Inc. ("Thomas Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. 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.

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 (c) Comment of the Uniform Standards of Professional Appraisal Practice 2004. A listing of the utility, railroad and pipeline properties appraised by Pickett for the appraisal district is available at the appraisal district office. All properties are reappraised annually. 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.

Pickett'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 Board of Tax Professional Examiners.

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 required 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 have been obtained by members of Thomas Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.
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.

Discovery Procedures and Data Collection

Data 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 that 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

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period, or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

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 property.

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 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 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. Appraisal results are tested annually by the Property Tax Assistance Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Appendix A

Resumes

Thomas. Y. Pickett & Company, Inc.

JOSH BUDOWSKY
Industrial/Utilities Appraiser

EXPERIENCE

Thomas. Y. Pickett & Company, Inc. (Dallas) Property Tax Appraiser	2 Years
Baker Hughes Inc. Sales Manager	9 Years
Aviall Service Inc. Account Executive	2 Years
Bud Oil Company Production Technician	5 Years
Oklahoma State University Bachelors of Business Administration Marketing Management of Information Systems	4 Years

QUALIFICATIONS

Performs industrial evaluations on complex manufacturing sites as well as energy production, energy transmission, and pipeline systems in various states. He is also responsible for evaluation of clean renewable energy production systems; such as solar power and wind power. He is experienced in the oil and gas industry after spending nine years at a service company, giving him exposure to all high-profile production fields across the United States. This experience included enhancements to the drilling and completions of complex and challenging oil and gas wells. He was solely responsible for the increase of revenue and profits while directing the sales and operations in the Southern region for Baker Hughes.

EDUCATION/LICENSES

B.A. in Business Marketing – Oklahoma State University
B.A. in MIS – Oklahoma State University
Property Tax Appraiser - State of Texas - License #75123

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

STEPHEN B. CAMPBELL

President

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	15 Years
Business valuation and consulting	7 Years
Schlumberger Well Services	2 Years
Field Engineer	

QUALIFICATIONS

Mr. Campbell performs mineral appraisals in Texas and complex industrial property appraisals in Texas and other states. Mr. Campbell has extensive domestic and international energy industry experience including previous valuation assignments of producing properties, upstream, mid-stream processing and transportation, downstream, oil field service businesses, and petrochemical and refining. He has significant experience in the valuation of tangible assets. He has been involved in numerous assignments for property tax, income tax, litigation, financial reporting, and lending purposes. Mr. Campbell has also completed many engagements involving capitalization rate studies and the valuation of intangible assets. Mr. Campbell manages the Minerals Department in Dallas and directs all company operations.

EDUCATION/LICENSE

Master of Business Administration – University of North Texas – Denton, Texas

B.S. in Mechanical Engineering – Baylor University – Waco, Texas

Registered Professional Appraiser– State of Texas #68355

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

LEONARD B. AMENT
Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	9 Years
Industrial / Manufacturing	24 Years

QUALIFICATIONS

Mr. Ament has over twenty years experience in Industrial, Commercial and Oilfield Service and Manufacturing Industries. During this time frame he has worked with a variety of equipment and processes from the manufacturing of drilling rig components, chemical mixing and packaging, high-speed electronics assembly, to managing a portable air conditioning rental and sales company. Mr. Ament brings valued experience in a variety of industries. He joined Thomas Y Pickett in 2007 as an Industrial Appraiser. He inspects and appraises SWD (taxable) and other facilities in North Dakota.

EDUCATION

Mechanical Drawing, Electrical Appliance Repair, DECA
Brookhaven Community College
Comprehensive User Course on Phillips Gem Series Surface Mount Machines
Registered Professional Appraiser – State of Texas # 72436

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

ROBERT T. (BOB) LEHN
Vice President

Experience

Thomas Y. Pickett & Company, Inc. (Dallas)	27 Years
Purvin & Gertz, Inc. (Dallas & London) Associate	1 Year
Hadson Gas Systems, Inc. (Houston, Dallas & London) Manager – Projects & Facilities (Dallas) Director – Gas Supply & Transportation (London)	4 Years
Muse, Stancil & Company (Dallas) Consultant	2 Years
Amoco Production Company (USA) (Chicago, Corpus Christi, Houston) Staff Plant Engineer	8 Years

Qualifications

Mr. Lehn performs industrial valuations of railroad, pipeline, gas gathering and processing facilities and of many other complex manufacturing sites in various states. He is experienced in domestic and in international energy project management. This experience included performing economic evaluations with consideration to environmental and regulatory issues. Reports to senior management of operating companies and to governmental agencies were made. Prior to T.Y. Pickett, as a consultant, he performed fair market valuations and physical asset appraisals of large gas plants and pipelines as well as other facilities. Mr. Lehn continues appraising these facilities, along with others, including paint pigment, explosives and agrichemical (fertilizer, pesticides, ethanol) and petrochemical plants. Mr. Lehn's previous and current refinery appraisal assignments include sites in the following states: Kansas, Mississippi, North Dakota, Oklahoma, Texas and Wyoming. Expert testimony has been provided on several refineries and on other special purpose properties to Boards of Equalization, to Appraisal Review Boards, or to Courts and to State Tax Commissions in Texas, Oklahoma, North Dakota, Kansas, Louisiana, Wyoming, Mississippi and in Florida. He has spoken at the Annual IAAO Conferences, at the IAAO Legal Seminars and at regional and at various State and County Assessors' functions and at other venues.

Education/Licenses

Master of Chemical Engineering – Rice University – Houston, Texas
B.A. in Chemical Engineering – Rice University – Houston, Texas
Professional Engineer – State of Texas – License #73203
Registered Professional Appraiser – State of Texas – License #67474

Professional Associations

American Institute of Chemical Engineers
American Chemical Society
Texas Association of Appraisal Districts
Texas Association of Assessing Officers
International Association of Assessing Officers (IAAO)
-- Associate Member, Ethics Committee (2010-2012)

EDWARD DONALD OWENS

Vice President
Senior Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	29 Years
Fina Oil & Chemical	2 Years
Pritchard & Abbott	11 Years

QUALIFICATIONS

Mr. Owens has forty-two years (42) experience in appraising mineral, industrial, commercial, and personal properties. He also values, for Pickett clients, all fiber optic cables in Texas. He has served as contract supervisor for various appraisal districts in South Central and West Central Texas. He is a former tax agent with a major oil firm and is now responsible for his assigned oil-related properties in Texas, Wyoming, Colorado and New Mexico. He inspects and appraises gas plants, railroad loading facilities and SWD (taxable) facilities in North Dakota.

EDUCATION

Bachelor of Science – Business Administration – Southwestern University – Salt Lake City, Utah

Associate in Applied Science – Property Tax Appraisal – Tarrant County Junior College, Fort Worth, Texas

Associate in Applied Science – Mid-Management – Tarrant County Junior College, Fort Worth, Texas

Registered Professional Appraiser – State of Texas #00896

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

Appendix B

Industrial Utility Accounts

Thomas Y. Pickett & Company, Inc.

AEP TEXAS NORTH COMPANY
AMERICAN TOWER CORPORATION
AQUA TEXAS INC
AT&T COMMUNICATIONS INC
AT&T MOBILITY LLC
ATC IRIS I LLC
ATC PONDEROSA B-1 LLC
CATERPILLAR FINANCIAL SVCS
CEDAR FIBER CO INC
CENTRAL TEXAS ELECTRIC COOP
CHEROKEE BRIDGE & ROAD LTD
CONTERRA ULTRA BROADBAND LLC
ELECTRIC TRANSMISSION TEXAS
FIVE STAR WIRELESS
FRONTIER COMMUNICATIONS
GRAYDEN INDUSTRIES INC
HARRIS CORP- EXELISADSB
HILL COUNTRY TELEPHONE COOP
HORSE HOLLOW GENERATION TIE
INGRAM CONCRETE
IWG TOWER ASSETS I LLC
KIMBLE COUNTY COMMUNICATIONS
KINDER MORGAN TEXASPIPELINE
L3 HARRIS TECHNOLOGIES IN ADSB
L3HARRIS TECHNOLOGIES INC-BASE
LCRA TRANSMISSION SVCS CORP
MAGELLAN CRUDE OIL P/L COMPANY
MCI COMMUNICATION SERVICES INC
MCI METRO ACCESS TRANMISSION SERVICES CORP.
MEXTEX OPERATING COMPANY
NATIONAL GYPSUM CO (GOLD BOND)
OASIS PIPELINE CO TEXAS LP
PEDERNALES ELECTRIC COOP INC
PERMIAN HIGHWAY PIPELINE
PINNACLE PROPANE EXPRESS LLC
SBA INFRASTRUCTURE LLC
SBA MONARCH TOWERS I LLC
SBA STRUCTURES INC
SOLAR TEXAS LLC
SOUTHTEX 66 PIPELINE CO LTD
SPRINT SPECTRUM LP
SUDDENLINK COMMUNICATIONS
TENN-VOL CORP

T-MOBILE WEST CORPORATION
UNITI TOWERS LLC
VERIZON CONNECT FLEET USA LLC
VERTICAL BRIDGE DEVELOPMENT LLC
VERTICAL BRIDGE S3
VITALITY FOODSERVICE INC
WAYPORT INC
WEST TEXAS GAS (CIBOLO SYS)
WEST TEXAS GAS INC
WINDSTREAM COMMUNICATIONS INC