Nueces County Appraisal District

Reappraisal Plan

Tax Years 2025 & 2026

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INTRODUCTION

The Nueces County Appraisal District (NCAD) has prepared this plan as a requirement under Section 6.05 (i) 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 NCAD's biennial reappraisal process.

Section 6.05 of the Property Tax Code, Appraisal Office, Subsection (i) states:

> *(i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place for the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.*

Section 25.18. of the Property Tax Code, Periodic Reappraisals - states:

> *(a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (Appraisal Office) (i).*
>
> *(b)The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:*
>
> *(1) identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;*
>
> *(2) identifying and updating relevant characteristics of each property in the appraisal records;*
>
> *(3) defining market areas in the district;*
>
> *(4) identifying property characteristics that affect property value in each market area, including:*
>
> *(A) the location and market area of property;*
>
> *(B) physical attributes of property, such as size, age, and condition;*
>
> *(C) legal and economic attributes; **and***
>
> *(D) easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;*
>
> *(5) developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;*
>
> *(6) applying the conclusions reflected in the model to the characteristics of the properties being appraised; **and***
>
> *(7) reviewing the appraisal results to determine value.*

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

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

The NCAD is governed by the provisions of the Texas Property Tax Code relating to legal, statutory, and administrative requirements. This Appraisal Plan is being submitted as a tool to organize the reappraisal for NCAD. This plan outlines the necessary work to complete a reappraisal over the next two years. As we progress into the actual reappraisal process, we reserve the right to modify the plan, including any contract appraisal firm, to meet this office's requirements outlined in the Texas Property Tax Code.

As of July 2024 and through December 2024, NCAD will have a twelve-member Board of Directors. The Board of Directors is elected and appointed as follows:

- The voters of Nueces County elect three board members.
- Taxing entities:
    - CCISD (places 1 & 2) appoints two members,
    - City of Corpus Christi (place 3) appoints two members,
    - Nueces County (place 5) appoints one member,
    - Small cities and ISDs (place 6) appoint one member,
    - Rural cities and ISDs (place 7) appoint one member,
    - Del Mar College (place 8) appoints one member.
    - The County Tax Assessor/Collector will now be a voting member.

In January 2025, the Board of Directors will return to a nine-member Board of Directors. The Board of Directors appoints the Chief Appraiser.

- The voters of Nueces County elect three board members.
- Taxing entities will elect five board members
- The County Tax Assessor/Collector will be a voting member.

NCAD is responsible for conducting the appraisals to be used by the thirty-eight taxing entities it serves. These entities fund the NCAD budget. 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 1st of each year.

Section 1.04. of the Property Tax Code, Definitions (7) - states:

> *(7) "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.*

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

> *(b) 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. 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, and all available evidence that is specific to the value of the property shall be taken into account in determining 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 and maintain physical inspections according to the reappraisal plan. Appraised values district-wide are reviewed annually and are subject to change to equalize and maintain 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 will be considered tentative for the Appraisal District. The work plan assumptions are made with the understanding that no natural disasters or new legislative requirements will require the Appraisal District to reallocate resources necessary to complete the regular work plan to address these possible high-needs areas. These work plans are also made assuming that there will be ample market area data and verifiable market activity in the district for a reappraisal process.

Exceptions and Special Valuation Provisions

Section 23 of the Texas Property Tax Code defines special appraisal provisions for the valuation of residential homestead properties (Sec. 23.23), 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 inventory owners may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by applying 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 that 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 in the real estate market. Although this lower value reduces the taxes on the property, a "rollback" of these taxes occurs when the land stops being used for agricultural purposes. The rollback recaptures, with interest, the taxes saved for the three (3) years preceding the use change.

Approached to Qualifications and Values

NCAD has an active Agricultural Appraisal Advisory Board, as Section 6.12 of the Texas Property Tax Code requires. NCAD's Agricultural Intensity Standards were revised in February 2024. 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 in Nueces County. NCAD has implemented the standard Cash Lease Method to determine the net-to-land estimates for 2024, 1-d-1 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 23.521 of the TPTC, Standards for Qualification of Land for Appraisal Based on Wildlife Management Use, 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 created for the Edwards Plateau Ecological Region.

1-D-1 Field Review

All applications for agricultural valuation automatically generate a field review and are inspected by the Agricultural Appraisers. Properties are checked for minimum requirements to validate the agricultural valuation 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 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 insufficient sales to provide the necessary representativeness, independent appraisals may be used as market indicators.

Sales Ratio Studies

Sales ratio studies are integral to 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, assisting in market analyses, and calibrating 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's 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 Market Analysts to review general market trends. The analyst utilizes software applications such as neighborhood profiles to evaluate the data by comparing similar areas in size, construction, age, and trends. Field checks may be conducted to ensure the ratios produced are accurate, and the appraised values utilized are based on precise property data characteristics. These ratio studies aid the Analyst by indicating market activity by economic area or changing market conditions (appreciation or depreciation).

Comparative Appraisal Analysis

The appraiser performs an average unit value comparison to a traditional ratio study. These studies are conducted on commercially classed properties by property use type (apartment, office, retail, warehouse usage, or special use). This evaluation aims to determine the 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 properties in 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. The average unit values are similar when sold, and unsold parcels are appraised equally. These horizontal equity studies are performed before annual notice.

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 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 and 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 for 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 the 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).

Thirteen independent school districts in NCAD are responsible for the annual development of appraisal rolls. The preliminary results of this study will be released in January of the year following the PVS year. The results of their study are certified by the Education Commissioner of the Texas Education Agency (TEA) in July of each year following the PVS year. The Comptroller's independent ratio study is a valuable tool that assists the Appraisal District in determining areas of market activity or changing market conditions, thereby directly contributing to the accuracy and fairness of property appraisals.

TAX CODE REQUIREMENTS

Tax Code Requirement

Section 6.05 of the Property Tax Code, Appraisal Office, Subsection (i) states:

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(6) applying the conclusions reflected in the model to the characteristics of the properties being appraised; ***and***

(7) reviewing the appraisal results to determine value.

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

SCOPE OF RESPONSIBILITY

The Nueces County Appraisal District has prepared and published this reappraisal plan to inform our Board of Directors better, taxing units, citizens, and taxpayers about the Appraisal District's responsibilities and reappraisal activities. This report has several parts: a general introduction, several sections describing the appraisal effort by the appraisal district, and 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 appraisal district's legal, statutory, and administrative requirements. A Board of Directors, appointed or elected by the taxing units within the boundaries of Nueces County, constitutes the district's governing body. The Chief Appraiser, appointed by the Board of Directors, is the 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 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 property tax exemptions 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 at its "market value" as of January 1. 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, each appraisal district must 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 outlines the necessary work required to reappraise Nueces County for the next two years. As NCAD progresses into the actual reappraisal process, NCAD reserves the right to modify the plan as needed to meet the requirements of this office as outlined 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 recent market data. The Appraisal 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 appraisal methods and procedures statutes. 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 agreement that each appraisal firm enters into 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 maintain 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 valuing 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, ARB hearings, and other activities as needed.

The appraisal district employs 86 full-time, one part-time, and 20 seasonal part-time staff.

- Chief Appraiser
- Assistant Chief Appraiser
- Manager of Administration
- Two Attorneys
- Six Department Managers
  - Residential Real Estate
  - Commercial/Land
  - Business Personal Property
  - Taxpayer Services
  - Market Analyst
  - Information Systems
- Four Coordinators
  - Residential Real Estate
  - Commercial/Land
  - Business Personal Property
  - ARB
- Fifteen Residential Appraisers
- Six Commercial Appraisers
- Nine Business Personal Property Appraisers
- One Taxpayer Services Supervisor
- Four AG/Land Appraisers
- Three Market Analysts Appraisers
- One Residential Land/Market Analyst
- One IT Assistant
- One GIS Tech
- Three Administrative Staff
- Twenty-eight Clerical

INFECTIOUS DISEASE OUTBREAK RESPONSE PLAN (COVID-19)

The Nueces County Appraisal District has implemented an Infectious Disease Outbreak response plan (IDORP) emphasizing COVID-19. The objective(s) is to protect the community and employees and ensure operating continuity where possible. NCAD's objectives include continuing business operations safely and healthily while preventing and reducing the risk of transmission among personnel and contractors. Meeting the challenges of preventing the spread of COVID-19 requires everyone to be vigilant. We must consistently follow the protocols recommended by the Centers for Disease Control (CDC) and state/local guidelines for practicing good hygiene, social distancing, and using personal protective equipment as appropriate. NCAD will provide various personal protective equipment (PPE) as applicable, or anyone may choose to wear their own PPE if such complies with NCAD approval. Refer to IDORP for complete details.

STAFF EDUCATION AND TRAINING

All personnel 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 ensures appraisers are professional, knowledgeable, competent, and ethical. Achieving this goal involves a statewide registration, education, experience, testing, and certification program for all property tax professionals to promote an equitable tax system. Some classes are conducted in-house.

Appraisers must be registered with the Texas Department of Licensing & Regulation (TDLR). They must complete 154.50 hours of appraisal courses as prescribed by TDLR administrative rule 94.21 and pass two additional, comprehensive examinations within 60 months of registration 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, including 2 hours of professional ethics, a 2.5-hour state laws & rules course, and 3.50 hours of USPAP. Failure to meet these minimum standards will result in the loss of an appraiser's license and the removal of an employee from an appraiser position.

Additionally, all appraisal personnel receive extensive training in data-gathering processes used in fieldwork and statistical analyses of all property types to ensure equality and uniformity of appraisal. Managers and senior staff provide new appraisers with on-the-job training. 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 Appraisal District establishes and maintains data on approximately 211,000 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 are maintained by processing recorded deeds and plats 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 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 during the field review and reappraisal activities.

MARKET ANALYSIS

The Market Analysis Department aims to evaluate current market trends and effectively collect and analyze relevant available data to establish fair and equal market value. 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. During the informal appeal and Appraisal Review Board process, information is also collected from property owners and agent-recorded deeds

GIS

The Appraisal District has a Geographic Information System (GIS) that maintains cadastral maps, various data layers, and aerial photography. The Appraisal District's website makes a wide 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 Nueces County Appraisal District is contracted with Pictometry International Corp. to provide high-resolution digital aerial imagery biennially. This is an essential tool utilized by NCAD, which allows remote visual viewing of any property in the district. This imagery is used by the Appraisal District in several different ways, including the 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 Appraisal District's data processing facility, software applications, internet websites, and geographical information system. The NCAD 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.

INDEPENDENT PERFORMANCE TEST

Property Value Study and MAPS Review

According to Chapter 5 of the Texas Property Tax Code (TPTC), Section 403.302 of the Texas Government Code, and 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 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 in 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 methods used in the property value study include stratified samples to improve sample representativeness and techniques or procedures for 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 the 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).

Thirteen independent school districts in NCAD are responsible for the annual development of appraisal rolls. The preliminary results of this study are released on February 1, the year following the year of appraisal. The results are certified to the Education Commissioner of the Texas Education Agency (TEA) in July of each year. This outside (third-party) ratio study assists the CAD in determining areas of market activity or changing market conditions.

APPRAISAL ACTIVITIES

Appraisal Responsibilities

The field appraisal staff collects and maintains property characteristic data for classification, valuation, and other purposes. Accurate personal and real property valuation 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 and data entry of all data collected into the existing information system.

Appraisal Resources

- **Personnel** - Forty-four appraisers will conduct the appraisal activities.
    - Three Managers
    - Three Coordinators
    - Four Land/AG Appraisers
    - Six Commercial Appraisers
    - Fifteen Residential Appraisers
    - Nine Business Personal Property Appraisers
    - Three Market Analyst
    - One Residential Land/Market Analysts

- **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 include 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 marketplace. The district cultivates sources and collects information from 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 (see exhibit A1, Defined Residential Market Areas) through physical inspection and aerial photography each year to update file information on the physical condition of the improvement and change in characteristics since the last field check.

Commercial/Land - Commercial and Land properties will be appraised annually. Appraisers will review approximately one-third of the properties annually by on-site inspection or aerial photography (see exhibit B1, Defined Commercial/Land Market Areas). 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. 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 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. Personal property is field inspected and reviewed every 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 15th. Business personal property accounts are categorized using SIC(NAICS) codes and defined by business type codes.

Minerals/Industrial - Annually Thos. Y. Pickett & Co. Inc. develops values for mineral interest (whole or fractional percentage ownership of oil and gas leasehold interest, the amount and type of which are legally and 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 being appraised for total 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. A unit appraisal is considered when the utility/pipeline has assets in multiple counties or states. 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 ensure the characteristics accurately reflect the status of the property. Field studies are conducted during the reappraisal cycles to evaluate the quality of existing data effectively. The information in PACS includes site characteristics, such as land size, and improvement data, such as square feet 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 must use a property classification system, and all properties must be coded according to a specific classification. This classification system is very similar to the classification system used by Marshall & Swift Valuation Service. The Residential or Commercial Field Guides refer to the district's classifications. The approaches to value are structured and calibrated on this coded system and the property's physical characteristics. These guides are used for both training and field inspections. In-office preparation, staff training, data entry and validation, 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 lists potential commercial-use vehicles

within the district. The field appraisers conducting on-site inspections use a personal property classification system as a guide to list all taxable personal property correctly.

Sources of Data

The sources of data collection are 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 data source comes from building permits from tax jurisdictions requiring property owners to obtain a building permit before the construction or alteration of a structure. Permits (new construction, remodeling, relocation of improvements, etc.), demolition reports, fire reports, and mechanic liens are received regularly and matched with the property identification number for data entry. Area real estate professionals and other commercial services are additional market data sources 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 income, expenses, and occupancy level information. This information is used to appraise investment and income-producing real property. Various publications and online sources are regularly studied 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, COSTAR. 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.

Data sources 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 online sources are regularly studied to obtain knowledge of different aspects of these properties. These include but are not limited to Caller-Times, Aircraft Blue Book, Marshall & Swift resources for equipment and inventory, the National Automobile Dealer Association (NADA) Auto/Truck/Guide, Assessment Journal-IAAO, etc.

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

Property owners are one of the best sources for identifying incorrect data and generating field checks. As the district has increased the amount of information available on the Internet, property owners can review information on their properties. 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 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 in the market regarding 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 data quality is essential in determining the market values of taxable property. While work performance standards are established and upheld for the various field activities, data quality is emphasized as each appraiser's goal and responsibility. New appraisers are trained in data collection, classification systems, and recognized valuation methods and procedures. Experienced appraisers receive regular formal and in-house continuing education before major field projects such as new construction, sales validation, or data review. A quality assurance process assists in the managerial evaluation of the work performed by the field appraisers to ensure that appraisers follow listing procedures, identify training issues, and provide uniform training for all the appraisal staff.

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

Data Maintenance

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

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of the last on-site inspection and aerial review, as well as the CAD appraiser responsible, are listed in PACS records. Suppose a property owner or jurisdiction disputes the district’s records concerning this data during a hearing, via a telephone call, or other correspondence received. In that case, the record may be corrected based on evidence, or an on-site inspection may be conducted. Typically, a field inspection will be performed to verify this information for the current or next year.

Office Review

Office reviews are completed on properties where the owner has received updated information and is considered accurate and correct. When the property data is verified in this manner and deemed 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 form 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. In many cases, field or market analyst appraisers may conduct field inspections to ensure the accuracy of the property descriptions at the time of sale for this study. This inspection ensures that the ratios produced are accurate for the property sold and that appraised values utilized in the study are based on precise 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 after the sale date. Sale ratios will be based on the property's value as of the date of sale, not after a subsequent or substantial change was made to the property after the negotiation and price agreement was concluded. Correctly performed ratio studies are a good reflection of the district's appraisal level.

RESIDENTIAL VALUATION PROCESS

SCOPE OF RESPONSIBILITY

Nueces County has approximately 130,000 improved and unimproved single-family, small multiple-family, mobile home, townhouse, and condominium parcels.

For 2025-2026, the Nueces County Appraisal District's general residential property valuation approach differs from prior years. The Residential Real Estate Department and the Market Analysis Department estimate value. These departments work together to estimate the market value of all residential property in the CAD. The Residential Department's activities generally consist of conducting field inspections to record property characteristics and collect other pertinent data on each property, classifying improvements according to established classification guidelines, applying established cost schedules, and recording 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 Market Analysis Department's primary responsibility is to conduct all activities related to the analysis of residential market sale data, including collection and verification of sales data from the market transactions and all activities associated with the mass appraisal process, including running ratio studies and conducting annual pilot studies for market areas, establishing benchmark properties, and valuation models, running statistical analysis reports. Additionally, this department will represent the district by processing the E-Files and assisting the residential department staff during the informal and formal hearing of the Appraisal Review Board Phase of the Tax Calendar.

Under the Market Analysis Department, the Land Appraiser establishes 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 Land Appraiser also administers the 23.12 Inventory Property Special Appraisal Provisions.

Mass Appraisal Report

Pursuant to USPAP Standards Rule 6-8, the Nueces County Appraisal District produces an annual Mass Appraisal Report, which communicates the elements, results, opinions, and value conclusions of the mass appraisal as required. The most recently completed yearly Mass Appraisal Report is available at the NCAD office upon request.

APPRAISAL RESOURCES

- **Residential Real Estate Department Personnel**
  - One Manager
  - One Coordinator
  - Fifteen Residential Appraisers

- **Market Analysis Department**
  - One Manager
  - Three Appraisers
  - Six Clerks
  - One Residential Land Appraiser

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 Appraisal 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. 2025 (Year 1): Estimated parcel count: 42,410. This includes the following ISDs: Port Aransas, Aransas Pass, West Oso, Robstown, and Area #2 of CCISD. All mobile home accounts throughout the county are reappraised. This includes the following state codes: A1, A2, A4, B2-B4, C1, E1, EM1, O1, and O2

    b. 2026 (Year 2): Estimated parcel count: 48,168. This includes the following ISDs: Flour Bluff and Area #3 of CCISD. All mobile home accounts throughout the county are reappraised. This includes the following state codes: A1, A2, A4, B2-B4, C1, E1, EM1, O1, and O2.

    c. 2027 (Year 3): Estimated parcel count: 43,069. The following ISDs are included: Tuloso-Midway, Calallen, London, Banquete, Driscoll, Bishop, Agua Dulce, and Area #1 of CCISD. All mobile home accounts throughout the county are reappraised. This includes the following state codes: A1, A2, A4, B2-B4, C1, E1, EM1, O1, and O2.

2. In addition to the abovementioned cycle, ratio studies are performed annually to determine areas or categories of properties within the CAD that need reappraising 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 it is 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 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 give the field appraiser an economic outlook on the real estate market.

While the Nueces County Appraisal District believes each ISD should be considered a market area, the Market Analysis Department has defined market areas as Neighborhoods where all properties appraise at

market value and maintain equality and uniformity. Below is a complete analysis of the establishment of neighborhoods.

Data Collection

Each residential dwelling and multiple-family unit in this district is meticulously studied in the field, with individualized data characteristics being the cornerstone of our process. These data are then entered into our computer system. This detailed property characteristic data fuels the application of computer-assisted mass appraisal (CAMA) under the Cost, Market, and Income Approaches to property valuation.

Neighborhood and Market Analysis

Neighborhood analysis examines 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 political entity known as Independent School Districts (ISD). Analysis of comparable market sales forms the basis for 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 as an indication of market price ranges. Cost and Market Approaches to estimate value will be the basic techniques to analyze 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 identifying groups of properties with certain common traits. For analysis purposes, a "neighborhood" is defined as the most significant geographic grouping of properties where the physical, economic, governmental, and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors varying across jurisdictions. 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, dwelling age, 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 market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as a growth, stability, or decline stage. The growth period is a time of development and construction. As new neighborhoods are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce a 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 equilibrium stage, 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, promoting increased demand and economic desirability.

Neighborhood identification and delineation are the cornerstones of the residential valuation system in the district. All residential analysis work associated 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. Subdivisions can study mergers or the establishment of new neighborhoods within the PACS system. Neighborhoods involve similar properties in the same location; a neighborhood group is defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group

based on observable aspects of neighborhood homogeneity. 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 to summarize the market area of each neighborhood as observed by the appraiser. Neighborhood summaries are stored under Departmental Shared Folder/Market Analyst/Neighborhood Summaries.

Highest and Best Use Analysis

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

For all residential non-homestead properties, the highest and best use of the property is the reasonable and probable use that supports the highest present value as of the appraisal date. The highest and best use must be physically possible, legally permissible, financially feasible, and most productive. The highest and best use of residential property usually is its current use. This is partly because, in many areas, residential development, through deed restrictions and zoning, precludes other land uses. Residential valuation assesses the highest and best use in transition and mixed residential and commercial areas. In transition areas, the appraiser reviews the existing residential property use and decides on the 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. For 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 mixed residential and commercial areas, the appraiser reviews properties periodically to determine if changes in the real estate market require a 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 the actual cost of improvements and abstracted costs from sold properties within the area. This review and evaluation process of the estimated replacement cost includes comparing newly constructed sold properties representing various levels of quality of construction in the district. Adjustments will be made as necessary to reflect local market costs. The characteristics of these properties will be verified, and photographs will be 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 for real property is maintained in PACS. Residential improved sales are collected from various 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 2020) as a guide for model calibration and ratio study purposes. Sales are further analyzed to determine whether the property was exposed to the market for a reasonable period, 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 a 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 on price will be considered, and adjustments will be applied to sales prices as indicated. Sales Ratio Trend Analysis determines changes in market conditions over time. Neighborhood sales reports are generated as an analysis tool for the market analyst and appraiser to develop and estimate market price ranges and property component value estimates. Abstraction and allocation of property components based on similar property sales are essential analysis tools for interpreting market sales under the cost and sales comparison approaches to value. These analysis tools will help determine and estimate the effects of change regarding price, as indicated by sale prices for similar properties 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 district's residential neighborhoods to judge the 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 the 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 way of judging the model values' present level and uniformity. Based on the sales ratio statistics and designation parameters for valuation update, the analyst will decide whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is acceptable.

Market and Cost Reconciliation and Valuation

Valuation for mass appraisal purposes is divided into two steps: model specification and model calibration. Model specification involves determining the data and format included in the model. The residential models will consist of 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 reflect the current market and are updated with current data, costs, trending factors, and area multipliers as necessary.

The district's primary valuation method for single-family residential properties is a hybrid cost-sales comparison model. This type of model accounts for neighborhood market influences that are not particularly specified in a purely cost model. Market factors are developed using ratio studies to measure the difference between the value indicated 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, by 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 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 the 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** X **ISIZE**) + **FEATURES** x **%GOOD** x **INADJ**) + (**LV** x **LNADJ**)

MV = Market Value
IUNIT = Replacement Cost New per Square Foot (or another unit)
ISIZE = Improvement Square Feet (or another 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. Therefore, based on analysis of recent sales in each 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. The results of these studies are stored in PACS under Neighborhood Profiles, and a hard copy is available in the Market Analysis Department.

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 updated and non-updated neighborhoods and verify appraised values against overall trends exhibited by the local market and, finally, the school district.

Income Approach

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

SPECIAL APPRAISAL PROVISIONS

Appraisal of Residential Homesteads

In 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under Section 23.23 of the Property Tax Code.

Section 23.23 of the Property Tax Code, Limitation on Appraised Value of Residence Homestead - states:

> *(a) Notwithstanding the requirements of Section 25.18 and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the appraised value of a residence homestead for a tax year to an amount not to exceed 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.*
>
> *(b) When appraising a residence homestead, the chief appraiser shall:*
>
> *(1) appraise the property at its market value; and*
>
> *(2) include in the appraisal records both the market value of the property and the amount computed under*
>
> *Subsection (a)(2).*
>
> *(c) The limitation provided by Subsection (a) takes effect as to a residence homestead on January 1 of the tax year following the first tax year the owner qualifies the property for an exemption under Section 11.13. The limitation expires on January 1 of the first tax year that*

neither the owner of the property when the limitation took effect nor the owner's spouse or surviving spouse qualifies for an exemption under Section 11.13

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

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

Residential Inventory

Section 23.12 of the Texas Property Tax Code, Inventory, defines the 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 it is unoccupied, 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.

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 (see exhibit A1, Defined Residential Market Areas). In addition, the Market Analyst Department will review the properties sold to check for the accuracy of the data's characteristics.

Increased sales activity and 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, physical, functional, and economic obsolescence, and other factors contributing significantly to the property's market value. Field activity is necessary, and each neighborhood is reviewed as stated above.

Office Review

Once the field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the ratio studies. Substantial evidence supports revising prior-year values resulting from Appraisal Review Board actions; consideration is 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 value estimates will go to noticing.

PERFORMANCE TESTS

Sales Ratio Studies

The ratio study is the primary analytical tool market analysts and appraisers use to measure and improve performance. The district ensures that its appraised values 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 indicate market change over a specified period. 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 the Chief Appraiser for final review and approval. This review will include a comparison of the level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review will be to ensure that the proposed values have met preset appraisal guidelines appropriate for the appraisal years 2025 and 2026.

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 properties. A time action calendar is drawn up each August to prepare for the upcoming process. The calendar is identified in exhibits D1, Residential Department Timeline, and D4, Market Analysis Department Timeline.

COMMERCIAL / LAND VALUATION PROCESS

SCOPE OF RESPONSIBILITY

There are approximately 23,000 commercial and land parcels in Nueces County.

This mass appraisal assignment includes all the commercially described real property that falls within the responsibility of the district's commercial valuation appraisers. Commercial appraisers appraise the fee simple interest of properties according to statutes 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 appraisement of any non-exempt taxable fractional interests in real property (i.e., specific 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
  - Six Commercial Appraisers
  - Four Land/AG Appraisers
  - 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 Appraisal 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. 2025 (Year 1): Estimated parcel count: 7,198. The following ISDs are included: Driscoll, London, Calallen, Flour Bluff, and CCISD areas 4, 5, & 6. This includes the following state codes: B1, B5-B11, C1C, C1I, C1S, D1, D2, D3, D4, E2, E3, E4, E5, F1, F2, F3, F4, F5, J3, J4, and J5.
   b. 2026 (Year 2): Estimated parcel count: 8,052. This includes the following ISDs: Agua Dulce, Bishop, Robstown, Port Aransas, and CCISD area 3. This includes the following state codes: B1, B5-B11, C1C, C1I, C1S, D1, D2, D3, D4, E2, E3, E4, E5, F1, F2, F3, F4, F5, J3, J4, and J5.
   c. 2027 (Year 3): Estimated parcel count: 7,828. The following ISDs are included: Tuloso Midway, Banquete, West Oso, Aransas Pass, and CCISD area 2. This includes the following state codes: B1, B5-B11, C1C, C1I, C1S, D1, D2, D3, D4, E2, E3, E4, E5, F1, F2, F3, F4, F5, J3, J4, and J5.
2. In addition to the abovementioned cycle, ratio studies are performed annually to determine areas or categories of properties within the CAD that need reappraising 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 it is located.

3. 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 appraiser data includes historical income and expense data, actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and 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 specific types of improved property to evaluate current market prices for rents and commercial and industrial real property sales. These comparable sale studies and ratio studies reveal whether the valuation model produces 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 or economic areas. Market area analysis examines 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 specific to the local economic area. Local economic areas will be periodically reviewed to determine if realignment is required. The geographic boundaries, 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 analyst is directly related to examining market forces that affect supply and demand. This study involves the relationships among social, economic, environmental, governmental, and site conditions. Current market activities, including sales of commercial properties, new constructions, 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 in Shared Departments/Commercial Appraisal/Market Analysis.

Land Value

Commercial land will be analyzed biennially to compare appraised values with recent land sales in the market area. If appraised values differ from the sales prices, 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, the site's depth, shape, easements across the site, and other factors that may influence value. The land is valued as 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 the use that will generate the highest net return to the property over a reasonable period. Property's highest and best use must be physically possible, legally permissible, financially feasible, and maximally productive. The highest and best use analysis is an economic analysis conducted to determine which market provides a property's best use. For improved properties, the 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, excess land, or a different optimum use if the site were vacant. The highest and best use is considered speculative for vacant tracts of land within this jurisdiction 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 ensures that an accurate estimate of market value (sometimes called 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 determining the data and format included in the model. The commercial models will consist of 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 reflect the current market and are 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 using the Marshall & Swift Valuation services calculator method. When adequate/reliable local data is available, the comparative unit method may be used. This methodology involves utilizing national cost data reporting services and 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 for 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 essential in understanding the 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 required for specific property types if adjusted published costs significantly differ from verified local costs. The completed replacement cost estimate will reflect all construction and development costs for various improvements located in the district as of the appraisal date.

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 usual economic life of the construction, quality, and type of commercial improvement. The actual and practical ages of improvements and physical characteristics are noted in PACS.

Additional forms of depreciation, such as external and functional obsolescence, can be applied if observed. A depreciation calculation override can be used if a property's condition or effective age 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.

Estimating total depreciation and deducting that from the replacement cost 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 that market participants typically view as "income-producing," for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to estimating market rent per unit. This is derived primarily from actual rent data furnished by property owners, local market surveys conducted by the district, and 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.

Another critical element in the income approach to value is the vacancy and collection loss allowance. This allowance, projected based on actual data and local market survey trends, plays a significant role in

accounting for fluctuations in occupancy levels and providing for a reasonable lease-up period for multi-tenant properties. When subtracted from the potential gross rent estimate, the market-derived stabilized vacancy and collection loss allowance indicates the estimated annual effective gross rent to the property, thereby influencing the final estimate.

The next step in the income approach involves considering and, if applicable, calculating secondary income. This income, which includes parking maintenance and income, utility reimbursements, and other miscellaneous income, is estimated as a percentage of stabilized effective gross rent. The secondary income estimate is derived from collected data and available market information. When applicable, this estimate is added to the effective gross rent to arrive at an effective gross income.

Expense ratio estimates, a key component in the income approach to value, will be developed, focusing on prudent management. These estimates, which will be relevant for different types of commercial property based on use and market experience, are reliable indicators of the property's financial health. For instance, retail properties are most frequently leased on a triple-net basis, where the tenant is responsible for all operating expenses. In comparison, other income-producing property types 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. The resulting expense ratios are a testament to the observed market experience operating various commercial property types.

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. For some types of property, typical management does not reflect expensing reserves and depends on local and industry practices. Subtracting the allowable expenses from the annual effective gross income yields an estimate of the annual net operating income for 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 and by location, quality, condition, design, age, and other factors. Therefore, applying the various rates and multipliers must be based on a thorough market analysis for individual income property types and uses. These procedures will be supported and documented based on an analysis of market sales when they are available for these property types.

The income approach includes the discounted cash flow analysis and direct capitalization of net operating income to indicate the market value for a specific property. Capitalization rates apply to the 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. The discounted value is typically used during market downturns (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 every year the property’s actual occupancy is less than stabilized.

Sales Comparison (Market) Approach

Although all three 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 the sale prices of properties with similar physical and economic characteristics and adjusting the sale price to account for minor differences. This approach effectively estimates vacant

land value for use in the cost approach and 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 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 to obtain relevant information that can be used in all valuation aspects. 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 compares the final value against the standard and concisely measures the appraisal performance. Statistical comparisons of many standards will be used, including sales of similar properties, the previous year's appraised value, and sales ratio analysis. Sales ratios based on relevant property characteristics will generate central tendency and dispersion measures. These summary statistics will provide the appraisers with an analytical tool to determine 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 (including non-recoverable and replacement reserves), net operating income 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 and 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 by the cost approach is tested using comparable sales and ratio studies when available. Suppose the specified and calibrated cost model results are significantly different than indicated by analysis of verified sales within the market area. In that case, modifiers are calculated and applied to adjust the cost model results to the market level. The results of the cost model may also be tested for acceptable levels using the income approach.

The following equation denotes the basic model used:

$$\mathbf{MV} = \mathbf{LV} + (\mathbf{RCN} - \mathbf{D})$$

Whereas, by 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. When the appraiser reviews the relevant property characteristics, the appraiser will review and evaluate a ratio study that compares the 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** X **ISIZE**) + **FEATURES** x **%GOOD** x **IMADJ**) + (**LV** x **LTADJ**)

MV = Market Value
IUNIT = Replacement Cost New per Square Foot (or another unit)
ISIZE = Improvement Square Feet (or another 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

The area and property category reappraisal process involves creating ratio studies or sold comparable sales. 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 area or property category, estimated property values will reflect the market influences and conditions only for the specified areas, thus producing more representative and supportable values. The estimated property values calculated for each updated area property category will be based on market-indicated factors applied uniformly to all properties within an area.

With all the market-trend factors applied, a final ratio study comparing recent sale prices with the proposed appraised values for these sold properties will be generated.

SPECIAL APPRAISAL PROVISIONS

Agricultural Appraisal

The Texas Constitution permits certain agricultural land to be appraised at a productivity value rather than market value for tax purposes. This special appraisal value is based solely on the land's capacity to produce agricultural products. Property qualifying for agricultural appraisal will substantially reduce taxes based on the difference in special agricultural appraisal and the property's market value. At the time of use change, taxes are recaptured for up to three previous years, based on the difference in what was paid based on agricultural appraisal and what would have been paid based on the property's market value. Procedures for implementing this appraisal are based on the guidelines published in the Manual for the Appraisal of Agricultural Land, updated June 2024. 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, the appraisers will field-review sold properties to check for the accuracy of data characteristics.

Increased sales activity and 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, physical, functional, and economic obsolescence, and other factors contributing significantly to the property's market value. Field activity is a must, and each market area must be reviewed as stated above.

Office Review

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

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, the 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 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 based on 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, assisting in market analyses, and calibrating 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 practical in determining the accuracy of an individual property’s 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 Value 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 on a building class and age basis. In many cases, field checks will be conducted to verify physical characteristics to ensure the ratios produced are accurate, and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by indicating 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 to a traditional ratio study. These studies are conducted on commercially classed properties by property use type (apartment, office, retail, warehouse, or special use). This evaluation aims to determine the appraisal performance of sold and unsold properties. Appraisers will average unit prices of sales and average unit appraised values of the same parcels and compare the average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and properties in 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. The average unit values are similar when sold, and unsold parcels are appraised equally.

BUSINESS PERSONAL PROPERTY VALUATION PROCESS

SCOPE OF RESPONSIBILITY

This section of the 2025-2026 Reappraisal Plan is a comprehensive general plan that describes the Business Personal Property (BPP) Department's planned activities. This plan aims 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 BPP has an extensive Written Procedures Document that lays out a very specific Time/Action Schedule (see Exhibit D2, Business Personal Property Department Timeline) along with all the detailed processes and procedures involved in all phases of discovering and appraising each type and category of personal property. This document is also currently under review and available upon request.

APPRAISAL RESOURCES

- **Personnel**
  - One Manager
  - One Coordinator
  - Nine Business Personal Property Appraisers
  - One Lead Clerk
  - Five 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 collected by staff.

  PACS may also be used to develop new models for business classifications that have yet to be 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 Appraisal 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 the 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. Hotel Occupancy Receipts
8. Commercial Vehicle registration data list from private vendor subscription
9. Texas Parks and Wildlife Commercial and Passenger registered watercraft list
10. U.S. Coast Guard Commercial and Passenger registered watercraft list
11. FCC Radio/TV/Communications Tower List
12. FAA Aircraft Registration List
13. Local Airport and FBO tenant lists
14. Public/Private Storage Warehouse/Cotton Warehouse Tennant Lists
15. Local Pipe Stock and storage yard lists
16. TXDOT—List for outdoor advertising billboard permits, Car Dealer Lists, and towing and wrecker operators lists.
17. TDHCA—Texas Dept. of Housing—This is the source for all information related to the ownership and movement of manufactured homes.
18. Pictometry Digital Imagery – used in cases where physical inspections are not practical or possible.
19. Under the Tax Code, Commercial Landlords and building managers must submit reports for all local Office/professional buildings.
20. Local Manufactured Housing Park lists provided by owners and managers.
21. Building Permits records from the City of Corpus Christi and all other local municipalities,
22. Nueces County Health Department records septic tank permits and health department permits for local food establishments and food vendors.
23. Renditions and Special Inventory Declarations and Statements filed by business property owners.
24. Other Sources of information that flow into our office often come from our local government agencies and taxing entities, such as the RTA and Port of Corpus Christi.

PERSONAL PROPERTY CATEGORIES

The district's personal property section appraises seven primary personal property types:
Valuation methods related to each category are addressed later in this document.

1. Regular Business Personal Property accounts consisting of fixed assets such 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 an 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 in the ordinary course of business in personal property appraisals. Actions of the State Legislature and the federal and state courts also play a part in considering what may or may not be taxable personal property. Property tax exemption matters are handled through the Assistant Chief Appraiser's Office.

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

SITUS

Situs is the actual or assumed physical location of a property. Determining situs can sometimes take time with the 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 based on factual information related to the property in accordance with applicable state laws.

VALUATION APPROACHES AND DEPRECIATION METHODOLOGY

Sales Comparison Approach

Business Personal Property (BPP) is typically sold as part of the business as a whole rather than by itself, which makes this approach unsuitable for valuing most personal property. This approach is only suitable for valuing certain types of vehicles and heavy equipment. Value estimates for vehicles will be provided by an outside vendor 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 properties.

More sales of industrial personal property need to be known to have a meaningful sales population for value comparison purposes. This personal property category includes all facilities, such as furniture, computers, and machinery. It is typical for personal property to be included in the sale of a facility instead of being sold separately. Subsets of personal property may be 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 is limited in its use in the appraisal of machinery, equipment, furniture, fixtures, and leasehold improvements. Estimating future net benefits is difficult, except for specific leased equipment. When reliable data on equipment leases is available, the income approach may be used to calculate the fair market value of the equipment.

The income approach is unsuitable for assessing industrial personal property because the industrial facility operator uses personal property to produce an end service or product. Industrial facilities are not in the business of leasing their personal property to another industrial facility to produce an end service or product.

VALUATION APPROACHES AND DEPRECIATION METHODOLOGY

Cost Approach

The primary approach to valuing 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 CAD-developed valuation models. RCN is based on published valuation guides. The percentage of good factors the district uses is 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 costs may be estimated from published sources and other publicly available resources. The resources used include building permits, internet websites, trade publications, pricing valuation guides such as Marshall & Swift, N.A.D.A., and local newspapers. These schedules will be reviewed if necessary to conform to changing market conditions.

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:

MV= HC x D or **MV= (UP x N) - D**

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 (aka Mobile Homes)

Real and personal property mobile homes will be valued using the cost approach. Nueces County Appraisal District has adopted the Marshall & Swift Cost Guide and depreciation schedules for Trailer and Manufactured Housing and will compare the schedules against local sales.

The district will download a list of transferred mobile homes from the Texas Department of Housing and Community Affairs website 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 their status.

According to Section 25.08(e), Tax Code, a manufactured home placed on land owned by the same person will not be considered 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 15th or May 15th if an extension is requested. Information presented on the rendition form is compared to account information from the previous year and the current appraiser's field observations. Any unusual value changes will be verified, and ownership information will be confirmed. If a property tax agent renders the account, the appraiser will verify that a current "Appointment of Agent" form is on file. If no "Appointment of Agent" form is on file, "one will be requested from the rendering agent.

Any rendition form 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 has not submitted a rendition form will be coded to be assessed as 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 available allowable data, information, and evidence. The staff will adhere to all applicable state laws and ethical standards in accordance with USPAP and IAAO.

Industrial Property

SUMMARY REVALUATION PROGRAM REPORT

Overview

Industrial property consists of processing facilities and related personal property. Thomas. Y. Pickett & Co., Inc. ("Thomas Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code.
The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple and in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 (c) Comment of the Uniform Standards of Professional Appraisal Practice. A listing of the industrial properties appraised by Pickett for the appraisal district is available at the office. Industrial properties are re-appraised annually. Properties are inspected annually where necessary and at least bi-annually.

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

T.Y. Pickett's industrial appraisal staff includes licensed engineers and experienced appraisers knowledgeable in all three approaches to value. The staff stays abreast of current industrial property trends by reviewing published materials, attending conferences, coursework, and continuing education. All industrial appraisers are registered with the Texas Board of Tax Professional Examiners.

Property Types by State Code

- F2 - Real Property: Industrial Manufacturing
- G1 - Real Property: Oil and Gas, Minerals and Other Subsurface Interests
- J2 - Gas Distribution System

- J3 - Electric Company (including Co-op)
- J4 - Telephone Company (including Co-op)
- J5 – Railroad
- J6 - Pipeline Company
- L2 - Personal Property: Industrial and Manufacturing
- H2 - Freeport: Inventory
- X - Exempt Property: Pollution Control

Assumptions and Limiting Conditions

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

1. The title to the property is assumed to be good and marketable, and the legal description is 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 attend court because 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 Thomas Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.

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

Discovery Process and Procedures

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

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 like the subject. Historical cost data can often 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 involves observing the price at which assets comparable to the subject asset are bought and sold. The data are adjusted 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 substantially different conclusions. 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 using the age/life method, using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Functional and economic obsolescence adjustments 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 subject property income information is available. Capitalization and discount rates are based on published capital costs for the subject property industry. A market data model based on typical selling prices per capacity unit 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 to arrive at the value of improvements and personal property.
Model calibration in the cost approach involves selecting the appropriate service life for each type or class of property. Further calibration can occur using 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. 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 it is the highest and best-use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. The

highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and intended use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review and Testing

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

Appraisal-to-sales ratios are the preferred method for measuring performance; however, sales are very infrequent. Furthermore, market transactions normally occur for multiple sites, including real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured by comparing 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 and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed.

Utilities, Railroad, And Pipeline Properties

Appraisal Procedures and Reappraisal Plan
Utility, Railroad, And Pipeline Properties

Overview

Utility, railroad, and pipeline properties comprise operating property, excluding land owned by utility, railroad, and pipeline companies and related personal property and improvements. Thomas. Y. Pickett & Co., Inc. ("Thomas. Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The effective date of the appraisals is January 1 of the year for which this report is submitted.
The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple and in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 (c) Comment of the Uniform Standards of Professional Appraisal Practice 2004. A listing of the utility, railroad, and pipeline properties appraised by Pickett for the appraisal district is available at the appraisal district office. All properties are reappraised annually. Such utility, railroad, and pipeline properties susceptible to inspection (e.g., compressor stations, pump stations, buildings, and power plants) are normally re-inspected at least every three years.

T. Y. Pickett's utility, railroad, and pipeline appraisal staff includes licensed engineers and experienced appraisers knowledgeable in all three approaches to value. The appraisal staff stays abreast of current trends affecting utility, railroad, and pipeline properties by reviewing published materials, attending conferences, taking coursework, and continuing education. All appraisers are registered with the Texas Board of Tax Professional Examiners.

OIL AND GAS RESERVES VALUATION PROCESS

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 and in conformance with the Texas Property Tax Code Sec. 25.12. 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 susceptible to inspection (e.g., compressor stations, pump stations, buildings, and power plants) are usually re-inspected at least every three years.

Pickett's utility, railroad, and pipeline appraisal staff includes licensed engineers and experienced appraisers knowledgeable in all three approaches to value. The appraisal staff stays abreast of current trends affecting utility, railroad, and pipeline properties by reviewing published materials, attending conferences, taking coursework, 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. The title to the property is assumed to be good and marketable, and the legal description is 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 attend court because 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. The appraisal documents contain all information obtained by Thomas Y. Pickett's staff members or other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.
8. The appraisers have inspected the improvements being appraised as far as possible by observation; however, it is impossible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, unless specifically considered in an individual appraisal, no representations are made as to these matters.

Discovery Procedures and Data Collection

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

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 assumes 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 like the subject. Historical cost data can often 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 involves observing the price at which assets comparable to the subject asset are bought and sold. The data are adjusted to account for capacity differences and other relevant differences between the subject and comparable assets.

Applying the three approaches independently of one another can yield substantially different conclusions depending on the facts and circumstances of a particular appraisal. 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 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 based on the age of the subject pipeline. Functional and economic obsolescence (depreciation) can be estimated using survivor curves or other normative techniques. Specific calculations to estimate abnormal functional and economic obsolescence can be made based on 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 be used for pipelines for appropriate income statements and balance sheets. This model is generally used for pipelines considered common carriers by regulation. 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-based cost approach. The income approach is based on a projected 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 like pipelines, except the RCNLD model is not used. The appraiser must first form an opinion of the highest and best use for all three property types (utility, railroad, and pipeline). 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 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 selecting the appropriate service life for each type or class of property. Further calibration can occur using utilization or throughput 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 the 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 the 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. 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 it is the highest and best-use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. The highest and best-use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and 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-based cost approach, stock and debt approach, and income approach models must be reduced by the value of the land to arrive at the value of improvements, personal property, and other operating property.

Review and Testing

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

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

Oil and Gas Reserves

APPRAISAL PROCEDURES & REAPPRAISAL PLAN

Executive Summary

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

Overview

Oil and gas reserves consist of interests in subsurface mineral rights. Thomas. Y. Pickett & Co. is contracted to reappraise this property type annually for the appraisal district. The completed appraisals are all retrospective. 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 other's exigencies.

The appraisal results will be used as the tax base upon which a property tax will be levied. Each mineral interest is listed on the appraisal roll separately from other interests in the mineral in place in conformance

with the Texas Property Tax Code Sec. 25.12. A listing of the oil and gas properties appraised by Pickett for the appraisal district shall be made available at the appraisal district office. Subsurface mineral rights are not susceptible to physical inspection. This condition creates the need to invoke the Departure Provision as required by the Standards Rule 6-7 (f) comment of the Uniform Standards of Professional Practice. However, the inability to physically examine the property does not affect the appraisal process or the quality of the results. The appraisal district knows this limiting condition and agrees it is appropriate.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; the Texas Comptroller's Manual for

Discounting Oil and Gas Income; other reports described in the Texas Property Tax Code; and other confidential data supplied by the owner or agent; the General Appraisal Manual adopted by the Texas Comptroller of Public Accounts; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts and the Texas Property Tax Code.

Pickett's oil and gas appraisal staff includes licensed engineers and experienced appraisers knowledgeable in all three approaches to value. The staff stays abreast of current trends affecting oil and gas properties by reviewing published materials, attending conferences, coursework, and continuing education. All oil and gas appraisers are registered with the Texas Department of Licensing and Regulation (formerly the Texas Board of Tax Professional Examiners).

Assumptions and Limiting Conditions

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

1. The title to the property is assumed to be good and marketable, and the legal description is 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 attend court because 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 has been obtained by T. Y. Pickett's staff members or other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.

Property Discover and Data Collection Process

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

Procedure:

1. At the beginning of the year, the RRC database searches for new wells that started producing prior to January 1 of the appraisal year. These wells are identified by the RRCID or Drilling Permit (DP) number and added to the county's mineral appraisal database. A well is considered to have value as of January 1 if it has reported production prior to that date, has filed a completion report showing completion prior to that date, or was perforated into a producing formation that revealed the presence of oil or gas prior to January 1.
2. Completion reports and plats are retrieved from the RRC to identify the location of the producing wells. These locations are cross-referenced with jurisdictional maps to establish situs.
3. Division of Interest (DOI) statements are requested from the well operator to establish working and royalty interests.

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

Other appraisal data on the subject properties are collected from required regulatory reports from the Texas Railroad Commission and the Texas Comptroller of Public Accounts and by the property owner. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data are verified through previously existing records and published reports. Additional data are obtained and verified through published sources, regulatory reports, and analysis of comparable properties, if any. Due to the unique nature of many oil and gas properties, no standard data collection form or manual exists.

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 assumes 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 like the subject. Historical cost data can often 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 involves observing the price at which assets comparable to the subject asset are bought and sold. The data are adjusted to account for capacity differences and other relevant differences between the subject and comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield substantially different conclusions. 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 based on its relative share of expenses, income, and the value of the operating equipment. Multiple producing zones in the same well may be treated as separate properties.

Oil and gas properties are principally appraised using the income approach to value. Specifically, the discounted cash flow (DCF) technique is used almost exclusively. The industry's nearly exclusive reliance on income approach methods, adjusted for risk and market conditions, is typical in dealings between

buyers and sellers and in single-property appraisals. A mineral property's intrinsic value is derived from its ability to generate income by producing oil and gas reserves.

Income approach calibration involves selecting the cost of capital or discount rate appropriate to the type of property being appraised and adjusting the projected revenue stream to reflect the individual characteristics of the subject property. The DCF model is also calibrated using lease operating expenses that reflect the individual characteristics of the subject property.
A jurisdictional exception to the DCF model, as this process is described in the Statement on Appraisal Standards No. 2 of the Uniform Standards of Professional Appraisal Practice, must be taken. Section 23.175 (a) of the Texas Property Code specifies that the price of oil and gas used for the first year of the DCF analysis must be the monthly average price of the oil and gas received from the interest for the preceding year multiplied by a market condition factor as promulgated by the Texas Comptroller's office. Furthermore, the prices used for succeeding years are based upon escalation factors stipulated by the Texas Comptroller's Office.
The highest and best-use analysis of the oil and gas reserves is based on the likelihood of the continued use of the reserves in their current use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review and Testing

Appraisals are reviewed by comparing income indicators and compliance with Section 23.175 of the Texas Property Tax Code. Property values concerning year-to-year changes and industry-accepted income indicators are reviewed annually. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process.

Appraisal-to-sales ratios are the preferred method for measuring performance; however, sales are very infrequent, and often, the sales conditions are not made public for the sales that do occur. Furthermore, market transactions usually occur for multiple sites, including real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured by comparing 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 and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed.

Valuation Timeline

THOMAS Y. PICKETT & COMPANY, INC.
VALUATION TIMELINE - NUECES COUNTY APPRAISAL DISTRICT 2025 - 2026

EVENT	DEC 2024	JAN 2025	FEB 2025	MAR 2025	APR 2025	MAY 2025	JUN 2025	JUL 2025	AUG 2025	SEP 2025	OCT 2025	NOV 2025	DEC 2025	JAN 2026	FEB 2026	MAR 2026	APR 2026	MAY 2026
Industrial Property Inspections																		
Personal Property Inspections																		
New Discovery Property Inspections																		
Mineral Property Valuations																		
Industrial/Personal Valuations						15th												
Copy of Renditions to *TYP/Review All					15th	15th												
Late/Extended Renditions to *TYP/Review All																		
Notices Generated by Thomas. Y. Pickett & Co., Inc.						15th	(Or as required to meet the time frame of agreed ARB date)											
Informal Meetings With Owners/Agents						15th												
Appraisal Review Board Hearings on *CAD Selected Date																		
Certified Values to CAD On or Before								20th	(Unless otherwise specified by Chief Appraiser)									
Address Any 25.25 Correction Filings as Required																		
Submit Data for Property Valuation Study											15th							
Review Initial *Category G Ratios/Informal Hearing if Necessary					(Extended as needed by any valid filings)													
Review Utility *Category J Ratios/Informal Hearing if Necessary																		
File Formal Value Study Protest as Required																10th		
Category J and G Ratios/Hearing Before *Adm. Law Judge																		

NOTE: Same timeline for 2026 valuation projects unless revisions required by changes in statutes for CAD policies.
Shaded areas indicate time span unless specific date identifed.
* "TYP" will mean Thomas Y. Pickett & Co., Inc.
* "CAD" will mean Nueces County Appraisal District
* "Category G" will mean Oil and Gas Mineral Reserves as described by the Property Tax Division of the State of Texas Comptroller's Office
* "Category J" will mean Utility Property as described by the Property Tax Division of the State of Texas Comptroller's Office
* "25.25 Corrections" will mean Section 25.25 Correction of Appraisal Roll as described in the Texas Property Tax Code
* "Adm." will mean Administrative

STEPHEN B. CAMPBELL

President
Director

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	19 Years
Independent Business Intermediary-Consultant	2 Years
Business Valuation Services. Inc.	2 Years
PricewaterhouseCoopers Corporate Finance	3 years
Schlumberger Well Services	2 Years

QUALIFICATIONS

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

EDUCATION/LICENSE

Master of Business Administration – University of North Texas – Denton, Texas
B.S. in Mechanical Engineering – Baylor University – Waco, Texas
Registered Professional Appraiser– State of Texas #68355

PROFESSIONAL ASSOCIATION

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

DOUGLAS L. OSTERLOH

Chairman of the Board
Senior Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc. 42 Years

QUALIFICATIONS

Mr. Osterloh has extensive experience in unit appraisals of industrial, personal, and utility properties, including pipeline, electric, and gas distribution. He supervises appraisals of this property within the South Texas region and manages the Corpus Christi office.

In addition, he has forty-two (42) years of active experience appraising complex industrial properties in the State of Mississippi, thirty-nine (39) in the State of Wyoming, and over thirty-one (31) years of experience appraising 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

EDWARD DONALD OWENS

Vice President
Senior Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	35 Years
Fina Oil & Chemical	2 Years
Pritchard & Abbott	11 Years

QUALIFICATIONS

Mr. Owens has forty-five years (47) of 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 South Central and West Central Texas appraisal districts. He is a former tax agent with a major oil firm and is now responsible for oil-related properties in Texas, North Dakota, and New Mexico.

EDUCATION/LICENSES

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

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

ROBERT T. (BOB) LEHN

Vice President

EXPERIENCE

Thomas Y. Pickett & Company, Inc. (Dallas)	33 Years
Purvin & Gertz, Inc. (Dallas & London) - Associate	1 Year
Hadson Gas Systems, Inc. (Houston, Dallas & London)	4 Years
Manager – Projects & Facilities (Dallas)	
Director – Gas Supply & Transportation (London)	
Muse, Stancil, & Company (Dallas) - Consultant	2 Years
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 international energy project management. This experience included performing economic evaluations with consideration of environmental and regulatory issues. Reports were made to senior management of operating companies and governmental agencies. Before T.Y. Pickett, as a consultant, he performed fair market valuations and physical asset appraisals of large gas plants, pipelines, and other facilities. Mr. Lehn continues appraising these facilities, along with others, including paint pigment, explosives, and agrichemical (fertilizer, pesticides, and 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 other special purpose properties to Boards of Equalization, Appraisal Review Boards, or Courts and State Tax Commissions in Texas, Oklahoma, North Dakota, Louisiana, Wyoming, Mississippi, and Florida. Mr. Lehn performs golf and ski resort real estate appraisals. He has spoken at the Annual IAAO Conferences, the IAAO Legal Seminars, various State and County Assessors' functions, and other venues.

EDUCATION/LICENSES

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

PROFESSIONAL ASSOCIATIONS

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

RICARDO O. GUZMAN

Vice President
Mineral Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	12 Years
City of Corpus Christi Assistant Director of Gas Operations Assistant Director of Management and Budget Director of Traffic Engineering	12 Years
City of Kingsville Director of Planning and Engineering Public Works Director	15 Years

QUALIFICATIONS

Mr. Guzman performs mineral appraisals. He has twenty-nine (29) years of experience in public administration with extensive experience in producing, transporting, and distributing oil and natural gas. This includes facility inspections, construction, service and operations, pressure and measurement, compressed natural gas, cathodic protection, marketing, and finance for the natural gas industry. In addition, he has project management experience in evaluating and executing contracts for procuring equipment and constructing 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
Registered Professional Appraiser, State of Texas, License # 74026

PROFESSIONAL ASSOCIATIONS

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

LANGUAGES
Fluent in English
Fluent in Spanish

ANTHONY E. (TONY) BELL

Vice President

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	27 Years
Dallas County Appraisal Review Board (Auxiliary Member)	1 Year
A T & T	37 Years

QUALIFICATIONS

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 communications networks. Since joining Thomas Y. Pickett & Co., Inc., his expertise has extended to complex industrial properties, such as Electric Generation Plants, Gas Processing Plants, and other oil field properties, as well as the valuation of all different utility properties. He is skilled in determining strategies, developing presentations, and negotiating final values. He analyzed proposed tax legislative changes and recommended language supportive of a position. Mr. Bell manages the Thos. Y. Pickett & Co., Inc. The Industrial & Utility Division performs appraisals in multiple states on large complex properties such as shipyards and mining operations and smaller properties such as oilfield equipment, sawmills, and all utilities.

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 the 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))

DANNY HENDRIX

Senior Industrial Appraiser
Former Vice President

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	39 Years
B.J. Hughes, Inc. – Machinery Division	5 Years

QUALIFICATIONS

Mr. Hendrix has forty-four (44) years of experience appraising personal property and representing various oilfield-related service companies. He serves as a field appraiser for all types of oilfields related to personal property and has coordinated industrial appraisal projects in Texas and Wyoming. He worked on the Colorado Ratio Study from 1993 to 1996 in personal, commercial, and industrial property appraisals. 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)

REVA GRYMES ARAMBULA

Personal Property/Utilities/Industrial Appraiser
Contract Administrator

EXPERIENCE

Thomas Y. Pickett & Company, Inc. 20 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 was responsible for maintaining the personal property/utilities/industrial accounts, which included handling address changes, agent changes, and client request changes. She communicated with the appraisal districts regularly and attended Appraisal Review Boards. As an industrial appraiser, she is responsible for appraising oilfield-related personal, industrial, and 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)

Santiago Solis, P.E.

Consulting Petroleum Engineer

EXPERIENCE

Practicing Petroleum Engineer and Appraiser 52 Years

QUALIFICATIONS

For 52 years, from 1972 to 2024, Mr. Solis has been an independent consulting petroleum engineer. He has worked for approximately fifty clients in Texas, Louisiana, California, Oklahoma, Ohio, and Venezuela. Most of his work has been done on the Texas Gulf Coast. His work involves planning and supervising drilling, completion, and production operations. He also performs reservoir engineering studies and valuations. He has performed approximately 61,000 oil and gas well ad valorem tax mineral valuations for various south Texas counties for T.Y. Pickett. From 1987 to the present (33 years), he has performed mineral valuations for Hidalgo County Appraisal District for T.Y. Pickett.

EDUCATION/LICENSES

B.S. Petroleum Engineering, University of Texas at Austin, 1972

PROFESSIONAL ASSOCIATION

Registered Professional Engineer in Texas
Registered Professional Appraiser
Society of Petroleum Engineers

LANGUAGES
Fluent in English
Fluent in Spanish

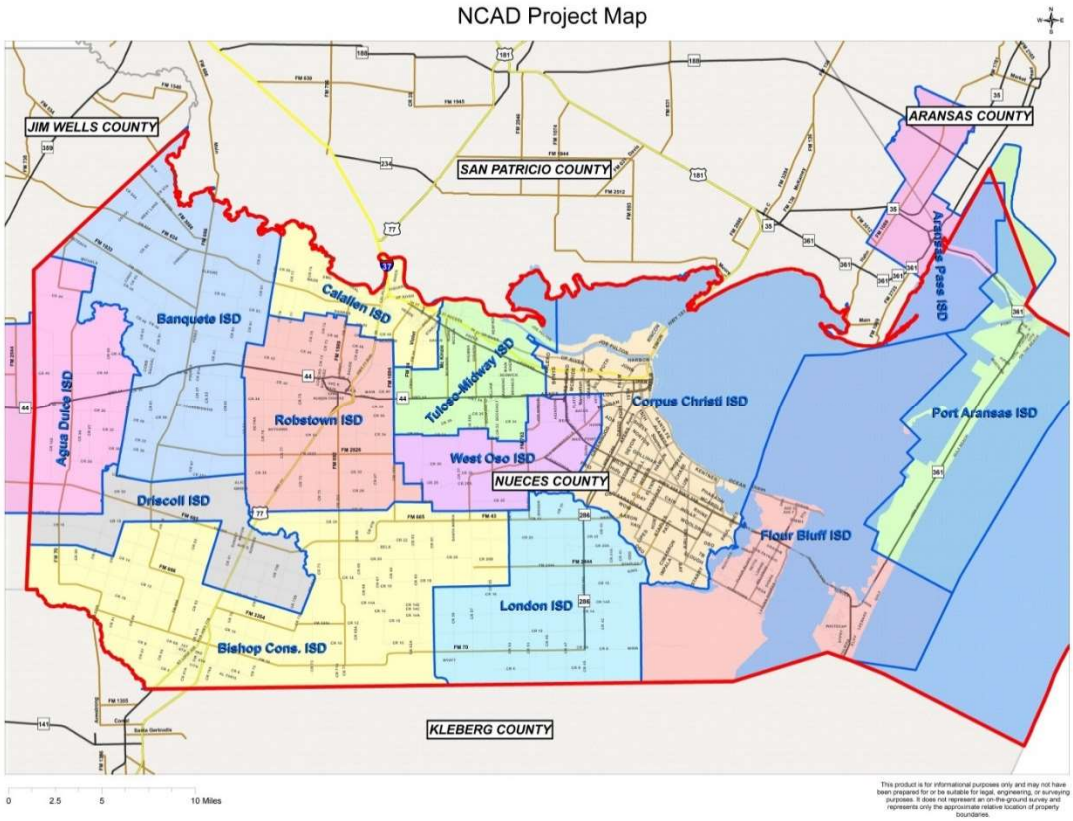
Exhibit A1

Defined Residential Market Areas in the District

Reappraisal Year	ISD	# of Accounts
2025	SM -- Port Aransas ISD	4,558
	SM -- Condos/Townhomes	3,980
	SR -- Aransas Pass ISD	18
	SG -- West Oso ISD	2,501
	SE -- CCISD Area #2	24,276
	SE -- Condos/Townhomes Area #2	596
	S0 -- Robstown ISD	5,611
	All -- Mobile Homes	2,200
	Totals	**43,740**
2026	SE -- CCISD ISD Area #3	26,708
	SE -- Condos/Townhomes Area #3	1,694
	SJ -- Flour Buff ISD	15,613
	SJ --Condos/Townhomes	2,980
	All -- Mobile Homes	2,200
	Totals	**49,195**
2027	SF -- Tuloso-Midway ISD	4,429
	SF -- Condos/Townhomes	27
	SE -- CCISD # 1	20,994
	SE -- Condos/Townhomes Area #1	1,266
	SL -- Calallen ISD	7,363
	SL -- Condos/Townhomes	251
	SA -- London ISD	2,734
	SC -- Banquete ISD	1,942
	SP -- Driscoll ISD	538
	SN -- Bishop ISD	2,477
	SK -- Agua Dulce ISD	447
	All --Mobile Homes	2,200
	Totals	**44,668**
	Grand Totals	**137,603**

Exhibit A2

Defined Residential Market Areas in the District



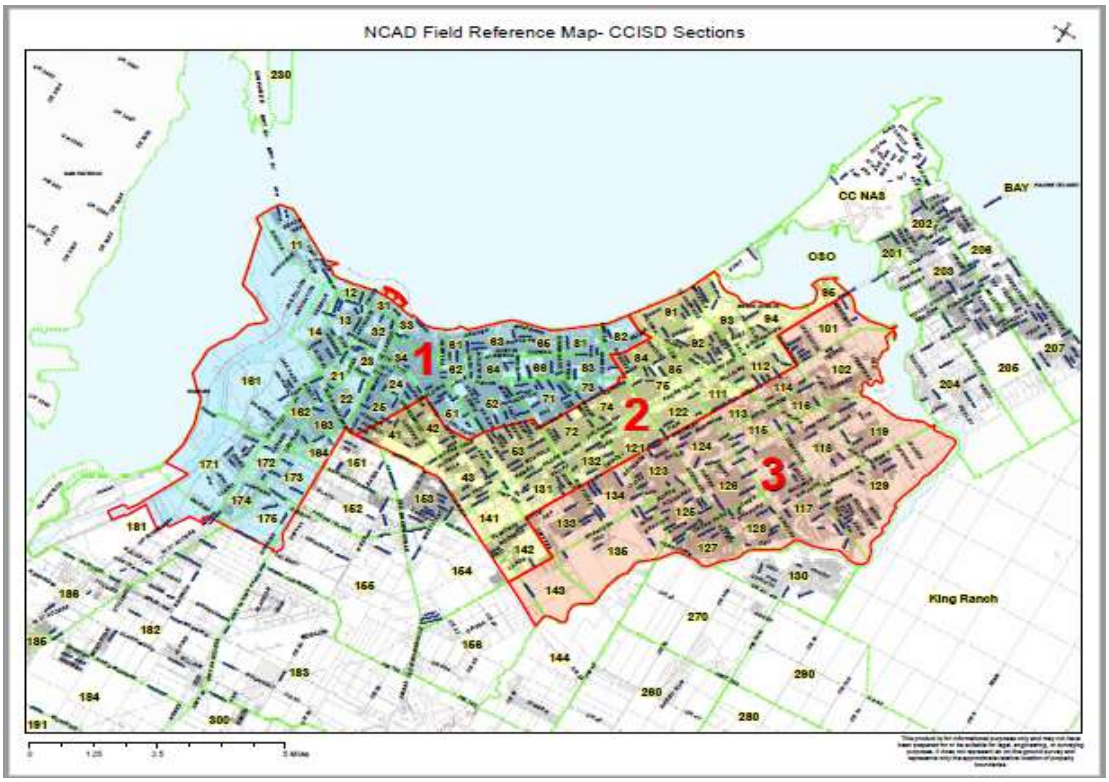


Exhibit B1

Defined Commercial/Land Market Areas in the District

Reappraisal Year	ISD	# of Accounts
2025	SE- CCISD AREAS 4, 5, & 6	3,356
	SP- DRISCOLL ISD	356
	SA- LONDON ISD	750
	SL- CALALLEN ISD	845
	SJ- FLOUR BLUFF ISD	1,891
	TOTAL	**7,198**
2026	SE- CCISD AREA 3	2,713
	SK- AGUA DULCE ISD	379
	SN- BISHOP ISD	1,518
	SO- ROBSTOWN ISD	1,976
	SM- PORT ARANSAS ISD	1,466
	TOTAL	**8,052**
2027	SE- CCISD AREA 2	3,283
	SF- TULOSO MIDWAY ISD	1,711
	SC - BANQUETE ISD	1,117
	SG- WEST OSO ISD	1,685
	SR- ARANSAS PASS ISD	32
	TOTAL	**7,828**

Exhibit B2

Defined Commercial/Land Market Areas in the District

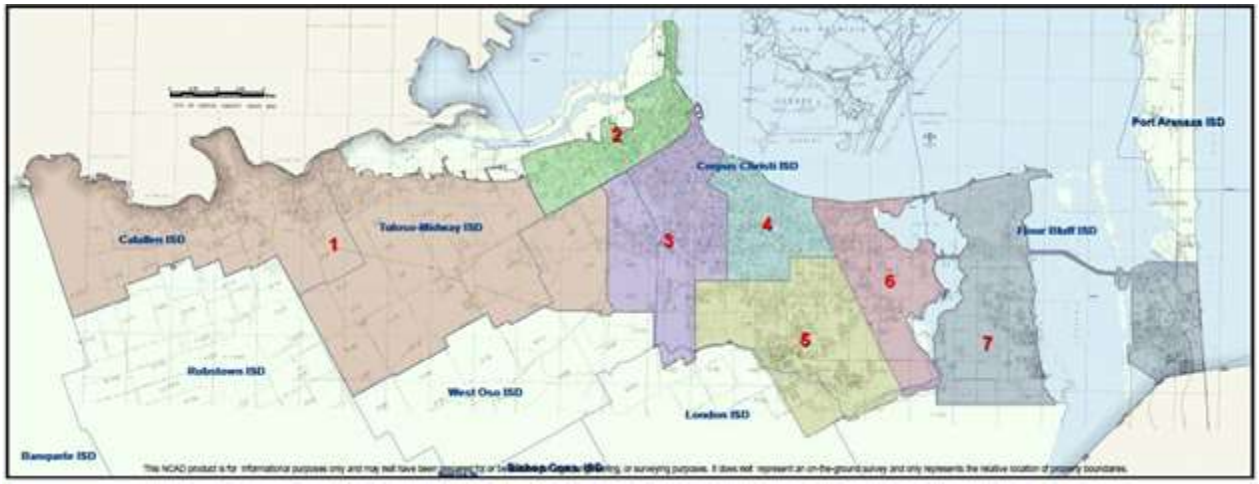


Exhibit B3

Commercial/Land Market Reappraisal Map

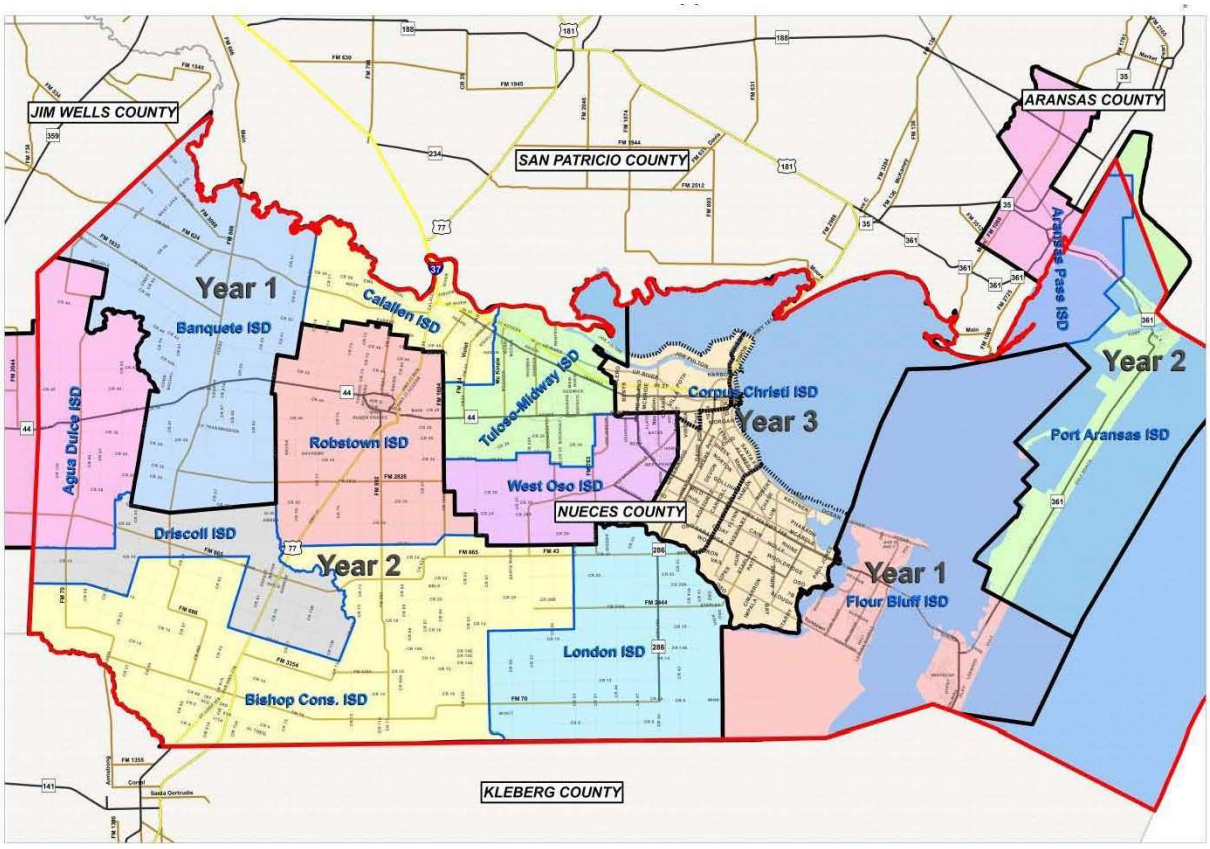


Exhibit C
Calendar of Events

July 2024	
July 31, 2024	• Appraisal Field Cycle Begins
August 2024	
	• Management Plan Year Begins • Begin working on "Percent Complete" permits • Prepare for Methods and Assistance Program (MAP) Review • Public hearing for the 2025 budget • Public hearing for Biennial 2025-2026 Reappraisal Plan
September 2024	
	• Input 2024 tax rates into the PACS system • ARB – The entire board approves supplement • Statutory appraisal date for certain inventory properties (23.12) • Deadline for Electronic Appraisal Roll Submission (EARS) to PTD • ARB hearing as needed
Sept. 2, 2024	• Labor Day Holiday
Sept. 15, 2024	• Deadline for BOD to approve the 2025 budget. • Deadline for BOD to approve Biennial 2025-2026 Reappraisal Plan
October 2024	
	• ARB approves supplement • ARB hearing as needed
November 2024	
	• ARB approves supplement • ARB hearing as needed
Nov. 11, 2024	• Veterans Day Holiday
Nov. 28-29, 2024	• Thanksgiving Holiday
December 2024	
	• IT Department prepares year-end functions in PACS System
Dec. 24-25, 2024	• Christmas Holiday
January 2025	
	• Assessment Date • ARB approves supplement • ARB hearing as needed • Analyze high sales areas and prepare for mass appraisals • Mail CHODO, abatements, and exemption applications • Mail Business Personal Property Renditions
Jan. 1, 2025	• New Year's Day Holiday
Jan. 6, 2025	• Advertise Business Personal Property Rendition requirements and Real Property Inventory (23.12) in the Caller-Times Newspaper
Jan. 20, 2025	• Martin Luther King Day Holiday
February 2025	
	• ARB approves supplement • ARB hearing as needed

	• Agricultural Advisory Board Meeting • TAAD Annual Conference - TBD
Feb. 1, 2025	• Receive preliminary findings of the Property Value Study from PTD
Feb. 3, 2025	• Deadline for Electronic Property Transaction submission to the Comptroller's PTD
Feb. 17, 2025	• President's Day Holiday
March 2025	
	• ARB approves supplement • ARB hearing as needed • Real Property Field Cycle ends • Deadline to submit protest appeal of Property Value Study
April 2025	
	• Submit 2026 Preliminary Budget to the BOD • Data entry cut-off for 1st mailing of Appraisal Notices (Real Property) • ARB approves supplement • Coordinate the updated "freeze amounts" with the County Tax Office • ARB cycle for Real Property begins • ARB training for appraisal personnel • 1st Mailing of Appraisal Notices • Begin informal settlements with taxpayers • Special Saturday Satellite Informal meeting - TBD
April 15, 2025	• Deadline for filing BPP rendition and Residential Property Inventory • Deadline for filing BPP rendition and Residential Real Property Inventory rendition extension
April 18, 2025	• Good Friday Holiday
April 30, 2025	• Deadline for new owners to file Agriculture exemption
May 2025	
	• Public hearing on Preliminary 2026 Budget • ARB accepts Real Property Appraisal records • ARB approves supplements • ARB hearings begin • Data entry cut-off for 2nd mailing of Appraisal Notices (Real Property) • 2nd Mailing of Appraisal Notices • Special Saturday Satellite Informal meeting - TBD
May 15, 2025	• Deadline for filing BPP rendition extension
May 15, 2025	• Protest deadline for 1st mailing of Appraisal Notices
May 26, 2025	• Memorial Day Holiday
June 2025	
	• Scheduled workday (Saturday) • ARB approves supplement • 3rd Mailing of Appraisal Notices • Protest deadline for 2nd mailing of Appraisal Notices • Protest deadline for 3rd mailing of Appraisal Notices
July 2025	
	• Verification and file cleanup • ARB approves supplement
July 4, 2025	• Independence Day Holiday

July 18, 2025	• Last day of hearings • Data entry cut-off for certification
July 18, 2025	• ARB submits Appraisal records to the Chief Appraiser for certification
July 25, 2025	• Chief Appraiser certifies Appraisal Rolls
July 31, 2025	• Appraisal Field Cycle Begins
August 2025	
	• Begin working on "Percent Completed" permits • TAAO Annual Conference • Ad Valorem Taxation Legal Seminar • Management Plan Year Begins • Prepare for Property Value Study (PVS) • Prepare Mass Appraisal Report
September 2025	
	• Input new Tax Rates into the PACS system • Statutory appraisal date for Business Personal Property inventory properties (23.12) • Deadline for Electronic Appraisal Roll Submission (EARS) to PTD • ARB approves supplement • ARB hearing as needed
Sept. 1, 2025	• Labor Day Holiday
October 2025	
	• ARB approves supplement • ARB hearing as needed
November 2025	
	• ARB approves supplement
Nov. 11, 2025	• Veterans Day Holiday
Nov. 27-28, 2025	• Thanksgiving Holiday
December 2025	
	• IT Department prepares year-end function in PACS System • Prepared Annual Report
Dec. 12, 2025	• Print Business Personal Property Renditions
Dec. 24-25, 2025	• Christmas Holiday
January 2026	
	• Assessment Date • ARB approves supplement • Analyze high sales areas and prepare for Mass Appraisal • Mail CHODO, abatements, and exemption applications • Mail Business Personal Property Renditions
Jan. 1, 2026	• New Year's Day Holiday
Jan. 5, 2026	• Advertise Business Personal Property Rendition requirements and Real Property Inventory (23.12) in the Caller-Times Newspaper
Jan. 19, 2026	• Martin Luther King Day Holiday
February 2026	
	• ARB approves supplement • ARB hearing as needed • Agricultural Advisory Board Meeting • TAAD Annual Conference

Feb. 2, 2026	• Deadline for Electronic Property Transaction submission to the Comptroller's PTD • Receive preliminary findings of the Methods and Assistance Program (MAP) Review
Feb. 16, 2026	• Presidents' Day Holiday
March 2026	
	• ARB approves supplement • ARB hearing as needed • Real Property Field Cycle ends
April 2026	
	• Submit 2027 Preliminary Budget to the BOD • Data entry cut-off for 1st mailing of Appraisal Notices (Real Property) • ARB approves supplement • Coordinate the updated "freeze amounts" with the County Tax Office • ARB cycle for Real Property begins • ARB training for appraisal personnel • 1st Mailing of Appraisal Notices • Begin informal settlements with taxpayers • Special Saturday Satellite Informal meeting
April 1, 2026	• Deadline for filing BPP rendition and Residential Property Inventory
April 3, 2026	• Good Friday Holiday
April 30, 2026	• Deadline for new owners to file Agriculture exemption
May 2026	
	• Public hearing on Preliminary 2027 Budget • ARB accepts Real Property Appraisal records • ARB approves supplements • ARB hearings begin • Data entry cut-off for 2nd mailing of Appraisal Notices (Real Property) • 2nd Mailing of Appraisal Notices • Special Saturday Satellite Informal meeting
May 1, 2026	• Deadline for filing BPP rendition extension
May 15, 2026	• Protest deadline for 1st mailing of Appraisal Notices
May 25, 2026	• Memorial Day Holiday
June 2026	
	• Schedule workday (Saturday) • ARB approves supplement • 3rd Mailing of Appraisal Notices • Protest deadline for 2nd mailing of Appraisal Notices • Protest deadline for 3rd mailing of Appraisal Notices
July 2026	
	• Verification and file cleanup • ARB approves supplement
July 3, 2026	• Independence Day Holiday
July 17, 2026	• Last day of hearing • Data entry cut-off for certification
July 17, 2026	• ARB submits Appraisal Records to the Chief Appraiser for certification
July 24, 2026	• Chief Appraiser Certifies Appraisal Rolls

Exhibit D1
Residential Department Timeline

July 25-December 30	
	• Throughout the year, monitor & maintain all fleet vehicles for dept. • Work on the previous year's incomplete permits throughout the county. • Work on new construction permits (Phase I – dated January through June) throughout the county • Work all Mobile or Manufactured Home Properties throughout the county. • Begin reappraising scheduled properties according to the 3-year cycle. • Run sales ratio reports throughout the county. • Handle outstanding (5%) protest at ARB Hearings every month. • Process all residential Lawsuits throughout the year. • Process all residential Arbitration throughout the year. • Gather all data as requested by the Comptroller for PVS. • Prepare the preliminary data as requested by the Comptroller for MAPS and set an appointment with the Reviewer for the onsite Data.
January - February	
	• Finalize Reappraisal according to the 3-year cycle • Work on any outstanding field checks or site visits. • Verify completion of remaining permits for the current year, (Phase II from June to December) • Review and establish neighborhood factors on condominiums and townhomes throughout the county based on market analysis. • Work with the Sales Analysis Department to profile residential properties. • Run gain/loss reports in all neighborhood codes. • Run checks & balances with CAMA Monitors. • By Jan 31, Review the PVS.
March - April	
	• Meet with the MAPS Reviewer for all department onsite data requested. • Continue checks & balances with CAMA Monitors. • Review neighborhoods for reappraisal areas. • Review Neighborhood factors cohesively with the Market Analysis Dept. • Run Reports to Finalize value for noticing on April 1 or soon thereafter.
May	
	• Administer and respond to taxpayers' & property tax agent's inquiries through the NCAD Ticket Portal, online protests (efiles) and questions on appraisal notices, mailings and ARB timelines (Together with Market Analysis Department). • Administer any corrections brought forth by taxpayers during ARB season. • Prepare documentation for ARB hearings & the protest season. • Conduct all ARB Residential Hearings from May 15th through Certification on July 25th.
June – July	
	• ARB Process through July 25th • Certify Appraisal Roll on the 25th of July.

Exhibit D2

Business Personal Property Department Timeline

July 22nd – August 23rd	
	• Prepare and do field checks for the August protest • Prepare for field work – research newspaper articles, assumed names in Daily Legal, alcohol beverage licenses, manufactured homeowner changes from TDHCA certificates, and manufactured home moving permits. • Handle outstanding protest at Appraisal Review Board Hearings every month. • Administer and respond to taxpayers' and agents' inquiries through the NCAD Ticket Portal and questions from appraisal notices and mailings throughout the year. • Process all Business Personal Property Lawsuits throughout the year. • Process all Business Personal Property Arbitrations throughout the year. • Gather all data as requested by the Comptroller for PVS. • Prepare the preliminary data for MAPS as requested by the Comptroller and set an appointment with the Reviewer for the onsite Data.
August 26th – September 13th	
	• Smaller school districts in outer regions of the county (A, K, N, C, P) • London ISD, Agua Dulce ISD, Bishop ISD, Banquete ISD, and Driscoll ISD • Manufactured Homes • Industrial Streets, North Beach (K-13)
September 16th – October 18th	
	• 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
October 21st – November 29th	
	• Major streets
December 2nd – January 3rd	
	• Coded Streets
January 6th – January 31st	
	• Manufactured home parks
February 3rd – March 28th	
	• Completed and unfinished field work, special inventory, buildings, warehouses, pipe yards, PO Boxes, renditions, agents, etc.
March 31st – Certification in July	
	• Boat list, commercial vehicle list, renditions, agent renditions, ARB, and any other work assigned by the Manager

Exhibit D3

Commercial/Land Department Timeline

August 2024 – December 2024	
	Commercial Appraisers: • Resurvey school districts assigned Agua Dulce, Bishop, Robstown, Aransas Pass, Port Aransas and CCISD area 3 • Resurvey assigned category of businesses (Large Apartments, County Airports, Funeral Homes, Port Leasehold Properties, & Hotels • Perform a sales ratio study on assigned areas and categories of businesses before and after resurvey • Work building permits
	Land Appraisers: • Work in-city AG accounts in assigned areas • Work changes of use rollback issues, especially on new construction
January 2025 – April 2025	
	Commercial Appraisers: • Continue to resurvey school districts and assigned business categories • Update appraisal information and values in PACS • Adjust income and cost schedules as evidenced by ratio study • Resurvey assigned areas for sales & notes
	Land Appraisers: • Continue work on change of use and rollback issues • Continue to resurvey assigned areas and adjust for sales & notes
May 2025 – July 2025	
	Commercial and Land Appraisers: • Start the Appraisal Review process • Work with taxpayers after they receive their appraisal notices concerning their valuation
August 2025 – December 2025	
	Commercial Appraisers: • Resurvey school districts assigned Tuloso Midway, Banquete, West Oso, Aransas Pass, and CCISD area 2 • Resurvey TIRZ4 (North Beach) • Work all permits county-wide on new and remodeled accounts • Resurvey assigned areas and adjusted for sales & notes
	Land Appraisers: • Continue work on change of use and rollback issues • Continue to resurvey assigned areas and adjust for sales & notes
May 2026 – July 2026	
	Commercial & Land Appraisers: • Work assigned protests and evidence requests • Work with taxpayers after they receive their appraisal notices concerning their valuations • Defend values at ARB

Exhibit D4

Market Analysis Department Timeline

August - October
• Prepare preliminary sales ratio reports • Review and update classification categories and cost schedules • Verify and update improvement records on sales accounts • Enter any new tables and data into the CAMA system. • Gather, verify, and process sales information • Analyze housing market trends, including extensive research of sale data • Mail out sales letters (Sales between January and August) • Residential Land Appraiser will research land sales and make adjustments when needed • Help the Residential Department verify classes as sales are verified • Handle outstanding protest at Appraisal Review Board Hearings • Throughout the year, Arbitrations are processed • Process request from the PTAD for Property Value Study
November - January
• Run an initial set of Sales Ratio Reports before changes for the current year • Redefine neighborhoods based on discovery during the prior year's ARB and presale analysis • Gather, verify, and process sales information • Mail out sales letters (Sales between September and January) • Review neighborhoods for reappraisal areas. • Review and establish neighborhood factors based on market analysis. • Process Residential Real Property Inventory Renditions per Section 23.12 of the Texas Property Tax Code • The Land Appraiser will research land sales to update land tables • Help the Residential Department verify classes as sales are verified
February - April
• Clean up sales data entry errors • Run CAMA Monitors to correct any clerical data entry errors • Run and Apply Neighborhood factors based on sales analysis • Run Final Sales Ratio Reports
May - July
• Prepare the Sales Comparable and Equity Sales grids for all ARB cases • Defend the Appraisal Review Board Cases before the ARB

Exhibit E

State and School District Codes

Residential

- A1 – Single Family
- A2 – Mobile Homes
- A4 – Condo - Townhomes
- B2 - B4 – Small Multi-family
- C1 – Vacant Residential Land
- E1 – Res. Land and Imp W/AG
- E1M – Mobile Home with AG
- E5 – non-qualifying rural land
- E5R - non-qualifying rural land with improvements
- E5M - non-qualifying rural land with Mobile Home
- O1 & O2 – Builder Inventory

Commercial/Land

- B1 – Large Apartment Complexes
- B5 – B11 – Small Apartments
- C1C – Commercial Vacant Land
- C1l – Industrial Vacant Land
- C1S – Submerged Vacant Land
- D1 – D4 – Agriculture (AG) Land
- E2 - E3 - Non-qualifying AG land
- E4 - Land with pad/tank site Only
- E5 – Nonqualifying Rural Land
- F1- Commercial Imps & Land
- F2 – Industrial imps & Land
- F3 – Imp Only Commercial
- F4 – Imp Only Industrial
- F5 – Leasehold Possessory Interest
- J3 - Real & Tangible Electric
- J4 - Real & Tangible Telephone
- J5 - Real & Tangible Railroad

Business Personal Property

- J3 – Real & Tangible Personal Property, Utilities
- J4 - Real & Tangible PP, Telephone
- J7 - Real & Tangible PP, Cable
- L1 – Tangible PP
- L2 – Tangible Industrial PP
- M1 - Tangible PP Mobile Homes
- S – Special Inventory

All Categories

- X - Exempt Property

Entities School District Code

- SA – London
- SC - Banquete
- SE - Corpus Christi
- SF - Tuloso Midway
- SG - West Oso
- SJ - Flour Bluff
- SK - Agua Dulce
- SL - Calallen
- SM - Port Aransas
- SN - Bishop
- SO - Robstown
- SP - Driscoll
- SR – Aransas Pass

CERTIFICATION STATEMENT

STATEMENT OF LIMITING CONDITIONS

Certification Statement

"I, Ramiro "Ronnie" Canales, 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."

08/16/2024

Ramiro "Ronnie" Canales
Chief Appraiser

Date

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 property owner's request or as requested by the district for clarification purposes and to correct property descriptions.

3. Validation of sales transactions is attempted through questionnaires to buyers and sellers, a telephone survey, and a 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.

08/16/2024

Ramiro "Ronnie" Canales
Chief Appraiser

Date