

# **NUECES COUNTY APPRAISAL DISTRICT**



**REAPPRAISAL PLAN  
TAX YEARS 2015 & 2016**

# TABLE OF CONTENTS

Introduction	1
Executive Summary	5
Scope of Responsibilities	6
District Operations	7
Residential Valuation Process	14
Commercial/Land Valuation Process	22
Personal Property Valuation Process	31
Industrial Properties Valuation Process	36
Utility Railroad and Pipeline Properties Valuation Process	40
Oil and Gas Reserves Valuation Process	44
Resumes of T.Y. Pickett – Industrial Property Appraisers	48
Exhibit A1 – Defined Residential Market Areas in the District	57
Exhibit A2 – Map of Defined Residential Market Areas in the District	58
Exhibit B1 – Defined Commercial/Land Market Areas in the District	59
Exhibit B2 – Map of Defined Commercial/Land Market Areas in the District	60
Exhibit B2 –Commercial/Land Reappraisal Map	61
Exhibit C – Calendar of Events	62
Exhibit D1 – Residential Department Timeline	66
Exhibit D2 – Personal Property Department Timeline	67
Exhibit D3 – Commercial/Land Department Timeline	68
Exhibit D4 - Market Analysis Department Timeline	69
Certification Statement	70

# INTRODUCTION

The Nueces County Appraisal District (NCAD) has prepared this plan as a requirement under Section 6.05 (a) and Section 25.18 of the Texas Property Tax Code. This report is designed to provide property owners and taxing entities with a complete understanding of the biennial reappraisal process of the NCAD.

NCAD is a political subdivision of the State of Texas, created to appraise all of the taxable property within its jurisdiction at 100% market value. The creation of appraisal districts was passed with the 66<sup>th</sup> Legislative Session in 1979, approved by voters in the November 1980 general election. This legislation mandated counties to participate in an appraisal district.

The provisions contained in the Texas Property Tax Code, relative to legal, statutory, and administrative requirements, govern the NCAD.

NCAD has a nine member Board of Directors. Two are elected by taxing entities, CCISD appoints two members, Nueces County appoints one member, City of Corpus Christi appoints two members, and Del Mar College appoints one member. The County Tax Assessor/Collector serves as the ninth, non-voting member. The Board of Directors appoints the Chief Appraiser.

NCAD is responsible for conducting the appraisals to be used by the thirty seven taxing entities it serves. The NCAD budget is funded by these entities. The funding received is calculated and prorated according to the levy recorded.

Except as otherwise outlined in the Texas Property Tax Code, all taxable property is appraised at its "Market value" as of January 1<sup>st</sup> of each year. Market value, as defined by the code, means the price at which a property would transfer for cash of its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable period of time for the seller to find a buyer;
- Both the seller and the buyer know of all the property uses and purposes to which the property is adapted and for which it is capable of being used for and of any enforceable restrictions on the use of the property; and
- Both the seller and the buyer seek to maximize their gains and neither is in a position to take advantage of situations of the other.

Section 23.01 of the Texas Property Tax Code, Appraisals Generally (b) states:

"The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the Appraisal District determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). The same or similar appraisal methods and 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".

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 Appraisal District's current goal is to reappraise one-third of the district every year, and to maintain physical inspections within that time frame. Appraised values district wide are reviewed annually and are subject to change

for purposes of equalization and maintaining market value. This, in effect, constitutes a reappraisal each year. Personal property is appraised every year.

Any reference to a specific work plan contained herein is to be considered tentative for the Appraisal District. The work plan assumptions are made with understanding that there are no natural disasters or new legislative requirements that will require the Appraisal District to reallocate resources necessary to complete the normal work plan to address these possible high needs areas. As well, these work plans are made under the assumption that there will be an ample supply of market area data, and or verifiable market activity in the district for conducting a reappraisal process.

### **Exceptions and Special Valuation Provisions**

Section 23 of the Texas Property Tax Code defines special appraisal provisions for valuation of residential homestead properties (Sec. 23.23), which is referred to as the residential homestead cap. Section 23 also addresses special appraisal provisions for productivity (Sec. 23.41, 23.51), real property inventory (Sec. 23.12) and dealer inventory (Sec. 23.121, 23.124, 23.1241, and 23.127), nominal (Sec. 23.18), restricted use properties (Sec. 23.83), and allocation of interstate property (Sec. 23.03). The owners of inventory may elect to have the inventory appraised at its market value as of September 1<sup>st</sup> of the year preceding the tax year to which the appraisal applies by making an application with the Chief Appraiser.

### **Agriculture Valuation Process**

The Texas Constitution (Art. VIII, Sec. 1-d-1) provides for special valuation of “open space land devoted to farm or ranch purposes.” In other words, undeveloped non-agricultural land does not qualify.

This is a special valuation for land that is devoted to agricultural production. In 1991, legislation was passed which allowed productivity appraisal for land used to manage indigenous wildlife. Agricultural or productivity value is based on the land’s capacity to produce crops or livestock instead of its value on the real estate market. Although this lower value reduces the taxes on the property, a “rollback” of these taxes take place when the land stops being used for an agricultural purpose. The rollback recaptures with interest, the taxes saved for the five (5) years preceding the change in use.

### **Approached to Qualifications and Values**

NCAD has an active Agricultural Appraisal Advisory Board, as required by Section 6.12 of the Texas Property Tax Code. NCAD’s Agricultural Intensity Standards were revised on March 2013. These standards are used, along with the Appraisal District’s Agricultural Appraisal Manual, information from the Property Tax Division’s Manual for the Appraisal of Agricultural Land, and the Tax Code, to determine qualification for the various agricultural and wildlife management activities present in Nueces County. NCAD has implemented the standard Cash Lease Method to determine the net to land estimates for 2015 1-d- productivity values by land class. Only typical cash lease information is used to determine these estimates. Cash lease information is collected yearly from property owners and during Agricultural Appraisal Advisory Board meetings.

### **Wildlife Management**

Section 25.51(2) of the PTC includes land use for wildlife management as an agricultural use. Property owners are required to produce a management plan consistent with the Texas Parks and Wildlife management guidelines produced for the Edwards Plateau Ecological Region.

## **1-d- Field Review**

All applications for agricultural valuation automatically generate a field review and are inspected by the Agricultural Appraisers. Properties are inspected for minimum requirement to validate the agricultural valuation as defined in the Appraisal District's Agricultural Appraisal Manual and Intensity Standards. Additional field reviews are done on a three year rotation basis.

## **Performance Test**

The primary tool used to measure mass appraisal performance is the ratio study. The Appraisal District has adopted the applicable policies of the IAAO Standards on Ratio Studies. A ratio compares appraised values to market values. In a ratio study, market values (values in exchange) are typically represented by sales price (i.e. a ratio study). Independent, expert appraisals may also be used to represent market values in a ratio study (i.e. an appraisal ratio study). Ratio studies generally have six basic steps: (1) determination of the purpose and objectives, (2) data collection and preparation, (3) comparing appraisal and market data, (4) stratification, (5) statistical analysis, and (6) evaluation and application of the results. If there are not enough sales to provide necessary representativeness, independent appraisals may be used as indicators for the market.

## **Sales Ratio Studies**

Sales ratio studies are an integral part of establishing equitable and accurate market value estimates, and ultimately for taxing jurisdictions. The primary uses of sales ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and to calibrate models used to derive appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. The Nueces County Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Overall sales ratios are generated by use type annually to allow appraisers to review general market trends in their area of responsibility. The appraisers utilize desktop applications such as MS EXCEL programs to evaluate subsets of data by economic area or a specific and unique data item. On the desktop, this may be customized and performed by building class and age bias. In many cases, field checks may be conducted to insure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by providing an indication of market activity by economic area or changing market conditions (appreciation or depreciation).

## **Comparative Appraisal Analysis**

The appraiser performs an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed properties by property use type (such as apartment, office, retail and warehouse usage or special use). The objective to this evaluation is to determine appraisal performance of sold and unsold properties. Appraisers' average unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and on properties located within various economic areas. In this way, overall appraisal performance is

evaluated geographically, by specific property type to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar. These horizontal equity studies are performed prior to annual noticing.

### **Independent Performance Test**

According to Chapter 5 of the TPTC and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts an annual study Property Value Study (PVS) of each Texas School District and each Appraisal District. As a part of this annual study, the code also requires the Comptroller to: use sales and recognized auditing and sampling techniques; review each Appraisal District's appraisal methods, standards and procedures to determine whether the Appraisal District used recognized standards and practices (MAP review); test the validity of school district taxable values in each Appraisal District and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each appraisal district.

The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analysis of sold properties (sales ratio studies) and appraisal of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For Appraisal Districts, the report 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 (i.e., categories A,B,C,D and F1 are directly applicable to real property).

These are thirteen independent school districts in NCAD for which appraisal rolls are annually developed. The preliminary results of this study are released in January in the year following the PVS year. The final results of their study are certified to the Education Commissioner of the Texas Education Agency (TEA) in July of each year following the year of the PVS. The Comptroller's independent ratio study provides additional assistance to the District in determining areas of market activity or changing market conditions.

# EXECUTIVE SUMMARY

## TAX CODE REQUIREMENT

The written biennial reappraisal plan is required by the Texas Property Tax Code Section 6.05 (i) and it reads 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 10<sup>th</sup> 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.

The plan for periodic reappraisal is outlined in the Texas Property Tax Code Section 25.18 (a) and (b), and reads 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.

## SCOPE OF RESPONSIBILITY

The Nueces County Appraisal District has prepared and published this reappraisal plan to provide our Board of Directors, taxing units, citizens and taxpayers with a better understanding of the District's responsibilities and reappraisal activities. This report has several parts: a general introduction and then, several sections describing the appraisal effort by the appraisal district followed by the exhibits mentioned throughout this plan.

The Nueces County Appraisal District is a political subdivision of the State of Texas created 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, who is appointed or elected by the taxing units within the boundaries of Nueces County, constitute the district's governing body. The Chief Appraiser, appointed by the Board of Directors, is the Chief Appraiser and Executive Director of the Appraisal District.

The Nueces County Appraisal District is responsible for local tax appraisal and exemption administration for thirty-eight jurisdictions or taxing units in the county. Each taxing unit, such as the county, city, school district and special 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, courts, water and sewer systems and other public services. Property appraisals are estimated values by the appraisal district and used by the taxing units to distribute the annual tax burden. The taxes are generally based on each property's market value. The Nueces County Appraisal District also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled persons, disabled veterans and charitable or religious organizations.

The Property Tax Code, except as otherwise provided, states that all property is appraised annually at its "market value" as of January 1<sup>st</sup>. The Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41 & 23.51), 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. 21.03).

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal district to implement a plan to reappraise values for real property at least once every three years. This Reappraisal Plan is being submitted as a tool to organize the appraisal activities of the Nueces County Appraisal District. This plan attempts to outline the necessary work required to reappraise Nueces County for the next two years. As we progress into the actual reappraisal process, we reserve the right to modify the plan as required in order to meet the requirements of this office as set forth in the Texas Property Tax Code.

The appraised value of real and business personal property is calculated using specific information and data about each property. Using various computer-assisted (CAMA) programs, and generally recognized appraisal methods and techniques, registered and trained appraisers compare the subject property information with the data for similar properties and with recent market data. The District adheres to standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable. Chapter 23 of the Texas Property Tax Code contains statutes dealing with appraisal methods and procedures. Section 23.01 of this chapter was amended in 1997 to specify that appraisal districts are required to comply with the mass appraisal standards of Uniform Standards of Professional Appraisal Practice (USPAP) (Standard Six) when the appraised value of a property is established using mass appraisal techniques. In cases where the appraisal district contracts for professional valuation services, the contract that is entered into by each appraisal firm requires adherence to similar professional standards.



# DISTRICT OPERATIONS

## **PERSONNEL RESOURCES**

The office of the Chief Appraiser is primarily responsible for the overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services.

The appraisal departments are responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing & Regulation.

Administrative support functions include records maintenance, information and assistance to property owners and ARB hearings and other activities as needed.

The appraisal district staff consists of 79 employees:

- Chief Appraiser
- Assistant Chief Appraiser
- Manager of Administration
- Six Department Managers
  - Commercial/Land
  - Residential Real Estate
  - Business Personal Property
  - Taxpayer Services
  - Information Systems
  - Market Analysis
- Four Coordinators
  - Commercial/Land
  - Residential Real Estate
- Business Personal Property
- ARB
- Fourteen Residential Appraisers
- Five Commercial Appraisers
- Three AG/Land Appraisers
- Seven Business Personal Property Appraisers
- Thirty Clerical & Administrative Support Staff
- Three Market Analysts
- One IT Assistants
- Two GIS Techs

## **STAFF EDUCATION AND TRAINING**

All personnel that are performing appraisal work are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing & Regulation. This agency is responsible for ensuring appraisers are professional, knowledgeable, competent and ethical. This is accomplished through a statewide program of registration, education, experience, testing and certification for all property tax professionals for the purpose of promoting an equitable tax system.

Appraisers registered with the Texas Department of Licensing & Regulation must successfully complete 182 hours of appraisal courses as prescribed by TDLR administrative rule 94.21, and pass two additional comprehensive examinations within 60 months of registration in order to achieve certification as a Registered Professional Appraiser (RPA). During each subsequent 24 month period after certification, appraisers must complete 30 hours of continuing education that must include 2 hours of professional ethics, a state laws & rules course, and 3.50 hours of USPAP. Failure to meet these minimum standards will result in the removal of employee from an appraiser position.

Additionally, all appraisal personnel receive extensive training in data gathering processes used in fieldwork and statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. On-the-job training is provided by managers and senior staff for new appraisers. In

addition, managers meet with appraisal staff regularly to introduce new procedures and monitor appraisal activity to ensure that standardized appraisal procedures are followed.

## **DATA**

The district is responsible for establishing and maintaining data on approximately 174,000 real, personal property and mineral accounts covering 847 square miles within Nueces County. Each parcel record contains data related to property characteristics, ownership and exemption information. Accurate ownership and legal description data is maintained by procession recorded deeds and plats that are researched through the Nueces County Clerk and Nueces District Clerk offices. Exemption data, in amounts authorized by State and local governments, is processed in conjunction with various application requirements as stipulated in the State Property Tax Code.

Existing property characteristics data is updated and maintained through physical inspections and other generally accepted methods. The property data related to new construction and other building permit activity is also collected through an annual field review effort. Each city within NCAD's jurisdiction provides permit information. Comparable sales data is routinely validated as part of the field review and reappraisal activities, as well.

## **MARKET ANALYSIS**

The Market Analysis Department's purpose is to evaluate current market trends and effectively collect and analyze relevant available data for the purpose of establishing fair and equal market value. Valuable information such as general demographics, economic and financial trends, construction costs, market sales, and income data can be acquired from various sources. These avenues may include internally generated questionnaires, public and university research centers, private market data vendors, real estate related publications, and interviews with buyers, sellers, brokers and fee appraisers. Information is also collected from property owners and agents during the informal appeal and Appraisal Review Board process.

## **GIS**

The District has a Geographic Information System (GIS) that maintains cadastral maps and various layers of data and aerial photography. The District's website makes a broad range of information available for public access, including information on the appraisal process, property characteristics data, certified values, protests and appeal procedures. Downloadable files of related tax information, certified appraisal rolls, exemption applications and business personal property renditions are also available.

## **PICTOMETRY DIGITAL AERIAL IMAGERY**

The Appraisal District is contracted with Pictometry International Corp. to provide high resolution digital aerial imagery on a biennial (every other year) basis. This is an important tool utilized by the District, which allows remote visual viewing of any property in the district. This imagery is used by the District in several different ways, including discovery of improvements to land in otherwise inaccessible areas in the district, spot-checking our existing improvement data against actual improvements or structures in the field, and inspection of properties where appropriate, as allowed by statute and IAAO standards, to verify the existence of improvements to land, and confirm property characteristics.

## **INFORMATION SYSTEMS**

The Information Technology and the GSI department manage and maintain the District's data processing facility, software applications, Internet Web site, and geographical information system. The District operates from a SQL Server database with cooperative data sharing with the City of Corpus Christi,

CBCOG 9-1-1, and other city and county agencies. The software is a Property Appraisal & Collection System (PACS) developed by True Automation, Inc. True Automation, Inc. provides and updates software as necessary for appraisal and administrative applications.

### **QUALITY ASSURANCE OFFICER**

Earlier this year (2014) the District established a new position, Quality Assurance Officer. The primary roll of this position is to assist the District Administration and staff in improving the quality of the data that already exists in the District's records by analyzing and understanding this data from a statistical standpoint in order to identify areas in our data that may need review and adjustment. The QA Officer also assists the District Administration with certain annual submissions to the Comptroller's Officer and other non-quality matters, such as customer service training, as directed by the Chief Appraiser.

### **INDEPENDENT PERFORMANCE TEST**

#### ***Property Value Study and MAPS Review***

According to Chapter 5 of the TPTC and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Assistance Division (PTAD) conducts a property value study (PVS) of each Texas school district and each appraisal district at least once every two years to determine the degree of uniformity of and the median level of appraisals by the appraisal district within each major category of property. As part of this study, the code requires the Comptroller to apply standard statistical analysis techniques to data collected as part of the study of school district taxable values. 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 (MAP). The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analyses of sold properties (sale 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 (i.e., categories A, B, D and F1 are directly applicable to real property).

There are thirteen independent school districts in Nueces CAD for which appraisal rolls are annually developed. The preliminary results of this study are released February 1 in the year following the year of appraisal. 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 (third party) ratio study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

### **APPRAISAL ACTIVITIES**

#### ***Appraisal Responsibilities***

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of personal and real property by generally accepted methods requires a comprehensive physical description of personal property, and land/improvement characteristics. The appraisal staff is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of Nueces County and the jurisdictions of this

appraisal district. 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.

### ***Appraisal Resources***

- **Personnel** - The appraisal activities will be conducted by Thirty-Six appraisers.
  - Four Managers
  - Three Coordinators
  - Three Land/AG Appraisers
  - Five Commercial Appraisers
  - Fourteen Residential Appraisers
  - Seven Business Personal Property Appraisers
- **Data** - The data used by field appraisers includes the existing property characteristic information contained in PACS, the Computer Assisted Mass Appraisal System utilized by the district. Other data used includes maps, sales data, fire and damage reports, building permits, sales tax permits, assumed name filings, business publications, photos and actual cost and market information. Additional information is gathered using reciprocal relationships with other participants in the real estate market place. The district cultivates sources and gathers information from both buyers and sellers participating in the real estate market.

### ***Appraisal Frequency and Method Summary***

**Residential Property** - Residential properties will be appraised annually using the most current data on file. Every neighborhood will be statistically analyzed to determine if current year value estimates are within an acceptable range of recent sales that have occurred using appraisal to sale ratio studies. Appropriate adjustments may be made to neighborhoods using the process outlined in detail in the Residential Appraisal section of this report. Appraisers will inspect one third of the residential properties through physical inspection and aerial photography each year to update file information on the physical condition of the improvement and change in characteristic since the last field check. Tracking of these inspections is filed on the Departmental Shared Drive/Residential Appraisal/ Residential Recaps.

**Commercial/Land** - Commercial and Land will be appraised on an annual basis. Appraisers will review approximately one-third of the properties each year by on-site inspection or aerial photography. In addition appraisers will review the balance of the improved properties by statistical analysis. All properties will receive an onsite inspection on a three year cycle to update land based photographs and physical characteristics. Schedules and categories to be inspected are filed on the Departmental Shared Drive/Commercial Land. Commercial property values will be compared to sales of similar properties in Nueces County as well as other cities and communities that experience similar market forces. The income approach to value will be utilized to appraise commercial properties such as shopping centers, apartment complexes, multi-tenant office buildings, motels, hotels, and other property types that typically sell based on income.

**Business Personal Property** – Business personal property accounts will be field inspected and tested against quality/density schedules, ranking tables or other comparative information. Approximately one third of the accounts are scheduled for either field inspections or an office review and reappraisal each year. An additional review of the account will occur when the rendition is received for that year. A rendition will be mailed to all known businesses annually to complete and return by April 15<sup>th</sup>. Business personal property accounts are categorized using SIC codes and further defined by business type codes.

**Minerals/Industrial** - Annually Thos. Y. Pickett & Co. Inc. develops values for mineral interest (full or fractional percentage ownership of oil and gas leasehold interest, the amount and type of which are

legally and/or contractually created and specified through deeds and leases, et al.) associated with producing (or capable of producing) leases. Typically all the mineral interests that apply to a single producing lease are consolidated by type (working vs. royalty) with each type then appraised for full value which is then distributed to the various fractional decimal interest owners pro rata to their individual type and percentage amount. Utility companies and pipelines will be appraised annually considering all three approaches to value. Where the utility/pipeline has assets in multiple counties or states, a unit appraisal is considered. A unit or fractional method is utilized as appropriate.

## **PRELIMINARY ANALYSIS**

### ***Data Collection/Validation***

Data collection of real property involves recording physical and economic characteristics of the property in our computer assisted mass appraisal system, referred to as PACS. PACS is developed and maintained by True Automation, Inc. A diligent effort is taken to make sure the characteristics accurately reflect the current status of the property. To effectively evaluate the quality of existing data, field studies are conducted during the reappraisal cycles. The information contained in PACS includes site characteristics, such as land size, and improvement data, such as square foot of improvement area, year built, quality of construction, and condition. Other characteristics include but are not restricted to the type of foundation, type of roof, type of heating and cooling system, number of baths, number of units, number of rooms, or leasable area. Characteristics are a direct reflection of the improvements. Field appraisers are required to use a property classification system and all properties are coded according to a specific classification. This classification system is very similar to the classification system used by Marshall & Swift Valuation Service. References to the district's classifications are found in the Residential or Commercial Field Guides. The approaches to value are structured and calibrated on this coded system and the physical characteristics of the property. These guides are used for both training and field inspections. In-office preparation, training of staff, entry and validation of data, and quality control are carefully planned.

The types of information recorded and maintained for Business Personal Property include situs, type, kind, quality and density of inventory, furniture and fixtures, machinery and equipment. Texas Department of Transportation records are obtained annually through a vendor who provides a list of potential commercial use vehicles within the district. The field appraisers conducting on-site inspections use a personal property classification system as a guide to correctly list all personal property that is taxable.

### ***Sources of Data***

The sources of data collection are through inspections of newly constructed and existing improvements, sales validation and field effort, assignment of address from CBCOG 9-1-1, Nueces County Health Department final inspections, appraisal review board hearings, property owner correspondence, newspapers and publications, and correspondence with other taxpayers and business owners. Another principal source of data comes from building permits received from tax jurisdictions that require property owners to obtain a building permit prior to construction or alteration of a structure. Permits (new construction, remodeling, and relocation of improvements, etc.), demolition reports, fire reports, and mechanic liens are received on a regular basis and matched with the property identification number for data entry. Area real estate professionals and other commercial services are additional sources of market data and property specific information. In addition to the above, improvement cost data is gathered from Marshall & Swift Valuation Service and local building contractors. Property managers and owners provide information on income and expense as well as occupancy levels. This information is used in the appraisal of investment and income producing real property. Various publications and on-line sources are studied

regularly in an effort to obtain knowledge of other aspects of these properties. These include but are not limited to: Texas Real Estate Market Reports, Source Strategies (a Hotel Performance Factbook), Times & Record News, Marshall & Swift resources for commercial, residential, equipment, and inventory, Manufactured Home Guide, Assessment Journal-IAAO, Marcus & Millichap, LoopNet. etc. In addition, meetings are held with other appraisal districts to exchange non-confidential sales information and discuss unique properties to assist the district in the valuation process.

Sources of data for business personal property are sales tax permits, assumed name filings, business publications, building permits, business licensing by the State of Texas, newspaper articles and other information provided by public and private interest. Various publications and on-line sources are studied regularly in an effort to obtain knowledge of other aspects of these properties. These include but are not limited to: Caller-Times, Aircraft Blue Book, Marshall & Swift resources for equipment, and inventory, N.A.D.A Auto/Truck/Guide, Assessment Journal-IAAO, etc.

Data review of entire neighborhoods and categories of business is generally a good source for data collection. In real property, the sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of the sales price.

Property owners are one of the best sources for identifying incorrect data generating a field check. As the district has increased the amount of information available on the Internet, property owners have the opportunity to review information on their property. Accuracy in property details and characteristics data is one of the highest goals and is stressed throughout the appraisal process from year to year.

#### ***Data Collection Procedures***

Residential appraisers and commercial appraisers are assigned specific areas or property categories within the district to conduct field inspections. Neighborhoods and market areas are established by observing the interaction of the forces of supply and demand on the market with regard to physical location. Property categories may also be determined based on factors such as construction type or intended use of the property. These areas of responsibility are maintained for several years to enable the appraiser assigned to that area or category to become knowledgeable of all the factors that drive values for that specific property type. Appraisers of real property and business personal property conduct field inspections and record information using a property card that lists all data dealing with the property and allows for corrections and additions that the appraiser may find during the inspection.

The quality of the data is extremely important in determining market values of taxable property. While work performance standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers are trained in the specifics of data collection the classification system and recognized valuation methods and procedures. Experienced appraisers receive regular formal and in-house continuing education prior to major field projects such as new construction, sales validation or data review. A quality assurance process assists managerial review of the work being performed by the field appraisers to ensure that appraisers follow listing procedures, to identify training issues and provide uniform training all the appraisal staff.

Field activity for all of the above is listed in the calendar of events and is monitored carefully. Property characteristics are continually updated during the field activity.

#### ***Data Maintenance***

The field appraiser and clerical staff are responsible for the data entry of fieldwork into the computer file. This responsibility includes not only data entry, but also quality assurance. Data updates, file modification for property descriptions, and input accuracy are the responsibility of the field appraiser and managers.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

### ***Field Review***

The date of last on-site inspection, aerial review and the CAD appraiser responsible are listed in PACS records. If a property owner or jurisdictions 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 will be performed to verify this information for the current year's valuation or for the next year's valuation.

### ***Office Review***

Office reviews are completed on properties where updated information has been received from the owner of the property and is considered accurate and correct. When the property data is verified in this manner, and considered accurate and correct, field inspections may not be required. The personal property department mails property rendition forms in January of each year to assist in the annual review of the property.

### ***Performance Test***

Appraisers are responsible for reviewing ratio studies and comparative analysis in their assigned market areas (neighborhoods) or property categories, provided by the Market Analyst Department. The sale ratio and comparative analysis of the sale price of property to the appraised value of property forms the basis for determining the level of appraisal and market influences and factors for each assigned area. This information is the basis for updating property valuation for the entire area of property to be evaluated. Field appraisers or Market Analysts, in many cases, may conduct field inspections to assure the accuracy of the property descriptions at the time of sale for this study. This inspection is to assure 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 have changed as of the sale date or subsequent to the sale date. Sale ratios will 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.

# **RESIDENTIAL VALUATION PROCESS**

## **SCOPE OF RESPONSIBILITY**

There are approximately 122,000 residential improved and unimproved single, small multiple family, and townhouses and condos parcels in Nueces County.

For 2015-2016 the Nueces County Appraisal District's general approach to residential property valuation differs from that of prior years, in that the responsibility for estimating value is shared by the Residential Real Estate Department and the Market Analysis Department. These departments work in concert to estimate market value of all residential property in the CAD. The Residential Department's activities consist generally of conducting field inspections to record property characteristics and collect other pertinent data on each property, classify improvements according to established classification guidelines, apply established cost schedules, observe and record physical, functional and other depreciation factors and conditions that may influence or impact value, working building construction permits, and assisting with sales verification when required.

The Land Appraiser's role in the process is to establish Land Valuation Tables (unit price schedules) for all residential market areas based on vacant land sales activity and other value influences, including location, topography, access, view, and external economic influences.

The Market Analysis Department's primary responsibility is to conduct all activities related to the analysis of residential market sales data, including collection, and verification of sales data from the market transactions

and all activities related to the Mass Appraisal process including running ratio studies conducting annual pilot studies for market areas, establishing benchmark properties, and valuation models, running statistical analysis reports and the producing the annual Mass Appraisal Report. Additionally this department will represent the District in the majority of Appraisal Review Board hearings during the review phase of the tax calendar.

## **APPRAISAL RESOURCES**

- **Residential Real estate Department Personnel**
  - One Manager
  - One Coordinator
  - Thirteen Residential Appraisers
  - One Residential Land Appraiser
- **Market Analysis Department**
  - One Manager
  - Three Appraisers
  - Six Clerks

## **DEFINING MARKET AREAS IN THE DISTRICT**

Pursuant to Sec. 25.18 of the Texas Property Tax Code, the Appraisal District has established a reappraisal plan to provide for the reappraisal of all properties within the District at least once every three years. These proposed reappraisals are subject to market conditions and unforeseen events.



1. Nueces County Appraisal District is divided into three areas. Each year all residential properties within one of these areas will be reappraised regardless of any ratio study findings. These areas are identified as follows and as seen in exhibits A1 and A2:
  - a. 2015 (Year 1): Estimated parcel count: 39,185. This includes the following ISD's: Tuloso-Midway, Calallen, London, Banquette, Driscoll, Bishop, Agua Dulce, and Area #1 of CCISD. This includes the following state codes: A1, A2, A4, B2-B4, E1, C1, and O1.
  - b. 2016 (Year 2): Estimated parcel count: 41,529. The following ISD's are included: Port Aransas, Aransas Pass, West Oso, Robstown, and Area #2 of CCISD. This includes the following state codes: A1, A2, A4, B2-B4, E1, and O1.
  - c. 2017 (Year 3): Estimated parcel count: 41,619. This includes the following ISD's: Flour Bluff and Area #3 of CCISD. This includes the following state codes: A1, A2, A4, B2-B4, E1, C1, and O1.
2. In addition to the cycle stated above, ratio studies are performed annually to determine areas or categories of properties within the CAD that need to be reappraised within the current year based on the sales ratios. Any area or category whose ratio is below the statutory requirements shall be reappraised in the current year, regardless of the area in which they are located.
3. All permits are worked every year throughout the county.
4. The processes explained below are done at different intervals throughout the year. The Residential Department and the Market Analysis Department work hand in hand when evaluating the properties that are being evaluated. A time action calendar is drawn up each August to prepare for the upcoming process. The calendar is identified and as seen in exhibit D1 and D4:

## **VALUATION PROCESS**

### ***Area Analysis***

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs will be collected from private vendors and public sources for each Independent School District (ISD). This information will provide the field appraiser a current economic outlook on the real estate market.

While the Nueces County Appraisal District believes each ISD is important to consider as a market area, upon detailed review of the properties within each areas, the Market Analysis Department have segmented all residential properties into neighborhoods in order to better appraise properties at market value maintain equal and uniformity. Complete analyses of the establishment of neighborhoods are as explained below.

### ***Data Collection***

An individualized set of data characteristics for each residential dwelling and multiple family units in this district are collected in the field and data entered into the computer system. The property characteristic data drives the application of computer-assisted mass appraisal (PACS) under the Cost, Market, and Income Approaches to property valuation.

### ***Neighborhood and Market Analysis***

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces will also be used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis will be conducted on various market areas within each of the political entities known as Independent School Districts (ISD).

Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district. Market sales indicate the effects of these market forces and will be interpreted by the Market Analysis Department into an indication of market price ranges. Cost and Market Approaches to estimate value will be the basic techniques utilized to interpret these sales. For multiple family properties of four units or less, the Income Approach to value may be considered to estimate an opinion of value for investment level residential property when appropriate.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics is identified, the next step will be to define its boundaries. This process is known as delineation. Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to the stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which will promote increased demand and economic desirability.

Neighborhood identification and delineation are the cornerstones of the residential valuation system at the district. All of the residential analysis work done in association with the residential valuation process will be neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhoods are periodically reviewed to determine if further delineation is warranted. Merger or establishment of new neighborhoods can be studied by Subdivisions within the PACS system. Neighborhoods involve similar properties in the same location; a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in areas of limited or no sales, or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis. Neighborhood Summaries are prepared summarizing the market area of each neighborhood as observed by the appraiser. Neighborhood summaries are stored on under Departmental Shared Folder/Market Analyst/Neighborhood Summaries.

### ***Highest and Best Use Analysis***

The market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

For all residential non-homestead property, the highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legally permissible, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economically obsolete and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

## **VALUATION AND STATISTICAL ANALYSIS (Model Calibration)**

### ***Cost Schedules***

All residential parcels in the district are valued with a replacement cost estimated from cost schedules based on the improvement classification system using a comparative unit method. NCAD replacement costs are based upon Marshall & Swift, a nationally recognized cost estimator, adjusted to local market conditions using actual cost of improvements and abstracted costs from sold properties within the area. This review and evaluation process of the estimated replacement cost includes the comparison of newly constructed sold properties representing various levels of quality of construction in district. Adjustments will be made as necessary to reflect local market costs. The characteristics of these properties will be verified and photographs are taken of the samples. As a result of this analysis, a local modifier may be developed for use in the district's cost tables. A review of the residential replacement cost is performed annually.

### ***Sales Information***

Sales data is maintained for real property in PACS. Residential improved sales are collected from a variety of sources, including: district questionnaires sent to buyers and sellers, field discovery, protest hearings, commercial providers, builders, and local real estate professionals. Sales data is collected, verified, and adjusted as necessary, using the Standard on Verification and Adjustment of Sales (IAAO 2010) as a guide, for use in model calibration and ratio study purposes. Sales are further analyzed to determine whether the property was exposed to the market for a reasonable period of time, both buyer and seller had full knowledge of all potential uses and restrictions on the property, both were motivated to maximize their gain, and neither was in position to take advantage of the other. A system of type, source, and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. The effect of time as an influence on price will be considered and adjustments will be applied to sales prices as indicated. Sales Ratio Trend Analysis is used to determine changes in market condition over time. Neighborhood sales reports are generated as an analysis tool for the market analyst and appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property are important analysis tools to interpret market sales under the cost and sales comparison approaches to value. These analysis tools will help determine and estimate the

effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

### ***Statistical Analysis***

The Market Analyst Team will perform a statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies will be conducted on each of the residential neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy: level and uniformity. Appraisal level refers to the overall ratio of appraised values to market values. Uniformity refers to the degree to which properties are appraised at equal percentages of market value. Appraisal statistics of central tendency generated from sales ratios will be evaluated and analyzed for each neighborhood. The results of these studies are stored in PACS by year under Reports / Profiling / Neighborhood Profiles by the Market Analyst. The level of appraised value is determined by the analysis of the measures of central tendency for sales of individual properties within a neighborhood.

The analyst, through sales ratio analysis process, reviews every neighborhood annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the analyst an excellent means of judging the present level and uniformity of the model values. The analyst, based on the sales ratio statistics and designation parameters for valuation update, will make a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level.

### ***Market and Cost Reconciliation and Valuation***

Valuation for mass appraisal purposes is divided into two steps; model specification and model calibration. Model specification involves the determination of data that is included in the model and the format. The residential models will include all items needed to reflect the forces of supply and demand acting in the local market.

Model calibration relates to the development of schedules, formulas, and tables. During model calibration the model builder/appraiser determines additives and multipliers for each variable included in the models. This is accomplished through an automated analysis of sales (ratio studies or other methods) or other market data for maximum objectivity and consistency.

The mass appraisal models are reviewed regularly to verify that they are reflective of the current market and updated with current data, costs, trending factors, and area multipliers as necessary.

The district's primary method of valuation model of single-family residential properties is a hybrid cost-sales comparison model. This type of model accounts for neighborhood market influences not particularly specified in a purely cost model. Market factors are developed using ratio studies to measure the difference between the indication of value by the cost approach and the current market level. An adjustment is applied as necessary to the value indicated by the cost approach, thus reconciling the cost and sales comparison approaches to value.

The following equation denotes the basic hybrid model used:

$$MV = LV + (RCN - D)$$

Whereas, in accordance with the cost approach, the estimated market value (**MV**) of the property equals the land value (**LV**) plus the replacement cost new of property improvements (**RCN**) less depreciation (**D**). As the cost approach separately estimates both land and building contributory values and uses

depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied uniformly within neighborhoods to account for variances in location between market areas or across a jurisdiction. This analysis for the hybrid model is based on both the cost and sales comparison approaches as a correlation of the two approaches.

When the appraiser reviews a neighborhood, the appraiser will review and evaluate a ratio study that compares current sales prices of properties with the value of the properties' based on the estimated depreciated replacement cost of improvements plus land value. Other verified sales appropriately adjusted for the effects of time may also be considered within a delineated neighborhood. The measures of central tendency are reviewed with emphasis placed on the median to indicate the neighborhood level of appraisal based on sold properties. This ratio will be compared to an acceptable appraisal ratio indicating market value to determine appropriate adjustments for each neighborhood.

### ***Market and Cost Reconciliation and Valuation***

If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood will be made.

The following equation denotes the expanded hybrid model:

$$MV = ((IUNIT \times ISIZE) + FEATURES \times \%GOOD \times INADJ) + (LV \times LNADJ)$$

**MV** = Market Value

**IUNIT** = Replacement Cost New per Square Foot (or other unit)

**ISIZE** = Improvement Square Feet (or other unit)

**FEATURES** = Improvement Amenities Cost

**%GOOD** = Percent Good from Normal Depreciation Table

**LV** = Land Value

**INADJ** = Improvement Neighborhood (Market Area) Adjustment

**LNADJ** = Land Neighborhood (Market Area) Adjustment

The neighborhood reappraisal process involves creating ratio studies that compare sale prices of recently sold properties appropriately adjusted using the Standard on Verification and Adjustment of Sales (IAAO 2010) with the indicator of market value generated by the NCAD cost approach model. These studies will be relied upon to develop the adjustments needed to bring the median within the acceptable range. The results of these studies are stored in the shared Residential Department File Server by year by appraiser. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each updated neighborhood will be based on market indicated factors applied uniformly to all properties within a neighborhood.

With all the market-trend factors applied, a final ratio study will be generated comparing recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the Market Analysis Department will judge the appraisal level and uniformity in both updated and non-updated neighborhoods and will verify appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

### ***Income Approach***

The income approach to value may be useful to those real properties that are typically viewed as "income producing" when sufficient income data is available and where comparable sales are not present. In the current residential market, the income approach does not lend itself to it, therefore is not generally used.

## **SPECIAL APPRAISAL PROVISIONS**

### ***Appraisal of Residential Homesteads***

Beginning in 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under that law, beginning in the second year a property receives a homestead exemption; increases in the assessed value of that property are "capped." The value for tax purposes (assessed value) of a qualified residence homestead will be the LESSER of:

1. the market value of the property for the most recent tax year that the market value was determined by the appraisal office; or
2. the sum of:
  - a) 10 percent of the appraised value of the property for the preceding tax year;
  - b) the appraised value of the property for the preceding tax year; and
  - c) the market value of all new improvements to the property.

Assessed values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1<sup>st</sup> of the year following sale of the property and the property is appraised at its market value.

The market value of a residence homestead will be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

### ***Residential Inventory***

Section 23.12 of the Texas Property Tax Code provides the definition of market value for inventory. Inventory includes residential real property that has never been occupied as a residence and is held for sale in the ordinary course of business, if the property is unoccupied, is not leased or rented, and produces no revenue.

Residential inventory is appraised at market value. The market value of residential inventory is the price at which it would sell as a unit to a purchaser who would continue the business. The appraisers apply the same generally accepted appraisal techniques to determine the market value of residential real property inventory. The income approach including discounted cash flow is the most common method used by the Nueces County Appraisal District.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

### ***Field Review***

The Manager will assign the properties to be physically inspected. As stated under appraisal frequency, the appraisers will inspect one-third of the residential properties through physical inspection and aerial photography. In addition, sold properties will be field reviewed by the Market Analyst Department to check for accuracy of data characteristics.

Increased sales activity and increased permit activity will result in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, and other factors contributing significantly to the market value of the property. Field activity is a must with each neighborhood being reviewed as stated above.

#### ***Office Review***

Once field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Prior year values resulting from Appraisal Review Board actions are individually reviewed to determine if there is substantial evidence to support a change with consideration given to Section 23.01 of the PTC. Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value will go to noticing.

### **PERFORMANCE TESTS**

#### ***Sales Ratio Studies***

The primary analytical tool used by the market analysts and appraisers to measure and improve performance is the ratio study. The district ensures that the appraised values that it produces meet the standards of accuracy in several ways. Sales ratio studies are generated for each neighborhood to allow the analyst and appraiser to review general market trends within their area of responsibility, and provide an indication of market change over a specified period of time. The ratio studies are designed to emulate the findings of the state comptroller's annual property value study for category A property.

#### ***Management Review Process***

Once the proposed value estimates are finalized, the appraiser will review the sales ratios by neighborhood and present pertinent valuation data to the Residential Manager and/or the Chief Appraiser for final review and approval. This review will include comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review will be to assure that the proposed values have met preset appraisal guidelines appropriate for the appraisal years 2015 or 2016.

#### ***Time Action***

The processes explained above are done at different intervals throughout the year. The Residential Department and the Market Analysis Department work hand in hand when evaluating the properties that are being evaluated. A time action calendar is drawn up each August to prepare for the upcoming process. The calendar is identified and as seen in exhibit D1 and D4:

# COMMERCIAL / LAND VALUATION PROCESS

## **SCOPE OF RESPONSIBILITY**

There are approximately 20,318 commercial and land parcels in Nueces County.

This mass appraisal assignment includes all of the commercially described real property which falls within the responsibility of the commercial valuation appraisers of the district. Commercial appraisers appraise the fee simple interest of properties according to statute and court decisions. However, the effect of easements, restrictions, encumbrances, leases, contracts or special assessments will be considered on an individual basis, as is the appraisal of any non-exempt taxable fractional interests in real property (i.e. certain multi-family housing projects, leasehold interests). Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

## **APPRAISAL RESOURCES**

- **Personnel**
  - One Manager
  - One Coordinator
  - Five Commercial Appraisers
  - Three Land/AG Appraisers
  - One AG Land Specialist
  - One Administrative Assistant
  - Three Clerks

## **DEFINING MARKET AREAS IN THE DISTRICT**

Pursuant to Sec. 25.18 of the Texas Property Tax Code, the Appraisal District has established a reappraisal plan to provide for the reappraisal of all properties within the District at least once every three years. These proposed reappraisals are subject to market conditions and unforeseen events.

1. Nueces County Appraisal District is divided into three areas. Each year all commercial, land, and agricultural land properties within one of these areas will be reappraised regardless of any ratio study findings. These areas are identified as follows and as seen in exhibits B1 and B2:
  - a. 2015 (Year 1): Estimated parcel count: 9,461. This includes the following ISD's: Tuloso-Midway, Calallen, Banquete, Flour Bluff, West Oso, and CCISD MLS areas 1 & 2. This includes the following state codes: B1, B5-10, C1C, C1I, D1, D2, E2, F1, and F2.
  - b. 2016 (Year 2): Estimated parcel count: 7,860. The following ISD's are included: Port Aransas, Aransas Pass, Robstown, Agua Dulce, Bishop, Driscoll, London, and CCISD MLS area 4. This includes the following state codes: B1, B5-10, C1C, C1I, D1, D2, E2, E3, F1, and F2 .
  - c. 2017 (Year 3): Estimated parcel count: 9,357. This includes the following ISD's: Banquette, Calallen, Tuloso-Midway, West Oso, Flour Bluff, and CCISD MLS area 3. This includes the following state codes: B1, B5-10, C1C, C1I, D1, D2, E2, E3, F1, and F2.
  - d. In addition to the cycle stated above, ratio studies are performed annually to determine areas or categories of properties within the CAD that need to be reappraised within the current year based on the sales ratios. Any area or category whose ratio is below the statutory requirements shall be reappraised in the current year, regardless of the area in which they are located.
  - e. All permits are worked every year throughout the county.



## **Valuation Process**

### ***Area Analysis***

Area data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs will be collected from private vendors and public sources.

### ***Data Collection***

The data used by the commercial appraisers includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, equity dividend rates, marketing period, etc.). Other data used by the appraisers includes historical income and expense data, actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

### ***Market Study***

Market studies will be utilized to test new or existing procedures or valuation models in a limited sample of properties located in the district. These studies target certain types of improved property to evaluate current market prices for rents and for sales of commercial and industrial real property. These comparable sale studies and ratio studies reveal whether the valuation model is producing accurate and uniform value estimates. The appraiser implements this methodology when developing cost approach, sales comparison approach, and income approach models.

### ***Market Area Analysis***

To facilitate the mass appraisal of commercial and industrial properties, those properties that experience similar physical, economic, governmental, and social forces are assigned to market areas or economic areas. Market area analysis involves the examination of how physical, economic, governmental and social forces and other influences affect sale prices. The effects of these forces will also be used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe.

The market areas are defined using similar rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity, geographic parameters, or other pertinent influences. All income model valuation (income approach to value estimates) is local economic area specific. Local economic areas will be periodically reviewed to determine if realignment is required. The geographic boundaries, as well as age, occupancy levels, income and expense levels, and capitalization rates within each economic area will be considered. Analysis of each market area is documented in the work file of the categories and an analysis of income producing properties performed is stored in Shared Departments/Commercial/Land.

A market analysis relates directly to examining market forces affecting supply and demand. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market activity including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancies, allowable expenses (inclusive of replacement reserves), expense ratio trends and capitalization rate studies will be analyzed to determine market ranges in price, operating costs and investment return expectations. This information is stored on Shared Departments/Commercial Appraisal/Market Analysis.

## ***Land Value***

Commercial land will be analyzed at least biennially to compare appraised values with recent sales of land in the market area. If appraised values differ from sales prices being paid, adjustments will be made to all land in the appropriate area/land table. Generally, commercial land is appraised on a price per square foot basis. Factors will be placed on individual properties based on corner influence, depth of site, shape of site, easements across site, and other factors that may influence value. The land is valued as though vacant at the highest and best use unless otherwise stipulated in the Tax Code.

## ***Highest and Best Use Analysis***

The highest and best use is that use which will generate the highest net return to the property over a reasonable period of time. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. Highest and best use analysis is an economic analysis conducted to determine which market provides a property's best use. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant. This perspective assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, is excess land, or a different optimum use if the site were vacant. For vacant tracts of land within this jurisdiction, the highest and best use is considered speculative based on the surrounding land uses. Improved properties reflect a wide variety of highest and best uses which include, but are not limited to: office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. In many instances, the property's current use will be the same as its highest and best use. This analysis insures that an accurate estimate of market value (sometimes referred to as value in exchange) is derived.

On the other hand, value in use represents the value of a property to a specific user for a specific purpose. This perspective for value may be significantly different than market value in exchange, which approximates market price under the following assumptions: (i) no coercion of undue influence over the buyer or seller in an attempt to force the purchase or sale, (ii) well-informed buyers and sellers acting in their own best interests, (iii) a reasonable time for the transaction to take place, and (iv) payment in cash or its equivalent.

## **VALUATION AND STATISTICAL ANALYSIS (MODEL CALIBRATION)**

### ***Valuation***

Valuation for mass appraisal purposes is divided into two steps; model specification and model calibration. Model specification involves the determination of data that is included in the model and the format. The commercial models will include all items needed to reflect the forces of supply and demand acting in the local market.

Model calibration relates to the development of schedules, formulas, and tables. During model calibration the model builder/appraiser determines additives and multipliers for each variable included in the models. This is accomplished through an automated analysis of sales (ratio studies or other methods) or other market data for maximum objectivity and consistency.

The mass appraisal models are reviewed regularly to verify that they are reflective of the current market and updated with current data, costs, trending factors, and area multipliers as necessary.

### ***Cost Schedules***

The cost approach to value is applied to improved real property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost

information on local comparable properties whenever possible. Cost models are typically developed based on the Marshall Swift Valuation Service which indicates estimated hard/direct costs of various improvement types. The specified and calibrated improvement cost models are entered into PACS. Land value for the Cost Approach models is estimated using comparative sales, allocation, or abstraction. A replacement cost new (RCN) is generated for all improved properties appraised by the district. These include comparative base rates, per unit adjustments, and lump sum adjustments for variations in physical characteristics including but not limited to construction quality, design, and types of improvement construction. Analyzing market sales of newly developed improved property is important in understanding total replacement cost of improvements. The cost of the development of the property, as well as architects fees and entrepreneurial profit can be estimated by analysis of market pricing acceptance levels. When relying on published cost figures, time and location modifiers may be necessary to adjust cost data to reflect current conditions in Nueces County. Additional local modifiers may be applied as necessary for specific property types if adjusted published costs are significantly different from verified local costs. The completed estimate of replacement cost new will reflect all costs of construction and development for various improvements located in the district as of the date of appraisal.

Depreciation is the sum of all forms of loss affecting the improvements. NCAD relies on Marshall & Swift guidelines as a basis for typical depreciation. Depreciation will be estimated based on the economic life that is typical for the construction, quality and type of each commercial improvement. The actual and effective ages of improvements and physical characteristics are noted in PACS.

Additional forms of depreciation such as external and/or functional obsolescence can be applied if observed. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility in the property data characteristics. These adjustments are typically applied to a specific adequacy or deficiency, property type or location and can be developed via ratio studies or other market analyses.

The result of estimating total depreciation and deducting that from the estimated replacement cost new of improvements indicates the estimated contributory value of the improvements. Adding the estimated land value, as if vacant, to the contributory value of the improvements indicates a property value by the cost approach. Given relevant cost estimates and market related measures of total depreciation, the indicated value of the property by the cost approach becomes a very reliable valuation technique.

### ***Income Models***

The income approach to value will be applied to those real properties which are typically viewed by market participants as “income producing”, and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owners and from local market surveys conducted by the district and by information from area rent study reviews. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance will be established from actual data furnished by property owners and local market survey trends. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. This feature may also provide for a reasonable lease-up period for multi-tenant properties, where applicable. The market derived stabilized vacancy and collection loss allowance will be subtracted from the potential gross rent estimate to yield an indication of estimated annual effective gross rent to the property.

Next, a secondary income or service income will be considered and, if applicable, calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income,

reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income, when applicable.

Expense ratio estimates will be developed assuming prudent management. Relevant expense ratios will be developed for different types of commercial property based on use and market experience. For instance, retail properties are most frequently leased on a triple-net basis, where the tenant is responsible for all operating expenses, such as ad valorem taxes, insurance, and common area and property maintenance. In comparison, other types of income producing property are often leased on a contract where the tenant pays a fixed amount per year with the landlord absorbing all expenses related to the property. As a result, expense ratios will be implemented and estimated based on observed market experience in operating various types of commercial property.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of lump sum costs. These capital expenditures are analyzed for consistency, adjusted, annualized, and considered a component of the stabilized expenses. This component is also known as replacement reserves. For some types of property, typical management does not reflect expensing reserves and is dependent on local and industry practices. Subtracting the allowable expenses from the annual effective gross income yields an estimate of annual net operating income to the property.

Return rates and income multipliers will be used to convert operating income expectations into an estimate of market value for the property under the income approach. These include income multipliers, overall capitalization rates, and discount rates. Each of these multipliers or return rates will be considered and used in specific applications. Rates and multipliers may vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market for individual income property types and uses. These procedures will be supported and documented based on analysis of market sales for these property types.

The income approach includes the discounted cash flow analysis and direct capitalization of net operating income as an indication of market value for a specific property. Capitalization rates applicable for direct capitalization method and yield rates for estimating terminal cap rates for discounted cash flow analysis are developed from several sources. Supplemental information is obtained from local lending sources, real estate professionals and financial publications. Rent loss concessions will be estimated for specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build out allowances (for first generation space or retrofit/second generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (inclusive of rent loss due to extraordinary vacancy, build out allowances and leasing commissions) becomes the rent loss concession and is deducted from the value indication of the property at stabilized occupancy. A variation of this technique allows a rent loss deduction to be estimated for every year that the property's actual occupancy is less than stabilized occupancy.

### ***Sales Comparison (Market) Approach***

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is frequently referred to as the Market Approach. In the sales comparison approach the value of a property is determined by analyzing sale prices of properties with similar physical and economic physical

characteristics and adjusting the sale price to account for minor differences. This approach is used to effectively estimate vacant land value for use in the cost approach and also in estimating total property value. In addition, sales comparison can be used to identify property features that drive value for use in model specification and calibration, provide a basis for the depreciation schedules in the Cost Approach, determine rates and multipliers used in the Income Approach, and to develop modifiers needed to reconcile the other approaches to value. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, will be gathered, recorded, and analyzed throughout the year in order to obtain relevant information which can be used in all aspects of valuation. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

### ***Statistical and Capitalization Analysis***

Statistical analysis of final values is an essential component of quality control. This methodology represents a comparison of the final value against the standard and provides a concise measurement of the appraisal performance. Statistical comparisons of many different standards will be used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis. Measures of central tendency and dispersion will be generated from sales ratios based on relevant property characteristics. These summary statistics will provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (inclusive of non-recoverable and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed. Income model estimates and conclusions will be compared to actual information obtained on individual commercial and industrial income properties during the protest hearings process, as well as with information from published sources and area property managers and owners.

### ***Reconciliation of the Three Approaches and Valuation***

A cost approach is prepared for each improved property in the district. The value indicated from the cost approach is tested using the comparable sales using ratio studies. If the results of the specified and calibrated cost model are significantly different than indicated by analysis of verified sales within the market area, then modifiers are calculated and applied to adjust the cost model results to the actual market level. Results of the cost model may also be tested for acceptable level using the income approach. The implementation of the hybrid cost-sales comparison/income approach serves as a reconciliation of the three approaches to value. This type of hybrid model accounts for local area market influences not particularly specified or easily identified in a purely cost model.

The following equation denotes the basic model used:

$$MV = LV + (RCN - D)$$

Whereas, in accordance with the cost approach, the estimated market value (**MV**) of the property equals the land value (**LV**) plus the replacement cost new of property improvements (**RCN**) less depreciation (**D**). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and

considered. These market, or location adjustments, may be abstracted and applied uniformly within market areas or categories to account for variances between market areas or across a jurisdiction. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. When the appraiser reviews the relevant property characteristics, the appraiser will review and evaluate a ratio study that compares current sales prices of properties to the model value of the properties, which is based on the estimated depreciated replacement cost of improvements plus land value. Other sales appropriately adjusted for the effects of time may also be considered. The calculated ratio derived from the sum of the sold properties' appraised value divided by the sum of the time adjusted sales prices will indicate the neighborhood level of appraisal based on sold properties. This ratio will be compared to the acceptable appraisal ratio to determine the level of appraisal for each market area or category. If the level of appraisal for the market area or category is outside the acceptable range of ratios, adjustments will be applied to the market area or category.

The following equation denotes the expanded hybrid model:

$$MV = ((IUNIT \times ISIZE) + FEATURES \times \%GOOD \times IMADJ) + (LV \times LTADJ)$$

**MV** = Market Value

**IUNIT** = Replacement Cost New Per Square Foot (or other unit)

**ISIZE** = Improvement Square Feet (or other unit)

**FEATURES** = Improvement Amenities Cost

**%GOOD** = Percent Good From Normal Depreciation Table

**LV** = Land Value

**IMADJ** = Improvement Market Adjustment

**LTADJ** = Land Table (Market Area) Adjustment

### ***Reconciliation of the Three Approaches and Valuation***

The neighborhood reappraisal process involves creating ratio studies that compare sale prices of recently sold properties appropriately adjusted using the Standard on Verification and Adjustment of Sales (IAAO 2010) with the indicator of market value generated by the NCAD cost approach model. These studies will be relied upon to develop the adjustments needed to bring the median within the acceptable range. The results of these studies are stored in the COMMERCIAL Shared Department File Server in the Commercial Analysis folder by year by appraiser. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each updated neighborhood will be based on market indicated factors applied uniformly to all properties within a neighborhood.

With all the market-trend factors applied, a final ratio study will be generated comparing recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the Market Analysis Department will judge the appraisal level and uniformity in both updated and non-updated neighborhoods and will verify appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

### **SPECIAL APPRAISAL PROVISIONS**

#### ***Agricultural Appraisal***

The Texas Constitution permits certain kinds of agricultural land to be appraised for tax purposes at a productivity value, rather than at market value. This special appraisal value is based solely on the land's capacity to produce agricultural products. Property qualifying for agricultural appraisal will have a substantial reduction in taxes, based on the difference in special agricultural appraisal and the market

value of the property. At the time of use change, taxes are recaptured for up to five previous years, based on the difference in what was paid based on agricultural appraisal, and what would have been paid based on the market value of the property. Procedures for implementing this appraisal are based on the guidelines published in the Manual for the Appraisal of Agricultural Land, printed April 1990. A copy may be obtained from the State Comptroller of Public Accounts.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

### ***Field Review***

The Manager will assign the properties to be physically inspected. As stated under appraisal frequency, the appraisers will inspect one-third of the commercial properties through physical inspection and aerial photography. In addition, sold properties will be field reviewed by the Appraisers to check for accuracy of data characteristics.

Increased sales activity and increased permit activity will result in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, and other factors contributing significantly to the market value of the property. Field activity is a must with each market area being reviewed as stated above.

### ***Office Review***

Once field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Prior year values resulting from Appraisal Review Board actions are individually reviewed to determine if there is substantial evidence to support a change with consideration given to Section 23.01 of the PTC. Once the appraiser has determined that the level and uniformity of value for each commercial property is within an acceptable range, the estimates of value will go to noticing.

## **PERFORMANCE TESTS**

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market prices. In a sales ratio study, sale prices of sold properties are compared to the indication of value produced by the mass appraisal model. Independent, expert appraisals may also be used to represent sale prices. If there are not enough examples of market price in a market area or category to provide a statistically valid sample, then similar market areas or categories may be combined. This can be particularly useful for commercial or industrial real property for which sales are limited. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value, but reflect the value in use requirement. An example of this is multi-family housing projects subject to subsidized rent provisions or other governmental guarantees as provided by legislative statutes (affordable housing) or agricultural lands to be appraised on the basis of productivity or use value.

### ***Sales Ratio Studies***

Sales ratio studies are an integral part of estimating equitable and accurate market values that become the basis of the assessments by the taxing jurisdictions. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and, to calibrate and adjust the results of models used to estimate appraised values of groups of properties during the valuation process. However, these studies may not be effective in determining the accuracy of an individual properties' appraised value.

Overall sales ratios are generated annually (or more often in specific areas) to allow appraisers to review general market trends in their area of responsibility and for the Property Study from the Property Tax Division of the Comptroller's Office. The appraisers will utilize various computer applications to evaluate subsets of data by economic area, property type, or a specific and unique data item. This may be customized and performed by building class and age basis. In many cases, field checks will be conducted to verify physical characteristics in order to assure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by providing an indication of market activity by economic area or changing market conditions (appreciation or depreciation).

### ***Comparative Appraisal Analysis***

The commercial appraiser may perform an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed properties by property use type (such as apartment, office, retail and warehouse usage or special use). The objective to this evaluation is to determine appraisal performance of sold and unsold properties. Appraisers will average unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and on properties located within various economic areas. In this way, overall appraisal performance is evaluated geographically, by specific property type to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar.



# PERSONAL PROPERTY VALUATION PROCESS

## SCOPE OF RESPONSIBILITY

This section of the 2015-2016 Reappraisal Plan is a comprehensive general plan which describes the Personal Property Department's planned activities. The purpose of this plan is to convey to the public, and the taxing entities, the district's general plans for reappraisal in sufficient detail to demonstrate that the district has a viable and adequate plan to fulfill its responsibilities. In support of this general plan, the Personal Property Department has an extensive **Written Procedures Document** which lays out a very specific Time/Action Schedule along with all of the detailed processes and procedures involved in all phases of discovering and appraising each type and category of personal property. This document is currently also under review, and available upon request.

## APPRAISAL RESOURCES

- **Personnel**
  - One Manager
  - One Coordinator
  - Seven Business Personal Property Appraisers
  - One Administrative Assistant
  - Four Clerks
- **Computer Assisted Personal Property Appraisal utilizing PACS**

The PACS valuation process has two main objectives:

  - 1) Maintain all aspects of data related to the personal property on the appraisal roll
  - 2) Calculate market values based on data entered by staff.

PACS may also be used in the future to develop new models for business classifications not previously integrated into PACS. The process will involve recording and analyzing relevant physical characteristics such as SIC/business type, square footage, field data, and original cost information.

## VALUATION PROCESS

The Nueces County Appraisal district will adhere to IAAO (International Association of Assessing Officers) Standards, and USPAP (Uniform Standards of Professional Appraisal Practice) Standards and assessment procedures, as a basis for departmental operations. The duties and responsibilities of the department are summarized as stated below, with individual detailed explanations for each in subsequent pages:

1. Discovery and Identification of all taxable personal property within the District
2. Identify specific categories of Personal Property
3. Recognize and account for all legal considerations which may impact appraisals and Processing Exemption Applications
4. Determination of Situs (taxable location) of all taxable Personal Property
5. Valuation – Using Applicable Approaches to Value
6. Recognize and account for Depreciation/Accounting Methods
7. Reviewing and Processing Renditions and other required reporting documents
8. Defense of Values during Review Phase

## **DISCOVERY AND IDENTIFICATION**

The personal property department uses at minimum, the following sources to discover, research, verify and identify taxable property within the district:

1. Field Inspections - Primary means of discovery done every year.
2. The Internet – Websites and Search Engines
3. Texas Comptroller's Office- Sales tax permits
4. Texas Secretary of State's office for general information related to corporations, LLC's
5. Nueces County Clerk's Office – Assumed Name Filings; Alcoholic Beverage Licenses; Coin-Operated Machine Licenses;
6. Local Area daily and weekly Newspapers, newsletters and other local publications including the local Daily Legal- (local legal data publication), Ad Sac, Thrifty Nickel, etc.
7. Telephone Directory
8. Polk City Directory
9. Commercial Vehicle registration data list from private vendor subscription
10. Texas Parks and Wildlife Commercial and Passenger registered watercraft list
11. U.S. Coast Guard Commercial and Passenger registered watercraft list
12. FCC Radio/TV/Communications Tower List
13. FAA Aircraft Registration List
14. Local Airport and FBO tenants lists
15. Public/Private Storage Warehouse/Cotton Warehouse Tennant Lists
16. Local Pipe Stock and storage yard lists
17. TXDOT – List for outdoor advertising billboard permits, Car Dealer Lists; Towing and wrecker operators lists;
18. TDHCA- Texas Dept of Housing – For all information related to ownership and movement of manufactured homes
19. Pictometry Digital Imagery – used in cases where physical inspection s are not practical or possible
20. Commercial Landlord, and building manager's reports required under Tax Code for all local Office/professional buildings
21. Local Manufactured Housing Park lists provided by owners and managers
22. Building Permits records from the City of Corpus Christi and all other local municipalities,
23. Nueces County Health Department records for septic tank permits, and health department permits for local food establishments and food vendors
24. Renditions and Special Inventory Declarations and Statements filed by business property owners
25. Other Sources of information that flow into our office often come from our local government agencies, and taxing entities, such as the RTA, Port of Corpus Christi,.

## **PERSONAL PROPERTY CATEGORIES**

There are seven primary personal property types appraised by the district's personal property section: Valuation method s related to each category is addressed later in this document.

1. Regular Business Personal Property accounts consisting of fixed assets as Furniture Fixtures Machinery, and Equipment
2. Business Inventory – Merchandise or goods held for sale by the owner
3. Vehicles, aircraft, watercraft; Cranes, drilling equipment
4. Special Inventory/Dealers Inventory;
5. Leasing Company Assets
6. Oil and Gas related Industrial Personal property and equipment – Appraised by Outside Appraisal Firm by contract
7. Multi-location assets, i.e.: Cellular, Radio TV Communication towers and Equipment.

## **LEGAL CONSIDERATIONS**

Federal, State and Local laws, particularly State laws that allow Ad Valorem tax exemptions are considered as part of the normal course of business in personal property appraisals. Actions of the State Legislature and the federal and state courts also play a part in our consideration of what may or may not be taxable personal property. Property tax exemption matters are generally handled through the Assistant Chief Appraiser's Office.

Certain types of moveable property may be eligible for specific: "Goods in Transit" or Freeport" Exemptions as well. The department will process these applications in accordance with applicable State laws

## **SITUS**

Situs is the actual or assumed physical location of a property. Determination of situs can sometimes be difficult with moveable property, When Personal Property acquires a more-or-less permanent or fixed location it is generally taxable at that location by the taxing jurisdictions within which the property is located. Situs may also be thought of as the "taxable location"

Where questions arise regarding situs, the Personal Property Department will make determinations as to situs in accordance with Applicable State laws, based on factual information related to the property.

## **VALUATION APPROACHES AND DEPRECIATION METHODOLOGY**

### ***Sales Comparison Approach***

Business personal property is typically sold as part of the business as a whole and not by itself, which makes this approach unsuitable for valuing most personal property. This approach is only suitable for the valuation of certain types of vehicles and heavy equipment. Value estimates for vehicles will be provided by an outside vendor and are based on data furnished by National Market Reports. An appraiser using published market guides such as National Automobile Dealers Association (N.A.D.A) book values will appraise these types of properties.

There are not enough known sales of industrial personal property to have a meaningful population of sales for value comparison purposes. This category of personal property is inclusive of all types at a facility, such as furniture, computers, and machine. It is typical for personal property to be included in the sale of a facility, instead of being sold separately. There may be subsets of personal property that are sold, but that does not provide the sales of all personal property necessary to make value comparisons under the sales approach.

### ***Income Approach***

The income approach has limited use in the appraisal of machinery, equipment, furniture, fixtures, and leasehold improvements because of the difficulty in estimating future net benefits; except in the case of certain kinds of leased equipment. When reliable data on equipment leases is available, the income approach may be used to estimate fair market value of the equipment.

The income approach is not suitable in the appraisal of industrial personal property because the industrial facility operator in the production of an end service or product is using the personal property.

Industrial facilities are not in the business of leasing their personal property to another industrial facility for the production of an end service or product.

## **VALUATION APPROACHES AND DEPRECIATION METHODOLOGY**

### ***Cost Approach***

The primary approach to the valuation of business and industrial personal property will be the cost approach. The replacement cost new (RCN) will be developed from property owner reported historical cost or from CAD developed valuation models. RCN are based on published valuation guides. The percent good factors used by the district are also based on published valuation guides.

Historical cost data from property owner renditions, hearings, state schedules, and published cost guides will be used to develop the district's cost schedules. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format, but some exceptions are in an alternate price per unit format, such as per room for hotels.

Replacement cost may be estimated from published sources and other publicly available resources. Examples of the resources used are building permits, Internet websites, Trade Publications and Pricing valuation guides such as Marshall & Swift, N.A.D.A., and local newspapers, . These schedules will be reviewed to conform to changing market conditions, if necessary.

Depreciation is determined from internally developed depreciation tables. The district has a published general depreciation schedule that covers three primary property types. These types are

1. Machinery/Equipment/Furniture/Fixtures
2. Vehicles
3. Computer/Tech Equipment

The general Appraisal Model and method employed by the Personal Property Department stated generally is as follows:

$$\begin{aligned}MV &= HC \times D \\ \text{Or} \\ MV &= (UP \times N) - D\end{aligned}$$

Where:

MV= Market Value

HC = Historical Cost

D= Depreciation % Good Factor

UP = Unit Price

N = Number of Units

The models will be employed as appropriate, dependent on which source of data the district has to work with.

### ***Manufactured Housing (f.k.a. Mobile Homes)***

Real and personal property mobile homes will be valued using the cost approach. Nueces County Appraisal District cost and depreciation schedules will be compared against National Automobile Dealers Association (N.A.D.A). *Guides*, a nationally recognized pricing service. National Automobile Dealers Association (N.A.D.A) *Guides* will be used primarily to update cost schedules for used and new mobile homes.

The district will download from the Texas Department of Housing and Community Affairs' website a list of transferred mobile homes to input into our Computer Aided Mass Appraisal (CAMA) system. Clerical staff will then generate questionnaires seeking information on sales price, serial and Housing and Urban Development numbers, make and model, and ownership. Master lists identifying mobile home parks will be generated annually and used by appraisal staff to verify its situs.

According to Section 25.08(e), Tax Code, a manufactured home placed on land owned by the same person will not be considered as real property unless the owner has filed a "Statement of Ownership and Location" with the county clerk or County tax assessor the owner had elected to have the Manufactured Home treated as Real Property on the Statement of Ownership and Location Document

### ***Renditions***

Section 22.01 of the Texas Property Tax Code requires businesses to render a listing of business personal property indicating the property's cost. The Personal Property renditions are due annually by April 15<sup>th</sup>. Or May 15<sup>th</sup> if an extension is requested. Information presented on the rendition form is compared to account information from the previous year and current appraiser's field observations. Any unusual value changes will be verified and ownership information will be confirmed. If the account is rendered by a property tax agent, the appraiser will verify that a current "Appointment of Agent" form is on file. If there is no "Appointment of Agent" form on file, one will be requested from the rendering agent.

Any rendition form that is received after the deadline will be coded for a late rendition penalty in the Computer Aided Mass Appraisal (CAMA) system. After all the renditions have been processed, any account that had not submitted a rendition form will be coded to be assessed a rendition penalty.

### ***Vehicles***

Value estimates for vehicles are based on published price guide values or depreciated cost, with consideration for high mileage or atypical condition if information is provided.

### ***Leased and Multi-Location Assets***

Leased and multi-location assets are usually valued from renditions filed by property owners or published price guide values.

### ***Dealers Inventory***

Qualifying Inventory of motor vehicle dealers, vessel and outboard motor dealers, heavy equipment dealers, and retail manufactured housing dealers are appraised according to Sections 23.121, 23.124, 23.1241, and 23.127, of the Texas Property Tax Code

## **VALUATION DEFENSE**

The Personal Property Department will vigorously defend its valuation methods and conclusions at all Appraisal Review Board Hearings using all allowable data, information and evidence available. The staff will adhere to all applicable state laws and ethical standards in accordance with USPAP and IAAO.

# INDUSTRIAL PROPERTIES VALUATION PROCESS

## **SCOPE OF RESPONSIBILITY**

Industrial property consists of processing facilities and related personal property. Thos. Y. Pickett & Co., Inc. ("Thos 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 1st inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code. The date of this report is approximately April 20th of the tax year for which it 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 65, Comment of the Uniform Standards of Professional Appraisal Practice 2004. A listing of the industrial properties appraised by Pickett for the appraisal district is available at the appraisal district office. Industrial properties are normally re-inspected annually.

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

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 has been obtained by members of Thos. 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.

### ***Data Collection and Valuation***

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 which 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 throughput 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, Testing, and Value Defense***

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 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 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.



Once appraisals have been reviewed and tested for accuracy, they can then be submitted to the taxpayer as value defense for informal protests. Cost, income and market data parameters will be shared with the taxpayer to check for accuracy to insure all cost, economic, and market data are current and allow for any discrepancies the property may have which does not follow the normal trends set forth in the approaches used to value property of that particular type. Any differences in appraisal parameters will be discussed with the taxpayer and adjustments will be made for any incorrect data if deemed necessary by the appraisal staff.

Should the opinion of value still remain an issue with the taxpayer, a formal protest with the Appraisal Review Board will be recommended. Value defense for the said property will be the same information as provided during the informal discussions. At that time, Thos. Y. Pickett & Co., Inc. will follow all procedures for formal appraisal review board hearings as specified by the Nueces County Appraisal District, its Appraisal Review Board, and current Texas Property Tax Code laws, specifically Chapter 41, Local Review, which insures compliance with HB 201.

## **UTILITY, RAILROAD AND PIPELINE PROPERTIES VALUATION PROCESS**

### **SCOPE OF RESPONSIBILITY**

Utility, railroad, and pipeline properties consist of operating property, excluding land, owned by utility, railroad and pipeline companies and related personal property and improvements. Thos. Y. Pickett & Co., Inc. ("Thos. 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 date of this report is approximately April 20 of the tax year for which it 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 65, 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. 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
4. Provided legal counsel by the Appraisal District.
5. The appraisers do not necessarily inspect every property every year.
6. 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.
7. All information in the appraisal documents have been obtained by members of Thos. Y. Pickett's staff

or by other reliable sources.

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

### ***Data Collection and Valuation***

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, Testing, and Value Defense**

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 real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Appraisal results are tested annually by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Once appraisals have been reviewed and tested for accuracy, they can then be submitted to the taxpayer as value defense for informal protests. Cost, income and market data parameters will be shared with the taxpayer to check for accuracy to insure all cost, economic, and market data are current and allow for any discrepancies the property may have which does not follow the normal trends set forth in the approaches used to value property of that particular type. Any differences in appraisal parameters will be discussed with the taxpayer and adjustments will be made for any incorrect data; if deemed necessary by the appraisal staff.

Should the opinion of value still remain an issue with the taxpayer, a formal protest with the Appraisal Review Board will be recommended. Value defense for the said property will be the same information as provided during the informal discussions. At that time, Thos. Y. Pickett & Co., Inc. will follow all procedures for formal appraisal review board hearings as specified by the Nueces County Appraisal District, its Appraisal Review Board, and current Texas Property Tax Code laws, specifically Chapter 41. Local Review, which insures compliance with HB 201.

## **OIL AND GAS RESERVES VALUATION PROCESS**

### **SCOPE OF RESPONSIBILITY**

Oil and gas reserves consist of interests in subsurface mineral rights. Thos. Y. Pickett & Co., Inc. (“Thos. 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 date of this report is approximately April 20 of the tax year for which it is submitted.

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. 25.15. A listing of the oil and gas properties appraised by Pickett for the appraisal district is 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 2004 Edition. However, the inability to physically examine the property does not affect the appraisal process nor 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; 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 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 Thos. Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.

### ***Data Collection and Valuation***

Data on the subject properties is 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 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 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 and income. 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 2004 Edition, 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 average price of the oil and gas received from the interest for the preceding year. Furthermore, the prices used for succeeding years may not increase at a rate greater than the rate of increase projected by the Texas Comptroller's office for revenue estimating purposes nor may the price used in any succeeding year exceed 150 percent of the price used in the first year of the DCF analysis. Additionally, Section 23.175 of the Texas Property Code restricts appraisal districts to the discounting methods and procedures specified by the Texas Comptroller's Office for oil and gas properties. The final results for each property may be found on the appraisal district's appraisal roll.

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, Testing and Value Defense***

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. 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 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.

Once appraisals have been reviewed and tested for accuracy, they can then be submitted to the taxpayer as value defense for informal protests. Cost, income and market data parameters will be shared with the taxpayer to check for accuracy to insure all cost, economic, and market data are current and allow for any



discrepancies the property may have which does not follow the normal trends set forth in the approaches used to value property of that particular type. Any differences in appraisal parameters will be discussed with the taxpayer and adjustments will be made for any incorrect data; if deemed necessary by the appraisal staff.

Should the opinion of value still remain an issue with the taxpayer, a formal protest with the Appraisal Review Board will be recommended. Value defense for the said property will be the same information as provided during the informal discussions. At that time, Thos. Y. Pickett & Co., Inc. will follow all procedures for formal appraisal review board hearings as specified by the Nueces County Appraisal District, its Appraisal Review Board, and current Texas Property Tax Code laws, specifically Chapter 41. Local Review, which insures compliance with HB 201.

**DOUGLAS L. OSTERLOH**  
**President & CEO Director**

**EXPERIENCE**

Thos. Y. Pickett & Company, Inc. 33 Years

**QUALIFICATIONS**

Mr. Osterloh has extensive experience in unit appraisals of industrial, personal property, and utility properties including pipeline, electric, and gas distribution. He supervises appraisals of this type of property within the South Texas region, serves as manager of the Corpus Christi office and has directed all company operations since 2008.

In addition, he has twenty-nine (29) years active experience in appraising complex industrial properties in the State of Mississippi, twenty-eight (28) in the State of Wyoming, and over twenty (20) years of experience in the appraisal of gaming equipment and casinos in Texas and Mississippi.

**EDUCATION/LICENSES**

Bachelor of Arts -Business Administration, Management University of Texas, Arlington, Texas Registered Professional Appraiser-State of Texas-License #17190 Various appraisal courses including the Wichita School on Unit Appraisals

**PROFESSIONAL ASSOCIATIONS**

Texas Association of Assessing Officers (TAAO) Texas Department of Licensing & Regulation-Property Tax Professional Texas Association of Appraisal Districts (TAAD) Texas School Assessors Association International Association of Assessing Officers (IAAO) Mississippi Assessors and Collectors Association Wyoming County Assessors' Associations

**STEPHEN B. CAMPBELL**  
**Vice President Director**

**EXPERIENCE**

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, oilfield 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 of Dallas.

**EDUCATION/LICENSES**

Masters of Business Administration-University of North Texas-Denton, Texas

B.S Mechanical Engineering-Baylor University-Waco, Texas Registered Professional Appraiser-State of Texas-License #68355

**PROFESSIONAL ASSOCIATIONS**

Level II Chartered Financial Analyst Texas Department of Licensing & Regulation-Property Tax Professional

**ROBERT T. (BOB) LEHN**  
**Executive Vice President Director**

**EXPERIENCE**

- Thos. Y. Pickett & Company, Inc. (Dallas) 22 Years
- Purvin&Gertz, Inc. (Dallas & London) 1 Year Associate
- Hadson Gas Systems, Inc. (Houston, Dallas & London) 4 Years Manager-Projects & Facilities (Dallas) Director-Gas Supply & Transportation (London)
- Muse, Stancil & Company (Dallas) 2 Years Consultant
- Amoco Production Company (USA) 8 Years (Chicago, Corpus Christi, Houston) Staff Plant Engineer

**QUALIFICATIONS**

Mr. Lehn performs railroad, pipeline, gas gathering and processing facilities and industrial valuations of many 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 agricultural (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, Utah 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, Louisiana, Wyoming, Mississippi and in Florida. Mr. Lehn performs golf and ski resort real estate appraisals. He has spoken at the Annual IAAO Conferences, at the IAAO Legal Seminars and at various State and County Assessors' functions and at other venues. Mr. Lehn is the General Manager of the Dallas Office.

**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 Assessing Officers (TAAO)

International Association of Assessing Officers (IAAO)-Associate Member, Ethics Committee

**ANTHONY E. (TONY) BELL**  
**Vice President**

**EXPERIENCE**

Mr. Bell is an accomplished Tax Manager with extensive experience in the valuation of the telecommunications industry including the valuation of manufacturing facilities, office equipment, buildings and the communications network. Since joining Thos. Y. Pickett & Co., Inc., his expertise has extended to complex industrial properties, such as, Electric Generation Plants, Gas Processing Plants and other oilfield properties, as well as, the valuation of all other types of utility properties. He is skilled in determining strategies, developing presentations, and negotiating final values. He provided analysis on proposed tax legislative changes and recommended language supportive of a position. Mr. Bell manages the Thos. Y. Pickett & Co., Inc. Industrial & Utility Division, which performs appraisals in multiple states on large complex properties such as shipyards and mining operations, as well as, smaller properties such as oilfield equipment, saw mills and all utilities. Mr. Bell is also the Office Manager for the Dallas Office.

**EDUCATION/LICENSES**

B.S. Industrial Engineering-Newark College of Engineering Significant course work towards M.S. Engineering Management Twenty-four years of attendance of Appraisal for Ad Valorem Taxation of Communications, Energy and Transportation Properties-Wichita State University, Wichita, Kansas Seminars on valuation of real and personal property in Texas Registered Professional Appraiser-State of Texas-License #69124

**PROFESSIONAL ASSOCIATIONS**

Texas Association of Assessing Officers(TAAO) Texas Department of Licensing & Regulation-Property Tax Professional International Association of Assessing Officers(IAAO)

**CALVIN L. HAMMOND**  
**Mineral Appraiser**

**QUALIFICATIONS**

Mr. Hammond performs mineral appraisals. He has thirty-four (34) years experience in the chemical processing industry in addition to the seven years as a mineral appraiser. In addition to his technical expertise in a wide range of chemical processes, he has extensive experience in a wide range of economic analysis. This experience includes economic feasibility studies of R&D and plant engineering projects, major capital investments (including grass roots plants for new and existing processes) as well as cost allocation methodology for products and plant process units. He has experience appraising mineral properties throughout the South Texas region.

**EDUCATION/LICENSES**

Bachelor of Science-Chemical Engineering-University of Houston-Houston, TX Registered Professional Appraiser-State of Texas-License # 71263

**PROFESSIONAL ASSOCIATIONS**

Texas Department of Licensing & Regulation-Property Tax Professional

**DANNY HENDRIX**  
**Vice President Senior Industrial Appraiser**

**EXPERIENCE**

Mr. Hendrix has thirty-three (33) years of experience in appraising personal property, and representing various oilfield related service companies. He serves as a field appraiser for all types of oilfield related personal property and has coordinated industrial appraisal projects in Texas and in Wyoming. He worked on the Colorado Ratio Study for 1993-1996 in appraisals of personal properties, commercial, and industrial properties. Mr. Hendrix is responsible for all electric and telephone cooperative valuations, and all wind farm valuations performed in Texas by Thos. Y. Pickett & Company, Inc.

**EDUCATION/LICENSES**

Bachelor of Business Administration-University of Texas-Permian Basin-Odessa, TX Registered Professional Appraiser-State of Texas-License #65564

**PROFESSIONAL ASSOCIATION**

Texas Department of Licensing & Regulation-Property Tax Professional Texas Association of Assessing Officers(TAAO) Texas Association of Appraisal Districts(TAAD)

**EDWARD DONALD OWENS**  
**Vice President Senior Appraiser**

**QUALIFICATIONS**

Mr. Owens has thirty-seven years (37) experience in appraising mineral, industrial, commercial, and personal properties. He also values 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 oil related properties in Texas, Wyoming, Colorado and New Mexico.

**EDUCATION/LICENSES**

Bachelor of Science-Business Administration-Southwestern University-Salt Lake City, UT Associate in Applied Science-Property Tax Appraisal-Tarrant Co Junior College-Fort Worth, TX Associate in Applied Science-Mid-Management-Tarrant Co Junior College-Fort Worth, TX Registered Professional Appraiser-State of Texas-License #00896

**PROFESSIONAL ASSOCIATION**

Texas Department of Licensing & Regulation-Property Tax Professional



**RICARDO O. GUZMAN**  
**Mineral Appraiser**

**EXPERIENCE**

Thos. Y. Pickett & Company, Inc. 2Year

City of Corpus Christi, 12Years

Assistant Director of Gas Operations Assistant Director of Management and Budget Director of  
Traffic Engineering

City of Kingsville 15Years

Director of Planning and Engineering Public Works Director

**QUALIFICATIONS**

Mr. Guzman performs mineral appraisals. He has twenty eight (28) years experience in public administration with extensive experience in the production, transportation and distribution of oil and natural gas. This includes Facility Inspections, Construction, Service and Operations, Pressure and Measurement, Compressed Natural Gas, Cathodic Protection, Marketing and Finance with regard to the natural gas industry. In addition he has project management experience in evaluating and executing contracts for the procurement of equipment and construction of multimillion dollar capital improvement projects. He has experience appraising properties throughout the South Texas region.

**EDUCATION/LICENSES**

Bachelor of Science in Civil Engineering, Texas A & M University Kingsville, TX Class II Appraiser,  
State of Texas, License # 74026

**PROFESSIONAL ASSOCIATIONS**

Texas Association of Assessing Officers (TAAO)

**LANGUAGES**

Fluent in English Fluent in Spanish

**REVA GRYMES ARAMBULA**  
**Appraiser Contract Administrator**

**EXPERIENCE**

Thos. Y. Pickett & Company, Inc. 10 Years

**QUALIFICATIONS**

Ms. Arambula initially joined Thos. Y. Pickett as a Personal Property/Utilities/Industrial Contract Administrator and then took on the additional duties of an Industrial Appraiser. As a contract administrator, she is responsible for maintaining the personal property/utilities/industrial accounts which includes handling address changes, agent changes & client request changes. She communicates with the appraisal districts on a regular basis and attends Appraisal Review Boards. As an industrial appraiser, she is responsible for the appraisal of personal, industrial & special use properties.

**EDUCATION/LICENSES**

Registered Professional Appraiser-State of Texas-License #72326

**PROFESSIONAL ASSOCIATIONS**

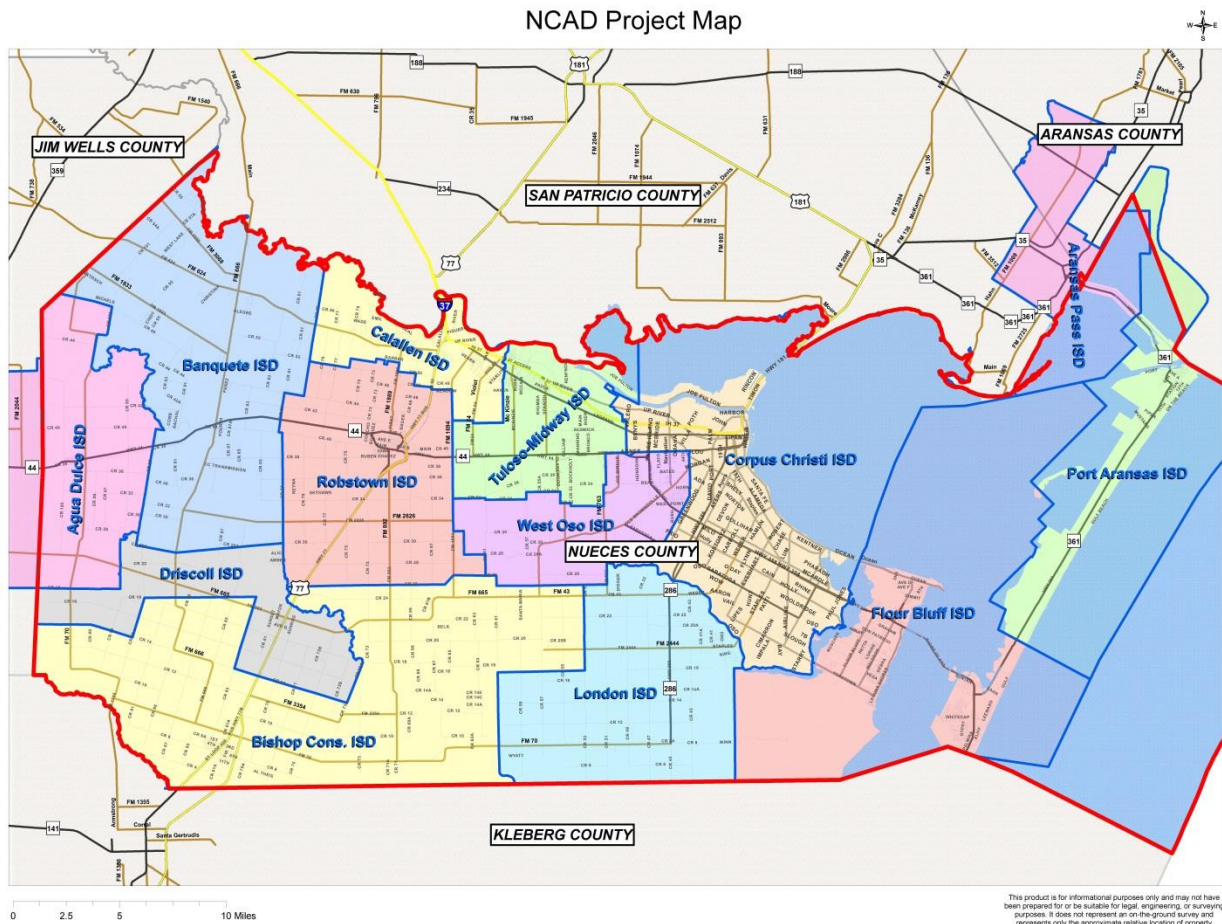
Texas Department of Licensing & Regulation-Property Tax Professional Texas Association of Assessing Officers (TAAO)

**Exhibit A1****Defined Residential Market Areas in the District**

<b>Reappraisal Year</b>	<b>ISD AOR</b>	<b># of Accounts</b>
<b>2015</b>	SF -- Tuloso-Midway ISD	3,561
	SE -- CCISD # 1	20,699
	SE -- CONDOS/TWNHMS #1	1,081
	SL -- Calallen ISD	6,792
	SL -- CONDOS/TWNHMS	217
	SA -- London ISD	887
	SC -- Banquete ISD	2,227
	SP -- Discoll ISD	640
	SN -- Bishop ISD	2,551
	SK -- Agua Dulce ISD	530
	<b>TOTAL</b>	<b>39,185</b>
<b>2016</b>	SM -- Port Aransas ISD	3,656
	SM -- CONDOS/TWNHMS	3,266
	SR -- Aransas Pass ISD	13
	SG -- West Oso ISD	2,553
	SF -- CONDOS/TWNHMS	27
	SE -- CCISD # 2	25,406
	SE -- CONDOS/TWNHMS #2	1,081
	S0 -- Robstown ISD	5,527
	<b>TOTAL</b>	<b>41,529</b>
<b>2017</b>	SE -- CCISD # 3	22,863
	SE -- CONDOS/TWNHMS #3	1,081
	SJ -- Flour Bluff ISD	15,101
	SJ -- CONDOS/TWNHMS	2,574
	<b>TOTAL</b>	<b>41,619</b>

## Exhibit A2

### Defined Residential Market Areas in the District

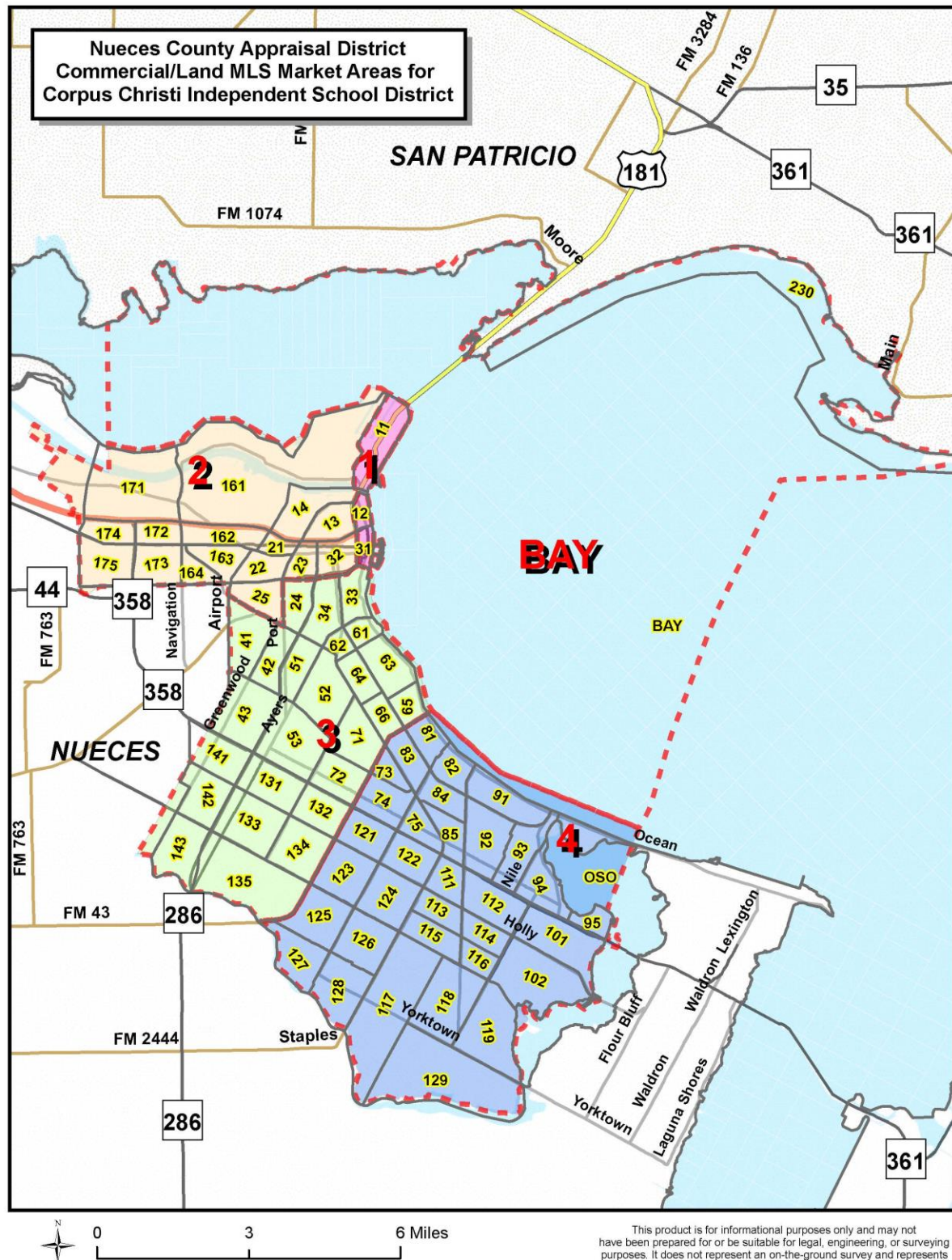


**Exhibit B1****Defined Commercial/Land Market Areas in the District**

<b>Reappraisal Year</b>	<b>ISD</b>	<b># of Accounts</b>
<b>2015</b>	SE-CCISD MLS AREA 1 & 2	3,101
	SC-BANQUETE	1,099
	SL-CALLEN ISD	756
	SF-TULOSO MIDWAY ISD	1,509
	SG-WEST OSO ISD	1,342
	SJ-FLOUR BLUFF ISD	1,654
	<b>TOTAL</b>	<b>9,461</b>
<b>2016</b>	SE-CCISD MLS AREA 4	2,073
	SK-AGUA DULCE ISD	344
	SN-BISHOP ISD	1,439
	SP-DRISCOLL ISD	352
	SA-LONDON ISD	734
	SO-ROBSTOWN ISD	1,690
	SM-PORT ARANSAS ISD	1,212
	SR-ARANSAS PASS ISD	16
	<b>TOTAL</b>	<b>7,860</b>
<b>2017</b>	SE -- CCISD MLS AREA 3	2,997
	SC-BANQUETE ISD	1,099
	SL-CALLEN ISD	756
	SF-TULOSO MIDWAY ISD	1,509
	SF-WEST OSO ISD	1,342
	SJ-FLOUR BLUFF ISD	1,654
	<b>TOTAL</b>	<b>9,357</b>

## Exhibit B2

### Defined Commercial/Land Market Areas in the District







## Exhibit C

### Calendar of Events

<b>July 2014</b>	
July 31, 2014	<ul style="list-style-type: none"> <li>Appraisal Field Cycle Begins</li> </ul>
<b>August 2014</b>	
	<ul style="list-style-type: none"> <li>Management Plan Year Begins</li> <li>Begin working "Percent Complete" permits</li> <li>TAAO Annual Conference</li> </ul>
<b>September 2014</b>	
	<ul style="list-style-type: none"> <li>Input 2014 tax rates into PACS system</li> <li>ARB – full board approves supplement</li> <li>Statutory appraisal date for certain inventory properties (23.12)</li> <li>Deadline for Electronic Appraisal Roll Submission (EARS) to PTD</li> </ul>
Sept. 1, 2014	<ul style="list-style-type: none"> <li>Labor Day</li> </ul>
Sept. 15, 2014	<ul style="list-style-type: none"> <li>Deadline for BOD to approve Biennial 2015-2016 Reappraisal Plan</li> </ul>
<b>October 2014</b>	
	<ul style="list-style-type: none"> <li>ARB approves supplement</li> </ul>
<b>November 2014</b>	
	<ul style="list-style-type: none"> <li>ARB approves supplement</li> </ul>
Nov. 11, 2014	<ul style="list-style-type: none"> <li>Veterans Day Holiday</li> </ul>
Nov. 27-28, 2014	<ul style="list-style-type: none"> <li>Thanksgiving Holiday</li> </ul>
<b>December 2014</b>	
	<ul style="list-style-type: none"> <li>IT Department prepares year end functions in PACS System</li> </ul>
Dec. 14, 2014	<ul style="list-style-type: none"> <li>Print Business Personal Property Renditions</li> </ul>
Dec. 25-26, 2014	<ul style="list-style-type: none"> <li>Christmas Holiday</li> </ul>
<b>January 2015</b>	
	<ul style="list-style-type: none"> <li>Assessment Date</li> <li>New Year's Day</li> <li>ARB approves supplement</li> <li>Analyze high sales area and prepare for mass appraisals</li> <li>Mail exemption applications</li> </ul>
Jan. 1, 2015	<ul style="list-style-type: none"> <li>New Year's Day Holiday</li> </ul>
Jan. 4, 2015	<ul style="list-style-type: none"> <li>Advertise Business Personal Property Rendition requirements in the Caller Times Newspaper</li> </ul>
Jan. 19, 2015	<ul style="list-style-type: none"> <li>Martin Luther King Day Holiday</li> </ul>
<b>February 2015</b>	
	<ul style="list-style-type: none"> <li>Get bids from vendors for preparation and mailing of the Appraisal Notices</li> <li>ARB approves supplement</li> <li>TAAO Annual Conference</li> </ul>
Feb. 2, 2015	<ul style="list-style-type: none"> <li>Receive preliminary findings of the 2014 Property Value Study from PTD</li> <li>Deadline for Electronic Property Transaction submission to the Comptroller's PTD</li> </ul>
Feb. 4, 2015	<ul style="list-style-type: none"> <li>Mail homestead exemption applications</li> </ul>
Feb. 16, 2015	<ul style="list-style-type: none"> <li>President's Day Holiday</li> </ul>



<b>March 2015</b>	
	<ul style="list-style-type: none"> <li>• Approval/Award of contract for 2015 Appraisal Notices</li> <li>• ARB approves supplement</li> </ul>
March 11, 2015	<ul style="list-style-type: none"> <li>• Deadline to submit protest appeal of 2014 Property Value Study</li> </ul>
<b>April 2015</b>	
	<ul style="list-style-type: none"> <li>• Submit 2016 Preliminary Budget to the DOB</li> <li>• Real Property Field Cycle ends for 2015</li> <li>• Data entry cut-off for 1<sup>st</sup> mailing of Appraisal Notices (Real Property)</li> <li>• ARB approves supplement</li> <li>• Requisition supplies needed for the Certification of the Appraisal Rolls</li> <li>• Coordinate the update of the “freeze amounts” with the County Tax Office</li> <li>• ARB cycle for Real Property begins</li> <li>• ARB training for appraisal personnel</li> <li>• 1<sup>st</sup> Mailing of Appraisal Notices</li> <li>• Begin informal settlements with tax payers</li> </ul>
April 3, 2015	<ul style="list-style-type: none"> <li>• Good Friday Holiday</li> </ul>
April 20, 2015	<ul style="list-style-type: none"> <li>• Deadline for filing renditions and requests for BPP rendition extensions</li> </ul>
<b>May 2015</b>	
	<ul style="list-style-type: none"> <li>• Public hearing on Preliminary 2016 Budget</li> <li>• ARB accepts Real Property Appraisal records</li> <li>• ARB approve supplements</li> <li>• ARB hearings begin</li> <li>• Data entry cut-off for 2<sup>nd</sup> mailing of Appraisal Notices (Real Property)</li> <li>• 2<sup>nd</sup> Mailing of Appraisal Notices</li> </ul>
May 25, 2015	<ul style="list-style-type: none"> <li>• Memorial Day Holiday</li> </ul>
May 30, 2015	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> Mailing of Appraisal Notices</li> <li>• Protest deadline for 1<sup>st</sup> mailing of Appraisal Notices</li> </ul>
<b>June 2015</b>	
	<ul style="list-style-type: none"> <li>• Schedule workday (Saturday)</li> <li>• ARB approves supplement</li> <li>• Protest deadline for 2<sup>nd</sup> mailing of Appraisal Notices</li> <li>• Protest deadline for 3<sup>rd</sup> mailing of Appraisal Notices</li> </ul>
<b>July 2015</b>	
	<ul style="list-style-type: none"> <li>• Verification and file cleanup</li> </ul>
July 3, 2015	<ul style="list-style-type: none"> <li>• Independence Day Holiday</li> </ul>
July 13, 2015	<ul style="list-style-type: none"> <li>• Last day of hearings</li> <li>• Data entry cut-off for certification</li> </ul>
July 20, 2015	<ul style="list-style-type: none"> <li>• ARB submits 2015 Appraisal record to Chief Appraiser for certification</li> </ul>
July 25, 2015	<ul style="list-style-type: none"> <li>• Chief Appraiser certifies Appraisal Rolls</li> </ul>
July 31, 2015	<ul style="list-style-type: none"> <li>• Appraisal Field Cycle Begins</li> </ul>
<b>August 2015</b>	
	<ul style="list-style-type: none"> <li>• Begin working “Percent Completed” permits</li> <li>• TAAO Annual Conference</li> <li>• Management Plan Year Begins</li> </ul>
<b>September 2015</b>	
	<ul style="list-style-type: none"> <li>• Input 2015 Tax Rates into PACS system</li> </ul>

	<ul style="list-style-type: none"> <li>• Statutory appraisal date for certain inventory properties (23.12)</li> <li>• Deadline for Electronic Appraisal Roll Submission (EARS) to PTD</li> <li>• ARB approves supplement</li> </ul>
Sept. 7, 2015	<ul style="list-style-type: none"> <li>• Labor Day Holiday</li> </ul>
<b>October 2015</b>	
	<ul style="list-style-type: none"> <li>• ARB approves supplement</li> </ul>
<b>November 2015</b>	
	<ul style="list-style-type: none"> <li>• ARB approves supplement</li> </ul>
Nov. 11, 2015	<ul style="list-style-type: none"> <li>• Veterans Day Holiday</li> </ul>
Nov. 26-27, 2015	<ul style="list-style-type: none"> <li>• Thanksgiving Holiday</li> </ul>
<b>December 2015</b>	
	<ul style="list-style-type: none"> <li>• IT Department prepares year end function in PACS System</li> </ul>
Dec. 14, 2015	<ul style="list-style-type: none"> <li>• Print Business Personal Property Renditions</li> </ul>
Dec. 24-25, 2015	<ul style="list-style-type: none"> <li>• Christmas Holiday</li> </ul>
<b>January 2016</b>	
	<ul style="list-style-type: none"> <li>• ARB approves supplement</li> <li>• Analyze high sales area and prepare for Mass Appraisal</li> <li>• Mail exemption applications</li> </ul>
Jan. 1, 2016	<ul style="list-style-type: none"> <li>• New Year's Day Holiday</li> </ul>
Jan. 3, 2016	<ul style="list-style-type: none"> <li>• Advertise Business Personal Property Rendition requirements in the Caller Times Newspaper</li> </ul>
<b>February 2016</b>	
	<ul style="list-style-type: none"> <li>• Get bids from vendors for preparation and mailing of the Appraisal Notices</li> <li>• ARB approves supplement</li> <li>• TAAD Annual Conference</li> </ul>
Feb. 3, 2016	<ul style="list-style-type: none"> <li>• Deadline for Electronic Property Transaction submission to the Comptroller's PTD</li> <li>• Mail homestead exemption applications</li> </ul>
Feb. 15, 2016	<ul style="list-style-type: none"> <li>• Presidents' Day Holiday</li> </ul>
<b>March 2016</b>	
	<ul style="list-style-type: none"> <li>• Approval/Award of contract for 2015 Appraisal Notices</li> <li>• ARB approves supplement</li> </ul>
March 25, 2016	<ul style="list-style-type: none"> <li>• Good Friday Holiday</li> </ul>
<b>April 2016</b>	
	<ul style="list-style-type: none"> <li>• Submit 2017 Preliminary Budget to the DOB</li> <li>• Real Property Field Cycle ends for 2016</li> <li>• Data entry cut-off for 1<sup>st</sup> mailing of Appraisal Notices (Real Property)</li> <li>• ARB approves supplement</li> <li>• Requisition supplies needed for the Certification of the Appraisal Rolls</li> <li>• Coordinate the update of the "freeze amounts" with the County Tax Office</li> <li>• ARB cycle for Real Property begins</li> <li>• ARB training for appraisal personnel</li> <li>• 1<sup>st</sup> Mailing of Appraisal Notices</li> <li>• Begin informal settlements with tax payers</li> </ul>
April 15, 2016	<ul style="list-style-type: none"> <li>• Deadline for filing renditions and requests for BPP rendition extensions</li> </ul>
<b>May 2016</b>	

	<ul style="list-style-type: none"> <li>• Public hearing on Preliminary 2017 Budget</li> <li>• ARB accepts Real Property Appraisal records</li> <li>• ARB approve supplements</li> <li>• ARB hearings begin</li> <li>• Data entry cut-off for 2<sup>nd</sup> mailing of Appraisal Notices (Real Property)</li> <li>• 2<sup>nd</sup> Mailing of Appraisal Notices</li> </ul>
May 30, 2016	<ul style="list-style-type: none"> <li>• Memorial Day Holiday</li> </ul>
May 31, 2016	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> Mailing of Appraisal Notices</li> <li>• Protest deadline for 1<sup>st</sup> mailing of Appraisal Notices</li> </ul>
<b>June 2016</b>	
	<ul style="list-style-type: none"> <li>• Schedule workday (Saturday)</li> <li>• ARB approves supplement</li> <li>• Protest deadline for 2<sup>nd</sup> mailing of Appraisal Notices</li> <li>• Protest deadline for 3<sup>rd</sup> mailing of Appraisal Notices</li> </ul>
<b>July 2016</b>	
	<ul style="list-style-type: none"> <li>• Verification and file cleanup</li> </ul>
July 4, 2016	<ul style="list-style-type: none"> <li>• Independence Day Holiday</li> </ul>
July 11, 2016	<ul style="list-style-type: none"> <li>• Last day of hearing</li> <li>• Data entry cut-off for certification</li> </ul>
July 18, 2016	<ul style="list-style-type: none"> <li>• ARB submits 2016 Appraisal Records to Chief Appraiser for certification</li> </ul>
July 25, 2016	<ul style="list-style-type: none"> <li>• Chief Appraiser Certifies Appraisal Rolls</li> </ul>

## Exhibit D1

### Residential Department Timeline

July 25-December 30	
	<ul style="list-style-type: none"><li>• Begin reappraised on scheduled properties according to 3 year cycle.</li><li>• Review and update classification categories and cost schedules.</li><li>• Enter any new tables and data into CAMA system.</li><li>• Run sales ratio reports throughout the county.</li><li>• Continue to gather sales data from sale confirmation letters, deed records, and other sources for all properties.</li><li>• Handle any outstanding late board protests.</li><li>• Work BACK permits from previous year.</li><li>• Resurvey market areas as assigned, performing physical inspections and working new construction.</li></ul>
January - February	
	<ul style="list-style-type: none"><li>• Wrap up reappraisal.</li><li>• Handle all outstanding field checks.</li><li>• Finish remaining permits.</li><li>• Mail out Residential Real Property Inventory Renditions.</li></ul>
March - April	
	<ul style="list-style-type: none"><li>• Review neighborhoods for reappraisal areas.</li><li>• Establish Neighborhood factors.</li><li>• Process Residential Real Property Inventory Renditions.</li><li>• Finalize value for noticing.</li></ul>
May	
	<ul style="list-style-type: none"><li>• Handle and respond to taxpayer inquiries, questions from notice, and mailings.</li><li>• Prepare documentation for ARB hearings and protest season.</li></ul>
June – July	
	<ul style="list-style-type: none"><li>• ARB Process</li><li>• Certify Appraisal Roll on the 25<sup>th</sup> of July.</li></ul>

## Exhibit D2

### Personal Property Department Timeline

<b>July 22<sup>nd</sup> – August 28<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>• Prepare and do field checks for August protest</li> <li>• Prepare for field work – research newspaper articles, assumed names in Daily Legal, alcohol beverage licenses, manufactured home owner changes from TDHCA certificates, manufactured home moving permits.</li> </ul>
<b>August 29<sup>th</sup> – September 12<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>• Smaller school districts in outer regions of the county (A,K,N,C,P)</li> <li>• London ISD, Agua Dulce ISD, Bishop ISD, Banquete ISD, and Driscoll ISD</li> </ul>
<b>September 15<sup>th</sup> – September 26<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>• Industrial streets, North beach (K-13)</li> </ul>
<b>September 29<sup>th</sup> – October 24<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>• Major school districts outside CCISD (G,F,L,M,J,O) – West Oso ISD, Tuloso ISD, Calallen ISD, Port Aransas ISD, Flour Bluff ISD, and Robstown ISD</li> </ul>
<b>October 27<sup>th</sup> November 28<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>• Major streets</li> </ul>
<b>December 1<sup>st</sup> – December 31<sup>st</sup></b>	
	<ul style="list-style-type: none"> <li>• Coded Streets</li> </ul>
<b>January 2<sup>nd</sup> – January 30<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>• Manufactured home parks</li> </ul>
<b>February 2<sup>nd</sup> – March 27<sup>th</sup></b>	
	<ul style="list-style-type: none"> <li>• Complete and unfinished field work. Special inventory, buildings, warehouses, pipe yards, PO Boxes, renditions, agents, etc.</li> </ul>
<b>March 30<sup>th</sup> – Certification in July</b>	
	<ul style="list-style-type: none"> <li>• Boat list, commercial vehicle list, renditions, agent renditions, ARB, and any other work assigned by Manager</li> </ul>

## Exhibit D3

### Commercial/Land Department Timeline

August 2014 – December 2014	
	Commercial Appraisers: <ul style="list-style-type: none"> <li>Resurvey school districts assigned Tuloso Midway, Calallen, Banquete, Flour Bluff, West Oso, and CCISD areas 1&amp;2</li> </ul>
	Land Appraisers: <ul style="list-style-type: none"> <li>Work in-city AG accounts in assigned areas</li> <li>Work change of use rollback issues, especially on new construction</li> </ul>
January 2015 – April 2015	
	Commercial Appraisers: <ul style="list-style-type: none"> <li>Continue to resurvey school districts Tuloso Midway, Calallen, Banquete, Flour Bluff, West Oso, and CCISD areas 1&amp;2</li> <li>Complete all classification into system</li> <li>Review and make adjustments to special projects</li> <li>Resurvey assigned areas for sales &amp; notes</li> </ul>
	Land Appraisers: <ul style="list-style-type: none"> <li>Continue work change of use and rollback issues</li> <li>Continue resurvey assigned areas and adjust for sales &amp; notes</li> </ul>
May 2015 – July 2015	
	Commercial and Land Appraisers: <ul style="list-style-type: none"> <li>Start the Appraisal Review process</li> <li>Work with tax payers after they receive their appraisal notices concerning their valuation</li> </ul>
August 2015 – December 2015	
	Commercial Appraisers: <ul style="list-style-type: none"> <li>Resurvey school districts assigned Port Aransas, Aransas Pass, Robstown Agua Dulce, Bishop, Driscoll, London, and CCISD area4</li> <li>Work all permits county wide on new and remodeled accounts</li> <li>Resurvey assigned areas and adjust for sales &amp; notes</li> </ul>
	Land Appraisers: <ul style="list-style-type: none"> <li>Continue work change of use and rollback issues</li> <li>Continue resurvey assigned areas and adjust for sales &amp; notes</li> </ul>
May 2016 – July 2016	
	Commercial & Land Appraisers: <ul style="list-style-type: none"> <li>Start Appeal Review process</li> <li>Work with taxpayers after they receive their appraisal notices concerning their valuations</li> </ul>

## Exhibit D4


### Market Analysis Department Timeline

August - October	
	<ul style="list-style-type: none"><li>• Prepare preliminary sales ratio reports</li><li>• Gather, verify, and process sales information</li><li>• Mail out sales letters (Sales between January and August)</li><li>• Residential Land Appraiser will research land sales and make adjustments</li><li>• Help Residential Department verify classes as sales are verified</li></ul>
November - January	
	<ul style="list-style-type: none"><li>• Redefine neighborhoods, based on discovery during 2014's ARB and presales analysis</li><li>• Gather, verify, and process sales information</li><li>• Mail out sales letters (Sales between September and January)</li><li>• Land Appraiser will research land sales and make adjustments</li><li>• Help Residential Department verify classes as sales are verified</li></ul>
February - April	
	<ul style="list-style-type: none"><li>• Clean up sales data entry errors</li><li>• Run and Apply Neighborhood factors based on sales analysis</li><li>• Run Final Sales Ratio Reports</li></ul>
May - July	
	<ul style="list-style-type: none"><li>• Prepare the Sales Comparable and Equity Sales grids for all ARB cases</li><li>• Defend the Appraisal Review Board Cases before the ARB</li></ul>

## CERTIFICATION STATEMENT AND STATEMENT OF LIMITING CONDITIONS

### Certification Statement

*"I, Robert Cenci, Chief Appraiser for the Nueces County Appraisal District, solemnly swear that I have made or caused to be made a reappraisal plan for The Nueces County Appraisal District as required by law."*

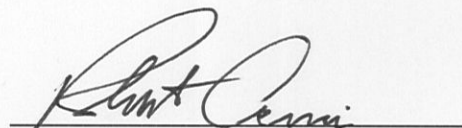
  
Robert Cenci, RPA  
Chief Appraiser

Date 9-15-2014

### Statement of Limiting Conditions

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

1. The appraisals are 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 are performed as staff resources and time allows. Some interior inspections of property appraised are performed at the request of the property owner or as requested by the district for clarification purposes and to correct property descriptions.
3. Validation of sales transactions is attempted through questionnaires to buyer and seller, telephone survey and field review. In the absence of such confirmation, sales data obtained from vendors is considered reliable.
4. Nueces County Appraisal District staff has provided significant assistance to the person signing this Certification.

  
Robert Cenci, RPA, CTA  
Chief Appraiser

9-15-2014  
Date