Moore County Appraisal District
Plan for Periodic Reappraisal

2023 - 2024

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Tax Code Requirement

Passage of Senate Bill 1652 amended Section 6.05 of the Texas Property Tax Code by adding Subsection (i) to read as follows:

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

Plan for Periodic Reappraisal Requirement

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) to read as follows:

(a) Each appraisal office shall implement the Plan for Periodic Reappraisal of property approved by the Board of Directors under Section 6.05(i).

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

1. Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
2. Identifying and updating relevant characteristics of each property in the appraisal records;
3. Defining market areas in the district;
4. Identifying property characteristics that affect property value in each market area including;
    a. The location and market area of property;
    b. Physical attributes of property, such as size, age, and condition;
    c. Legal and economic attributes; and
    d. Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;

5. Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
6. Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
7. Reviewing the appraisal results to determine value.

Revaluation Decision (Reappraisal Cycle)

The Moore CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises one third (1/3) of all property in the district every year. The reappraisal year is a complete appraisal of all properties in that portion of the district. Tax year 2023 is a reappraisal year and tax year 2024 is a reappraisal year.

Each year new construction is added to the appraisal roll and adjustments are made for changes in individual property characteristics which affect appraisal value. In addition, sales data is reviewed each year, and neighborhood cost factors are modified as necessary in order to adjust property values to local market conditions and to maintain equalization.

In the year of reappraisal, all cost schedules and depreciation schedules are reviewed and adjusted to local market conditions. Calibration to district CAMA and support software is made, and changes to internal appraisal formula, procedures, and techniques are modified and adjusted as needed.

Performance Analysis

Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Ratio studies are conducted in compliance with the current STANDARD ON RATIO STUDIES of the International Association of Assessing Officers. Mean, median and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy. The mean ratio is calculated in each reappraised category to indicate the level of appraisal accuracy by property reporting category. In 2023, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. Likewise, in 2024, the reappraisal year, this analysis is used to develop a starting point for establishing the level and accuracy of appraisal performance. In 2023 and 2024, any reporting category that may have been excluded from reappraisal due to lack of data to support reappraisal will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

Analysis of Available Resources

Staffing and budget requirements for tax year 2023 are detailed in the 2023 budget, as adopted by the Board of Directors of the Moore County Appraisal District and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2023 and anticipated staffing for tax year 2024. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2023 – 2024-time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. In the reappraisal year, real property appraisal depreciation tables are tested against verified sales data to ensure they represent current market data. Personal property density schedules are tested and analyzed based on renditions and prior documentation. Due to lack of sales of personal property in the district, the Comptroller's Guide is utilized to appraise personal property and for testing and analysis purposes.

Information Systems (IS) support is detailed and system upgrades are scheduled.

Planning and Organization

A calendar of key events with critical completion dates is prepared for each area of work. This calendar identifies key events for appraisal, clerical, customer service and information systems. A calendar is prepared for tax years 2023 and 2024. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

Mass Appraisal System

Computer Assisted Mass Appraisal (CAMA) system revisions are completed by the Information Systems Software Provider. System revisions and procedures are performed by the Moore County Appraisal District.

Real Property Valuation

Revisions to cost models, income models and market models are specified, updated and tested each tax year.

Cost schedules are tested with market data (sales) to ensure that the Appraisal District is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as

well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as Marshall & Swift.

Land schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

Personal Property Valuation

Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed modified as needed and tested.

Noticing Process

25.19 appraisal notice forms are provided by the IS Provider. The Provider reviews and edits for updates and changes required by legislative mandates. The district publishes information about the notices and how to protest in the local newspaper. The district makes available the latest copy of the Comptroller's pamphlet Taxpayer's Rights, Remedies and Responsibilities.

Hearing Process

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The Appraisal District hearing documentation is reviewed and updated to reflect the current valuation process and requirements. Compliance with House Bill 201 is insured.

Data Collection Requirements

Field and office procedures are reviewed and revised as required for data collection. Activities for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle, and field or office verification of sales data and property characteristics.

New Construction/Demolition

New Construction field and office review procedures are identified and revised as required. Sources of building permits are confirmed. The City of Dumas~~, City of Sunray~~ and the City of Cactus provide copies of building permits issued through the year.

Remodeling

Properties with extensive improvement remodeling are identified and field inspections are scheduled to update property characteristic data.

Re-inspection of Problematic Market Areas

Real property market areas, by property classification, are tested for low or high ratio sales and/or high coefficients of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field inspections are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

Re-inspection of the Universe of Properties

The International Association of Assessing Officers' Standard on Mass Appraisal of Real Property specifies that the universe of properties should be re-inspected on a cycle of 3 years. The re-inspection includes physically viewing the property, photographing, and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation changes, remodeling, additions, etc. The annual re-inspection requirements for tax years 2023 and 2024 are identified and scheduled in the written reappraisal plan.

Field or Office Verification of Sales Data and Property Characteristics

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraisal in order that statistical analysis results will be valid.

Pilot Study by Tax Year

Testing of New or Revised Mass Appraisal Methods

New and/or revised mass appraisal models are tested each tax year. Ratio studies, by market area, are conducted on proposed values each tax year.

Ratio Studies by Market Areas and Property Category

Proposed values on each category are tested for accuracy and reliability. These modeling studies (sales ratio studies) are conducted each tax year. Real and personal property and their associated sub-categories will be ratio tested to ensure district valuation models are designed and calibrated properly.

Test Accuracy and Reliability in Certain Market Areas

Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and model calibration are in compliance with USPAP, Standard Rule 6.

Valuation by Tax Year

Using market analysis of comparable sales and locally tested cost data, valuation models (Cost per Square Foot Schedules) are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies. Performance standards are those as established by the IAAO Standard on Ratio Studies. Property values in all market areas are updated each reappraisal year.

Valuation by Property Type

Vacant Real Property

Overview

A separate estimate of fair market value shall be made for each parcel of non-agricultural land as if it were vacant. The sales data covering fair market sales of vacant non-agricultural land in all property classifications shall be secured from all available sources and shall be compiled, checked, and analyzed for use in the determination of non-agricultural land values and them units of comparison throughout the county. The Moore County Appraisal District shall carefully consider all factors affecting the value of land (such as zoning, location, shape, size, topography, access to railroads, roads, present use, etc.) and will make appropriate adjustments when establishing final values.

The market approach, also known as the sales comparison approach, will be the primary valuation method used for the appraisal of vacant real property. All factors affecting the market value of lots and parcels shall be carefully considered in both the field inspection and final review. All vacant land shall be appraised at its typical or most probable use.

Single Family Residences

Overview

Single family residences consist of all land and real property improvements, which by the nature of their design and/or construction are suitable for single family use only. This includes manufactured homes, which can be classified as either real property or personal property.

Highest and Best Use

The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum potential. The residential appraisal staff will conduct a highest and best use analysis of residential property to ensure the current use of property supports the highest present value as of the date of the appraisal. The highest and best use of residential property is normally its current use. Residential Valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. Adjustments to the property value is made via changes in land classification or adjustments factors; improvement adjustment factors or classification code; or a combination of land and improvement adjustments are made in order to properly appraise the subject property at market value.

Assumptions and Limiting Conditions

The appraisals completed by MCAD for single family residences are subject to the following assumptions and limited conditions:

1. The Moore County Appraisal District's staff has physically inspected all single-family residences within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties annually. Interior inspections have not been done on a majority of the properties in the jurisdiction because (1) most residential owners are not at their residence during regular business hours, (2) permission to inspect is not always granted, (3) the safety of the appraiser may be in question, and (4) respect for privacy rights of the property owner should be exercised.
2. The opinion of value for each single-family property applies to land and improvements only. The value of personal property of an owner has not been included with the value of the real estate. The only personal property that is valued as an improvement only is a manufactured home where the owner of the home does not own the land. See Sec 11.14 (a) of the Texas Property Tax Code.
3. Single family qualified properties used to provide affordable housing are appraised in compliance with Section 23.33 of the Texas property Tax code. (Jurisdictional Exception of Standards Rule 6-4 (b) of USPAP)

Data Collection and Validation

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been predefined by MCAD.

Property specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. Data on individual properties is verified through previously existing records, published reports, building permits, analysis of comparable properties and through submission by the property owner. Appraisal cards are available for review at the Appraisal District Office. Data pertaining to a class of properties is grouped together according to the differing quality levels and then used to develop valuation models for each property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, local contractors, new construction permits, mechanic's liens, reliable sources of new property sales and from renditions submitted by owners. All local information is used to verify, supplement, or modify costs from these published sources. New models and cost tables are currently under construction and are being used in test areas. Renditions are confidential submissions by property owners and cannot be used for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy. MCAD currently has a comprehensive appraisal manual for residential property.

Market sales information is collected from a variety of sources including surveys of buyers and sellers, deed records. ~~and from local real estate professionals.~~

Valuation Approach and Analysis

Improvements are appraised using replacement cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information and comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if diminished utility and comparable sales are found to justify such. A market data model based on typical selling prices per unit of area is also used when appropriate sales information is available.
The formula is expressed as follow:

Replacement Cost New x Total Percent Good + Depreciated Additive Values + Land Value
(Adjusted by Market Indicators as determined by Sales Data, as available)

Land values are based on selling prices for the appropriate highest and best use of the site and as thought it was vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. Ratio studies are performed and are the preferred method for measuring performance. The results of the performance measures used indicate the validity of the appraisal models used. Appraisers perform ratio studies for their assigned areas.

Performance is also measured through comparison with valid single property appraisals submitted for staff review. Appraisal results are also tested annually by the Property Tax Division of the Texas Comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Division.

Multi-Family Properties

Overview

Multi-family properties with situs in this district are appraised at market value as previously defined.

Assumptions and Limiting Conditions

The appraised value derived is subject to the following assumptions and limiting conditions:

1. For multi-family properties only, the market value stated is for land, improvements and the personal property common to the classification and economic area. The business personal property value is insignificant to the overall value.
2. The Moore County Appraisal District's staff has physically inspected all apartment complexes and duplex properties within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties annually.
3. For a multi-family property that is used to provide affordable housing the property is appraised to comply with Texas Property Tax Code Section 23.33. (Jurisdictional Exception to Standard 6-2 (d) or USPAP)

Data Collection and Validation

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular property class that has been predefined by MCAD.

The property appraised has multi-family use. This classification of properties includes apartment complexes and duplex properties. Properties of this classification are discovered and their characteristics recorded during field inspections, investigation of building permits issued through political entities and investigation of mechanic's lien recorded with the County Clerk. Geographically, these properties are located throughout the county.

Specific property data is collected at the time of inspection or re-inspection and through submissions by property owners. Characteristics of a specific property's physical improvements and amenities are recorded and stored electronically and may be printed on an appraisal card(s). Appraisal cards are available for review at the district office.

Sales data is taken from deed records~~, local real estate professionals~~, written appraisal reports and telephone contact with principals. Sales are validated with the principals when possible. Sales data for properties is account specific and retained electronically.

General market data is gathered from multiple sources. Environmental, economic, political and social influences vary geographically and by property use. Neighborhoods have been delineated to reflect competing properties within a use and the influences on that use. Apartment properties were assigned a comparative classification in the inspection process. Duplexes are classed in compliance with predefined classing criteria.

Apartment income and occupancy information is fathered by telephone and income surveys. Income data is arrayed by neighborhood and comparative class to seek rent anomalies or outliers. Market rent and occupancy levels are established by neighborhood, comparative class, condition, desirability and age. Historical income and occupancy trends are studied, and those trends are forecast and projected into future years. Also considered are expenses from previous year's data, as supplied by the owner or operator of the property. From this research, expense trends are analyzed and projected.

Investor surveys are reviewed and their requirements and expectations are considered, as are trends from previous surveys. A range of investor yield rates is selected and a gradient scale is used in consideration of the neighborhood characteristics and comparative class of properties. Income and models are built for classes and neighborhoods in which a sufficient amount of quality data exists. Where data is inadequate or inconsistent, models are interpolated.

Valuation Approach and Analysis

Based on the principal of substitution, land values are determined by selling prices for similarly positioned functional tracts. Sites are analyzed for highest and best use as though they were vacant. Highest and best use of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

A value per unit is charted and stratified by neighborhood and comparative class. A sales value per unit is also charted by neighborhood and comparative class for recent sales. Acceptable ranges of value are established for these comparative units. Preliminary property values are adjusted to meet with agreed ranges and then unique property considerations are addressed.

New apartment construction is valued based on actual cost, when available. If actual costs are not available, national cost manuals are compared to the estimated cost on the building permit.

For apartment complexes within the Appraisal District, personal property value is included with the real property estimate. This practice is due to the district's reliance on sales information and the income approach to value. Sales prices reported to the district are for the total property, real and business personal, and the income approach develops a value indication for all property necessary to sustain stabilized income for the total property. The business personal property value is considered an insignificant portion of the overall property value.

Duplex properties are appraised by market adjusted cost models. Property classifications are delineated and each classification's descriptive characteristics will be incorporated in new models and cost tables that are currently under construction. Sales ratio studies are generated for each neighborhood. Neighborhood adjustments are applied as necessary and individual properties are reviewed for reasonableness.

Review and Testing

Field review or appraisals is performed through the regular inspection of subject properties. Ratio studies are reviewed for level of appraisal (measurements of central tendency and dispersions), bias, and appropriateness of neighborhood boundaries. Results of the performance measures used indicate the validity of the appraisal models.

Preliminary values are reviewed in consideration of classification and neighborhood. Value indications are compared to renditions and valid single property appraisals submitted for staff review. The appraiser reviews the submitted appraisal report to confirm and verifying data as would be done with a sale. Final value recommendations are tested for reasonableness by

performing a sales ratio study and individually, during the appeal process. During the appeal process, property specific income and expenses are reviewed for reasonableness and values are adjusted as necessary.

Appraisal results are tested annually by the Property Tax Division of the Comptroller of Public Accounts for the State of Texas. Appraisal methods and procedures are also reviewed by the Property Tax Division.

Commercial Property

Overview

This type of property consists of all land and improvements in Moore County that are classed "commercial" according to the properties highest and best use. The commercial valuation function is divided into five improved property valuation groups and a vacant land group. Summarized as Multi-family (Apartments), Office, Retail, Warehouse and Special Use Commercial (i.e. hotels, hospitals and nursing homes).

Highest and Best Use

The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum potential. The commercial appraisal staff will conduct a highest and best use analysis of commercial property to ensure the current use of property supports the highest present value as of the date of the appraisal. The highest and best use of commercial property is normally its current use. Commercial valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. Adjustments to the property value is made via changes in land classification or adjustments factors; improvement adjustment factors or classification code; or a combination of land and improvement adjustments are made in order to properly appraise the subject property at market value.

Highest and best use analysis is used to confirm the accuracy of the market value estimate which approximates market price under the following assumptions: (1) no coercion of undue influence over the buyer or seller in an attempt to force the purchase or sale, (2) well-informed buyers and sellers acting in their own best interests, (3) a reasonable time for the transaction to take place, and (4) payment in cash or its equivalent.

Assumptions and Limiting Conditions

The appraisals completed by MCAD are subject to the following assumptions and limiting conditions:

1. The opinion of value for each property applies to land and improvements only. The value of trade fixtures, furnishings and other equipment has not been included with the value of the real estate.
2. The Moore County Appraisal District's staff has physically inspected all properties within its jurisdiction and normally re-inspects and/or conducts statistical studies on these properties annually. Complete interior inspections have not been done on a majority of the properties.

Data Collection and Validation

Two basic types of data are collected: data which is specific to each property and data which is indicative of a particular class of property that has been predefined by MCAD.

Property specific data is collected as part of the inspection process and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. Properties are classified according to construction type and quality. The appraiser also estimates the effective age and condition of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties is maintained on the appraisal card(s) for that property. The data includes legal description, situs, owner, address, parcel number and the property specific information such as class, quality, measurements, condition, etc. Data on individual properties is verified through previously existing records, published articles and reports, building permits, mechanic's liens, analysis of comparable properties and though information obtained from the property owner. Appraisal cards are available for review at the Appraisal District office.

Data pertaining to a class of properties is used to develop valuation models for that property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources, as well as from new construction permits, mechanics liens, local contractors, reliable sources of sales on new property and renditions submitted by the property owners. Cost information on newly constructed improvements is also used to verify and/or modify costs from published sources. MCAD currently has a comprehensive appraisal manual for commercial property. Renditions are confidential submissions by property owners and cannot be used for other properties. However, data from renditions may be compared with data obtained from cost manuals to test their accuracy.

Market sales information is collected through surveys of buyers and sellers in addition to public records.

Valuation Approach and Analysis

Land values are based on selling prices for the appropriate highest and best use of the site analyzed as though vacant. Highest and best use analysis of the improvements is based on the

likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact.

Improvements are valued using replacement/reproduction cost new less depreciation. Cost tables are constructed using published sources as a guide and adjustments are applied using local market information. Adjustments are also applied for functional and economic obsolescence if utilization, sales and income information warrant. An income approach is also used when economic and/or subject property income information is available. A market data model based on typical selling prices per unit of similar properties is used when sufficient information is available.

The cost approach to value is most accurate and reliable when appraising new construction. In older areas or areas of transition, cost is calculated and considered. However, due to the difficulty of measuring accrued depreciation, more weight is applied to the market and income approaches.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. A computer-generated statistical review is also conducted. The statistical report includes appraisal to sales ratio, coefficient of dispersion and other statistical measures. The performance measures used validate the results of the appraisal model.

Although the ratio study is the preferred method of measuring performance, single property appraisals submitted to the appraisal staff are also reviewed for appraisal accuracy. Appraisal results are tested annually by the Property Tax Division of the Texas comptroller's Office. Appraisal methods and procedures are also reviewed by the Property Tax Division.

Moore County Appraisal District contracts with Thomas Y. Pickett. for annual reappraisal of some properties in the commercial and industrial property types. The income approach, cost approach, and sales comparison approach are considered by the contractor in arriving at the final property value when sufficient data is available.

Thomas Y. Pickett. has prepared a separate and distinct reappraisal plan and mass valuation report pertaining to commercial and industrial property on behalf of the appraisal district for the current tax year. The mass commercial and industrial valuation report is made in accordance to current USPAP requirements and standards. The Appraisal District has included a copy of Thomas Y. Pickett's 2023-2024 reappraisal plan in this report.

Business Personal Property

Overview

Business personal property is the tangible personal property owned by a business or by an individual for the purpose of producing income. Other tangible personal property is exempt according to Sec 11.14 (a) of the Texas Property Tax Code.

Assumptions and Limiting Conditions

The appraisals completed by the MCAD are subject to the following assumptions and limiting conditions:

The Moore County Appraisal District's staff has physically inspected all properties within its jurisdiction and normally re-inspects and/or compares renditions and the Comptroller's lists of active businesses report on these properties annually.

Data Collection and Validation

Data on new and existing businesses is collected through personal inspection, newspaper articles, government reports, comparisons to like businesses, renditions and other confidential information supplied by the owner. Due to the multitude of personal property types, there is no standard data collection form or manual.

Valuation Approach and Analysis

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is "identifiable, portable and tangible objects which are considered by the general public to be 'personal', e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment: all property that is not classified as real estate." The Texas Property Tax Code Section 1.04 (5) defines tangible personal property as "... personal property that can be seen, weighted, measured, felt or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value." The Texas Property Tax Code Section 1.04 (4) defines personal property as "... property that is not real property."

The purpose of the appraisals of business personal property is to estimate market value on January 1 of each year as previously defined in the introduction. A separate definition of market value for inventory is found in the Texas Property Tax Code Sec 34.12 (a).

"... the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business." The Texas Property Tax Code sets forth three ways in which inventory may be valued if the requirements are met:

1. Sec 23.12 (f) allows some inventories to qualify for appraisal as a September 1 of the year before January 1 of the taxable year.

2. Sec 23.121, 23.127, 23.124I, and 23.12D dictate that dealers in new and used vehicles, vessels, outboard motors and trailers, manufactured housing and heavy equipment be valued differently. (Jurisdictional Exception to Standard Rule 6-3 (b) & (c).

3. Sec 23.12 (a) covers the inventories of remaining businesses.

Personal property is appraised using original cost less depreciation models. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization for the subject property justifies such. In the case of some personal property types, such as licensed vehicles and aircraft, market data from published pricing guides is used to construct a market value model. In other cases, models are based on quality and density information available through published sources or through private sources. These models are cost based.

Review and Testing

Field review of appraisals is performed through the inspection of subject properties.

Sales for most types of personal property are infrequent. Furthermore, many market transactions occur for multiple sites and include both real and personal property, tangible and intangible, thereby making analysis difficult, subjective and inadequate to develop a statistical analysis. Performance is measured through comparison of like businesses as well as applying quality and density models to units of comparison. Performance is also measured through comparison with valid single property appraisals submitted for staff review. The appraiser considers the submitted appraisal report by confirming and verifying data as would be done with a sale. MCAD's appraisal methods and procedures and values are subject to review by the Property Tax Division of the Texas Comptroller's Office. The results of this review indicate the validity of the models and calibration techniques employed by MCAD.

Moore County Appraisal District contracts with Thomas Y. Pickett. for annual reappraisal of some properties in the business personal property types. The income approach, cost approach, and sales comparison approach are considered by the contractor in arriving at the final property value when sufficient data is available.

Thomas Y. Pickett. has prepared a separate and distinct reappraisal plan and mass valuation report pertaining to business personal property on behalf of the appraisal district for the current tax year. The mass business personal property valuation report is made in accordance to current USPAP requirements and standards. The Appraisal District has included a copy of Thomas Y. Pickett's 2023-2024 reappraisal plan in this report.

Utilities

Moore County Appraisal District contracts with Thomas Y. Pickett. for annual reappraisal of utility, real, and personal property types. The income approach, cost approach, and sales comparison approach are considered by the contractor in arriving at the final property value when sufficient data is available.

Thomas Y. Pickett. has prepared a separate and distinct reappraisal plan and mass valuation report pertaining to utility property on behalf of the appraisal district for the current tax year. The mass utility valuation report is made in accordance to current USPAP requirements and standards. The Appraisal District has included a copy of Thomas Y. Pickett's 2023-2024 reappraisal plan in this report.

Mineral Properties

Moore County Appraisal District contracts with Thomas Y. Pickett. for annual reappraisal of mineral (oil and gas) real and personal property types. The income approach, cost approach, and sales comparison approach is considered by the contractor in arriving at the final property value when sufficient data is available.

Thomas Y. Pickett. has prepared a separate and distinct reappraisal plan and mass valuation report pertaining to mineral property on behalf of the appraisal district for the current tax year. The mass mineral report is made in accordance to current USPAP requirements and standards. The Appraisal District has included a copy of Thomas Y. Pickett's 2023-2024 reappraisal plan in this report.

Special Valuation Properties

Agricultural Use Properties

Overview

Moore County Appraisal District contracts with Purdue, Brandon, Fielder, Collins & Mott LLP for annual reappraisal of agriculture use property types. The income approach, cost approach, and

sales comparison approach are considered by the contractor in arriving at the final property value when sufficient data is available.

Data Collection and Validation

The district will obtain information regarding agricultural use land from state and federal agencies as available. In addition, information will be collected from agricultural professionals, renditions, trade journals and publications, and other sources considered reliable. Recognized organizational sources for information include:

1. Agricultural Advisory Board
2. The Texas Agricultural Extension Service
3. Agricultural Stabilization and Conservation Service
4. Soil Conservation Service
5. Texas Agricultural Statistical Service
6. Farmers Home Association
7. Production Credit Association
8. Universities and Colleges
9. Property Tax Division of the Texas Comptroller

The Mass Appraisal Report

Each tax year, the required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with Standard Rule 6 – 8 of the Uniform Standards of Professional Appraisal Practice. The signed certification by the Chief Appraiser is compliant with Standard Rule 6 – 9 of USPAP. This written reappraisal plan is attached to the report by reference.

Value Defense

Evidence to be used by the Appraisal District to meet its burden of proof for market value and equity in both informal and formal Appraisal Review Board hearings is developed each year. These items include, but are not limited to: cost schedules, depreciation schedules, land tables, sale and equity comparable adjustment grids, sale data, retail surveys, vacancy information, expense ratios, overall capitalization rates, income & expense data, field cards and photographs. This information is maintained electronically in categorized files by department and utilized throughout the appraisal calendar.

Communications

Authorized staff of the appraisal district will communicate with the owner, property manager, fiduciary agent, or other duly authorized parties in a good faith effort to ascertain and update property information and to resolve valuation and exemption conflicts. Communication methods include but are not limited to: in-person visits, telephone conversations, postal correspondence, and email correspondence. Formal reviews will include all required and adopted official notices, forms, formal letters, affidavits, and personal appearances before the Appraisal Review Board.

General Informal Review Procedures

Moore CAD often conducts informal reviews of an owner/agent's property in order to resolve issues and concerns of the owner/agent. The appraiser assigned to informally review of accounts will comply with authorized communications standards as listed above. The appraiser will confirm the existence and accuracy of property data characteristics and will review any and all evidence submitted by the owner or authorized agent regarding property issues addressable by the appraisal district. Informal valuation reviews will be comprised of data accuracy checks, verification of improvements, review of market adjustment factors, and review of comparable sales information.

The district appraiser will utilize available valuation tools to assist in the market value analysis. Specialized valuation tools may include but is not limited to: sales data ratios, archived value reports and appraisals, data queries from the CAMA system, various district ratios and reports. The district appraiser will physically inspect the subject property at the request of the owner or agent, or if deemed necessary by the appraiser.

Upon reaching an amicable agreement, the appraiser is authorized to sign the district's Value Change Form. The owner/agent will be required to sign same form in order to accept the agreed upon settlement terms for the current year.

General Formal Review Procedures

The Moore County Appraisal District will present all formal taxpayer protests to the Appraisal Review Board (ARB). An ARB is a group of citizens authorized to resolve disputes between taxpayers and the appraisal district. The ARB will determine taxpayer protests. In taxpayer protests, the ARB will listen to both the taxpayer and the chief appraiser.

ARB decisions are binding for the year in question and all meetings are open to the public. Notices of the date, time and place of each meeting will be posted at least 72 hours in advance at the appraisal district office and the county clerk's office in accordance with the Texas Open Meetings Act. The ARB's hearing procedures will be posted in a prominent place in the room in

which hearings are held.

At least 14 days prior to a taxpayer's protest hearing, the appraisal district will provide the taxpayer a copy of the ARB procedures and a statement affirming the taxpayer may inspect and obtain a copy of the data, schedules, formulas and any other information the chief appraiser plans to introduce at the hearing as requested. The taxpayer or authorized agent will be required to appear in person; by phone; send a person duly authorize in writing to appear on behalf of the owner; or send a sworn affidavit to the ARB with supporting evidence.

The district will prepare evidence to be presented to the ARB in accordance with the rules and procedures established by the Texas Property Tax Code. The Chief Appraiser or his authorized staff member will present the district's case in ARB hearings, allowing for review of evidence, questioning, and cross examination from ARB members. Once the ARB board rules concerning a protest appeal, the ARB will direct a written order to be sent by certified mail.

The taxpayer will have the right to appeal the ARB's decision to state district court in the county in which the property is located. The taxpayer may also be able to appeal the ARB decision to binding arbitration as detailed in the provisions of the Texas Property Tax Code. A petition for review with the district court must be filed within 60 days of receiving the ARB's order, and not later than the 45th day after receiving notice of the ARB order for binding arbitration.

The Written Reappraisal Plan For Moore County Appraisal District

Planning a Reappraisal

Variation in reappraisal requirements requires Moore County Appraisal District to carefully plan its work before beginning any reappraisal. Although the planning process may vary in specifics, it should involve five (5) basic steps:

1. Assess current performance.
2. Set reappraisal goals.
3. Assess available resources and determine needs.
4. Re-evaluate goals and adjust as necessary.
5. Develop a work plan.

Steps in a Reappraisal

The International Association of Assessing Officers (IAAO) textbook, Property Appraisal and Assessment Administration, lists ten steps in a reappraisal. These steps outline those activities performed by Moore County Appraisal District for the completion of periodic reappraisals. Activities are listed below in the order in which they occur:

1. Performance Analysis:
    - Ratio study
    - Equity of existing values
    - Consistency of values with market activity
2. Revaluation Decision:
    - Statutory – at least once every three years
    - Administrative policy
3. Analysis of Available Resources:
    - Staffing
    - Budget
    - Existing practices
    - Information system support
    - Existing data and maps
4. Planning and Organization
    - Target completion dates
    - Identify performance objectives
    - Specific action plans and schedules
    - Identify critical activities with completion dates
    - Set production standards for field activities
5. Mass Appraisal System:
    - Forms and procedures revised as necessary
    - CAMA (Computer Assisted Mass Appraisal) system revisions as required
6. Conduct Pilot Study
    - Test new/revised appraisal methods as applicable
    - Conduct ratio studies
    - Determine if values are accurate and reliable
7. Data Collection
    - Building permits and other sources of new construction
    - Check properties that have undergone remodeling
    - Re-inspection of problematic properties
    - Re-inspection of universe of properties on a cyclic basis
8. Valuation
    - Market analysis (based on ratio studies)
    - Schedules development
    - Application of revised schedules
    - Calculation of preliminary values
    - Tests of values for accuracy and uniformity
9. The Mass Appraisal Report
    - Establish scope of work
    - Compliance with Standards Rule 6 – 7 of USPAP
    - Signed certification by the Chief Appraiser as required by Standards Rule 6 – 8 of USPAP

10. Value Defense:
    Prepare and deliver notices of value to property owners
    Hold informal hearings
    Schedule and hold formal appeal hearings

***** Note: The burden of proof (evidence) of market values and equity falls on the Appraisal District. *****

Moore County Appraisal District
Residential, Commercial, Rural and Personal Property
2023 - 2024 Reappraisal Plan

Pursuant to Section 25.18 of the Texas property Tax Code, the Moore County Appraisal District has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every three (3) years. The plan establishes a two-fold approach:

1. Three Year Cycle: The CAD is divided into three market areas. Each year, all real residential and commercial property within one of the areas will be reappraised, regardless of any ratio study/report findings. These areas are identified as follows:
    a. Area One: City of Dumas (to be completed 2024)
    b. Area Two: City of Sunray, City of Cactus and Double Diamond Estates (2022)
    c. Area Three: Moore County Rural (2023)

As mentioned prior, these yearly plans are designed to be flexible within the overall reappraisal plan. The specific workload within and between plan years may need to be adjusted to provide for complete and accurate reappraisals. Each of the cycle years will include those properties needing an inspection based on other methods of identification, such as new construction, new ownership, changing market areas, new development, etc. as discussed in the section concerning data collection requirements.

*****Note: All mobile homes, income producing, personal property and mineral interests within the CAD are appraised on an annual basis, regardless of location. *****

*****Note: All above areas and target dates may be changed due to weather, availability of staff, and/or other unforeseen circumstances. *****

2. Annual Ratio Reports: In addition to the three-year cycle stated above, ratio studies shall be performed annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on sales ratios. Any areas or categories whose ratios are above or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located.

This two-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within

the CAD are reviewed annually so that the appraisal district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

Organization

Field inspections are carried out by the field appraiser as directed by the Chief Appraiser. The field appraiser physically inspects areas required by the reappraisal cycle, checks all existing data, works building permits, takes photographs of improvements, draws plans of new improvements for entry into computer, rechecks any property on which a question or problem has arisen. Other duties may be required and will be executed upon direction of the Chief Appraiser.

Data entry of field work notes and sketches is performed by Appraisal District staff.

The property appraisers perform market analysis. Sales data is gathered throughout the year from deed records, sales confirmation letters from property owners and other sources. The market data is analyzed, sales data is confirmed, outliers are identified, existing classification system is reviewed, market schedules are reviewed and updated as necessary and final market schedules are applied to the universe of properties.

2023 Reappraisal Schedule

September 1, 2022 - March 31, 2023	Appraisers will begin and complete field inspections of all real property.
September 1, 2022 - May 20, 2023	Complete work for city permits and inspection report for tax year 2023.
October 1, 2022 - May 1, 2023	Appraisers modify cost schedules and depreciation tables to reflect current market conditions. Conduct and complete sales ratio studies. Conduct and complete CAD Value vs. Sales Information using ratio study. Identify necessary schedule adjustments.
December 1, 2022 - May 1, 2023	Gather current sales data from sales survey letters, deed records and other sources.
January 1, 2023	Statutory appraisal date for most categories of taxable property.
January 2023	Appraisers modifies personal property schedules for 2023.

January 1, 2023 - May 20, 2023	Receive and process property owners submitted property renditions. Receive and process applications for exemptions and special appraisal. Refine sales analysis and mass appraisal schedules. Statistically test schedules. Complete data entry of all reappraisal and maintenance changes. Finalize all field work and data collection activities. Complete specifications of all valuation models.
January 15, 2023 - March 15, 2023	Work commercial vehicle registration list.
January 1, 2023 - May 31, 2023	Work personal property renditions.
April 1, 2023	(or soon thereafter); Mail written appraisal notices.
April 1, 2023 - June 15, 2023	Informal meetings with taxpayers and/or agents. Respond to property owners' inquiries.
May 2023	Mail remaining written appraisal notices. May 25th deadline to mail notices for personal property. ARB Organizational Meeting.
July 2023	Formal protest hearings with ARB. Enter into computer all changes as ordered by ARB. ARB approval of appraisal records by July 20th. ~~Import Pritchard & Abbott's valuation for mineral and industrial property.~~
July 25, 2023	Target date for Chief Appraiser to certify the appraisal roll to each taxing entity in Moore County.
As Needed:	Handle any outstanding protests by scheduling ARB hearings.

2024 Reappraisal Schedule

The same timetable and duties apply in each year. The field appraisers shall physically inspect all property as described in area one (1). The Chief Appraiser and CAD staff shall continue to complete the same duties and reappraisal steps as outlined for 2023.

Moore County Appraisal District
2022 Summary Report

Introduction

Purpose

The purpose of this report is to better inform the property owners within the boundaries of the Moore County Appraisal District (MCAD) and to comply with Standards Rule 6 – 7 of the Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2002 – December 31,2002. Standards Rule 6 – 7 addresses a written summary report of a mass appraisal for ad valorem taxation. Mass Appraisal is the process of valuing a group of properties as of a given date. Using standard methods, and employing common data, which allows for statistical testing. The intended use of the appraised values is to establish a tax base upon which a property tax will be levied. Each taxing unit within MCAD boundaries will use the appraised values for ad valorem tax purposes only.

The purpose of the appraisals performed by MCAD is to estimate market value on January 1 of each year as defined by the Texas Property Tax Code (Sec 1.04) on all taxable property within the boundaries of MCAD. "Market Value" is defined by Sec 1.04 as 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 the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

Responsibilities

The Appraisal District is responsible for appraising property in the district for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on the property in the district. MCAD serves the public and twelve taxing entities of Moore County. Taxing entities in Moore County are composed of three school districts, four cities, the county, two water districts and one hospital district. The appraisal district also has one school district that extends into Sherman County. Hutchinson County has one school district that overlaps into Moore County. The Appraisal District certified a total of 53,548 parcels with a total market value of $3,286,228,457 for 2022. The following are those parcels and values by property type:

A Real, residential, single family	5,667	$798,072,700
B Real, residential, multifamily	230	$38,559,600
C1. Real, vacant platted lots/tracts	2,308	$19,817,999
D1 & E. Real, acreage (land only)	2,755	$382,687,410
D2. Real, farm and ranch improvements	262	$11,670,381
F1&2. Real, commercial, and industrial	846	$792,428,039
G1. Real, oil & gas, mineral reserves	31,730	$277,435,250
J. Real & intangible personal, utilities	113	$227,098,930
L1 & 2. Tangible personal, business	2,744	$624,644,120
M1. Tangible personal, other	1,311	$38,541,238
S. Special Inventory Tax	20	$5,017,780
X. Total exempt property	5,435	$70,255,010
Totals	53,548	$3,286,228,457

Organizational Structure

The Moore County Appraisal District was created by the Texas legislature. MCAD appraises property for twelve entities in Moore County, Texas. MCAD is a political subdivision of the State of Texas. The Appraisal District is governed by a six-member Board of Directors, five of which are appointed by the twelve taxing entities in the County and one nonvoting member (Moore County Assessor/Collector) created by the 75th Texas Legislature. The Board appoints the Chief Appraiser who serves at the pleasure of the Board. The Board also approves the budget and sets policies. The Chief Appraiser is the chief administrator of the Appraiser District and may employ and compensate professional, clerical and other personnel as provided by the budget. The Chief Appraiser may delegate authority to his/her employees.

MCAD currently has six employees divided into three areas, Chief Appraiser & Deputy Chief Appraiser, appraisers, and appraisal support staff.

All appraisers are required to be registered with the Texas Department of Licensing and Regulation (TDLR). The TDLR registration requires that each appraiser must successfully complete a five-year educational program and pass a required number of course hours within a specified time. Additionally, all appraisers must pass review exams at levels three and four of the certification program. After successfully completing the required curriculum, an appraiser is awarded the designation of Registered Professional Appraiser (RPA). There is also a requirement of at least thirty hours of continuing education units every two years in order to recertify the RPA designation. MCAD currently has two RPAs on staff. The MCAD appraisal staff stays abreast of current trends affecting property through review of published materials, attendance at conferences, course work and continuing education.

Each appraiser is assigned a category of property within the boundaries of MCAD. Appraisers are responsible for the discovery, listing and appraisal of all types of property within their assigned area, unless specific types of property have previously been assigned to another appraiser.

Philosophy Statement

The Moore County Appraisal District believes that the most important asset of the District is its people. Every employee is important and deserves to be treated fairly with consideration and respect. MCAD believes in providing good working conditions, a safe, clean and friendly work place to help each employee do his or her job effectively. We also believe that every employee has an obligation to develop his or her talents to the fullest.

The Moore County Appraisal District exists for the purpose of providing services to the property owners and taxing units within our jurisdiction. It is important that we recognize our responsibility to provide quality services on a cost-effective basis. Every property owner should be approached in a respectful, positive and friendly manner. Property owners should be assisted in a timely and courteous fashion. MCAD employees have an obligation as public servants to promote goodwill toward all property owners; not only in manner but also by example.

Because of the nature of our work, not every property owner will be pleased with the outcome of his or her contact with MCAD. What is important is that everyone who comes in contact with our office should have reason to feel that a knowledgeable and qualified person handled his or her matter in a fair and equitable manner.

Assumptions and Limiting Conditions

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by and provided legal counsel by the Moore County Appraisal District.
4. All properties are appraised in fee simple interest in accordance with Texas Property Tax Code Section 25.06. (Jurisdictional Exception to Standards Rule 6-4 (c) and 6-5 (c) or USPAP).
5. All sketches in the appraisal records are intended to be visual aids with rounded measurements and should not be construed as surveys or engineering reports, etc.

6. Members of the Appraisal District's staff or other reliable sources have obtained all information in the appraisal records.
7. The appraisal staff has inspected, as permitted, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters, unless specifically considered in an individual appraisal.
8. All interior inspections are performed at the property owner's request by appointment. All other inspections performed are external and assume the quality; condition and desirability of the interior are approximately equal to that of the exterior, unless otherwise known.
9. Agricultural land is appraised at market value using a market data model based on market sales information. However, it may also be subject to appraisal using an income model specified in Section 23, Sub-chapters C, D and E of the Texas property Tax Code. (Jurisdictional Exception to 6-4 (b) of USPAP).
10. Subsurface rights (oil, gas and other minerals) are not considered in making these appraisals.
11. Due to the lack of zoning the highest and best use for a property is normally considered to be its current use.

The following summary reports are presented to be more specific about the appraisal of various property types within Moore County Appraisal District.

Appraisal Personnel Utilized in Reappraisal Plan

Administration	Samantha Trujillo	Chief Appraiser
	Janie Starkey	Deputy Chief Appraiser
Residential	Samantha Trujillo	Chief Appraiser
	Janie Starkey	Appraiser
Ag / Rural Land	Samantha Trujillo	Chief Appraiser
Commercial	Samantha Trujillo	Chief Appraiser
Personal Property	Lisbet Villa	Appraiser
	Samantha Reza	Appraiser
Support	Carla Coker	Mapping, Deed, Exemptions
	Janie Starkey	Deed / Exemption
	Mary Eaton	Clerk

RESOLUTION

On this 9th day of August, 2022 at a regular meeting of the Board of Directors of Moore County Appraisal District there came on for consideration a Resolution to adopt a biennial re-appraisal plan, including those plans submitted by contractors of the district, for the tax year 2023 and 2024. After conducting a public hearing to consider the plan, motion was made by, Leona Satterfield, seconded by David Sykes to authorize the adoption of said plan. Said motion being put to vote, it carried by a vote of 4 to 0.

Those voting "Aye" were: Leona Satterfield
David Sykes
Seth Seale
Darren Stallwitz

Those voting "No" were:
Present and not voting: Chandler Preston + Chris Rivera
Those absent were:

It is therefore ordered that said Resolution be adopted and recorded in the minutes of this Board of Directors Meeting.

Chairman of Board of Directors
Moore County Appraisal District

STATE OF TEXAS
COUNTY OF MOORE

I, the undersigned, Secretary of the Board of Directors of Moore County Appraisal District, do hereby certify that the above and foregoing is a true and correct copy of the certain Resolution of the Board of Directors of record in the minutes of said Board.

Witness my official hand this 9th day of August, 2022

Secretary of Board of Directors
Moore County Appraisal District

Certification

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are the appraisal staff's personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, save and except the ownership of my personal residence and personal auto and I have no personal interest or bias with respect to the parties involved.

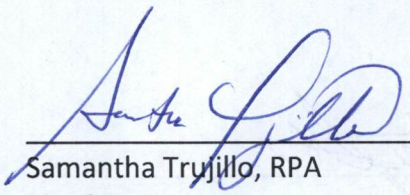
My compensation is not contingent on the reporting of a predetermined value, or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated results, or the occurrence of a subsequent event.

My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

Personal inspections are made by the MCAD appraisal staff.

Persons providing significant professional assistance to the person signing this report are listed below:

Samantha Trujillo, RPA, Chief Appraiser, MCAD
Stephen Campbell, RPA, Thomas Y. Pickett.



Samantha Trujillo, RPA
Chief Appraiser

Appendix: A

Thomas Y. Pickett. 2023 – 2024 Reappraisal Plan

Moore County Appraisal District

Oil and Gas Reserves
2023-24 Appraisal Procedures and Reappraisal Plan

July 29, 2022

by

Thomas Y. Pickett & Company, Inc.

APPRAISAL PROCEDURES & REAPPRAISAL PLAN

OIL AND GAS RESERVES

Executive Summary

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

Overview

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

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

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

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

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; the Texas Comptroller's Manual for Discounting Oil and Gas Income; other reports described in the Texas Property Tax Code; and other confidential data supplied by the owner or agent; the General Appraisal Manual adopted by the Texas Comptroller of Public Accounts; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts and the Texas Property Tax Code.

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

Assumptions and Limiting Conditions

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

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

Property Discover and Data Collection Process

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

Procedure:

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

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

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

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

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

Valuation Approach and Analysis

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

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

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

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

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

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

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

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

Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected revenue stream to reflect the individual characteristics of the subject property. The DCF model is also calibrated through the use of lease operating expenses that reflect the individual characteristics of the subject property.

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

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

Review and Testing

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

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

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

Thomas Y. Pickett & Company, Inc.

Reappraisal Timeline 2023

	2022			2023												2024					
Event	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
New Mineral Lease Discovery																					
Schedule ARB Date, Establish Deadlines for 25.19 Data																					
Mineral Property Appraisals																					
Mineral Appraisals Released to TYP Website							<-- Mineral Appraisals Released for Operator Review prior to Notice														
Informal Meetings with Owners and Agents																					
Estimates of Certified Value to CAD																					
Delivery of 29.19 Notices									<-- Date as required to meet agreed ARB date												
Appraisal Review Board Hearings																					
Certified Values to CAD/Data to Software Vendor				July 21st or as specified by Chief Appraiser -->																	
Address 25.25 Correction Protests/Supplements as Necessary																					
Submit Data for Property Value Study																					
Review Category G Ratios/Informal Hearing if Necessary																					
File Formal PVS Protests as Necessary																					

CAD and Joint TYP/CAD Tasks	
TYP Mineral Department Tasks	
Milestones and Deadlines	

Moore County Appraisal District

Industrial Property
2023-24 Appraisal Procedures and Reappraisal Plan

July 29, 2022

by

Thomas Y. Pickett & Company, Inc.

SUMMARY REVALUATION PROGRAM REPORT

INDUSTRIAL PROPERTY

Overview

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

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

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

The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 (c) Comment of the Uniform Standards of Professional Appraisal Practice. A listing of the industrial properties appraised by Pickett for the appraisal district is available at the appraisal district office. Industrial properties are re-appraised annually. Properties are inspected annually where necessary and at least bi-annually.

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

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

Assumptions and Limiting Conditions

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

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

Discovery Process and Procedures

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

Valuation Approach and Analysis

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

Cost Approach

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

Income Approach

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

Market Approach

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

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

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

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

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

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

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

Review and Testing

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

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

Moore County Appraisal District

Utilities Property
2023-24 Appraisal Procedures and Reappraisal Plan

July 29, 2022

by

Thomas Y. Pickett & Company, Inc.

APPRAISAL PROCEDURES AND REAPPRAISAL PLAN

UTILITY, RAILROAD AND PIPELINE PROPERTIES

Overview

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

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

The effective date of the appraisals is January 1 of the year for which this report is submitted.

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

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

Assumptions and Limiting Conditions

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

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

Discovery Procedures and Data Collection

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

Valuation Approach and Analysis

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

Cost Approach

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

Income Approach

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

Market Approach

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

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

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

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

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

The unit value model typically involves an income approach to value and a rate base cost approach. The income approach is based on a projection of expected future typical net operating income (NOI). The projected NOI is discounted to a present worth using a current cost of capital that is both typical of the industry and reflective of the risks inherent in the subject property. The unit value model cost approach is typically an estimation of the current rate base of the subject pipeline (total investment less book depreciation allowed under the current form of regulation). An additional calculation is made to detect and estimate economic obsolescence. Any economic obsolescence is deducted from the rate base cost less book depreciation to achieve a final cost indicator. The unit value model may also include a stock and debt approach in lieu of a market data approach. The stock and debt approach involves finding the total value of the owner's liabilities (equity and debt) and assuming that they are equal to the value of the assets. The two (or three, if the stock and debt approach is included) unit value indicators are then reconciled into a final unit appraisal model indicator of value. The unit value must then be reconciled with the RCNLD model indicator of value for the entire pipeline system being appraised. The final correlated value of the system can then be allocated among the various components of the system to determine the tax roll value for each pipeline segment.

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

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

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

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

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

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

Review and Testing

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

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

Appendix A

Resumes

Thomas. Y. Pickett & Company, Inc.

JOSH BUDOWSKY
Manager of the Industrial/Utilities - Appraiser

EXPERIENCE

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

QUALIFICATIONS

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

EDUCATION/LICENSES

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

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

Greg Ragon

Industrial/Utilities Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc. (Dallas) Complex Property Appraiser	2 years
Xcel Energy Cost Analyst Manager	5 years
Pioneer Management Consulting Management Consultant/Business Analyst/Project Manager	2 years
Christus Health Managed Care Operation Manager	4 years
West Texas RX Pharmacy Technician	6 years
United States Air Force Reserve 1st Lieutenant Healthcare Administration Officer	2 years
West Texas A&M University Master of Business Administration/MBA Bachelor of Biology/BA	7 years

QUALIFICATIONS

Performs industrial evaluations on complex manufacturing sites as well as energy production, energy transmission, and pipeline systems in various states. Also responsible for evaluation of clean renewable energy production systems, such as solar power and wind power. Experience with the business and management side of a large Electric Utility within the Transmission business function covering 9 states in the U.S. This included cost tracking, project management, and management consulting. Experience also in Managed Care contracting and negotiation side of a major Healthcare company in Texas, New Mexico, Louisiana, and Arkansas.

EDUCATION/LICENSES

Master of Business Administration – West Texas A&M University
Bachelor of Biology – West Texas A&M University
Class III Appraiser - State of Texas #76744

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

ROBERT T. (BOB) LEHN
Vice President

Experience

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

Qualifications

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

Education/Licenses

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

Professional Associations

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

EDWARD DONALD OWENS
Vice President
Senior Appraiser

EXPERIENCE

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

QUALIFICATIONS

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

EDUCATION

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

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

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

Registered Professional Appraiser – State of Texas #00896

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

DANNY HENDRIX
Vice President
Senior Industrial Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	35 Years
B.J. Hughes, Inc. – Machinery Division	5 Years

QUALIFICATIONS

Mr. Hendrix has thirty-eight (38) years of experience in appraising personal property, and representing various oilfield related service companies. He serves as a field appraiser for all types of oilfield related personal property and has coordinated industrial appraisal projects in Texas, Oklahoma and in Wyoming. He worked on the Colorado Ratio Study for 1993-1996 in appraisals of personal properties, commercial, and industrial properties. He has been involved in inspecting and appraising gas plants, railroad loading facilities and SWD (taxable) facilities in North Dakota. Mr. Hendrix is responsible for all electric and telephone cooperative valuations, and all wind farm valuations performed in Texas by Thomas Y. Pickett & Company, Inc.

EDUCATION

Bachelor of Business Administration – University of Texas of the Permian Basin, Odessa, Texas

Registered Professional Appraiser – State of Texas – License #65564

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

DOUGLAS L. OSTERLOH

Chairman of the Board of Directors
Executive Vice President

EXPERIENCE

Thomas Y. Pickett & Company, Inc. 39Years

QUALIFICATIONS

Mr. Osterloh has extensive experience in the appraisals of industrial, personal property, and unit appraisal of utility properties including pipeline, electric, and gas distribution. Supervises appraisals of this type of property within the Gulf Coast region and serves as manager of the Corpus Christi office.

He has thirty-six (37) years active experience in appraising complex industrial properties in the State of Mississippi, thirty-one (31) in the State of Wyoming, and over twenty-eight (28) years experience in the appraisal of gaming equipment and casinos in Texas and Mississippi.

EDUCATION

Bachelor of Business Administration – Management – The 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
Texas Department of Licensing & Regulation-Property Tax Professional
Texas Association of Appraisal Districts
Texas School Assessors Association, Inc
International Association of Assessing Officers (IAAO)
Mississippi Assessors and Collectors Association
Wyoming County Assessors' Association

Bryan Williams

Industrial/Utilities Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc. (Dallas) Complex Property Appraiser	3 Years
GM Corporation, Process Engineer	1 year
Waters Corporation, Field Service Engineer	2 Years

QUALIFICATIONS

Mr. Williams performs appraisals of industrial properties in Texas, Wyoming and North Dakota. He currently works multiple counties in Texas, Wyoming and North alone and assists with multiple other counties. He handles all aspects of the appraisal process, working with tax agents, property owners and appraisal district employees to obtain accurate data to assist the appraisal process, handling protests, defending values at the appraisal review board hearings and certifying the values. He has extensive experience in science and technology.

EDUCATION/LICENSES

Bachelor of Science – Pittsburg State University – 1996
TDLR # 76577

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

William R. Hefner

Mineral Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	3 Years
Matador Resources, Inc.	3 Years
Reservoir Engineer	
Foundation Energy Management, LLC	3 Years
Production Operations Engineer	
Baker Hughes, Inc.	2 Years
Hydraulic Fracturing Field Engineer	

QUALIFICATIONS

Mr. Hefner performs mineral appraisals and valuations in Texas. Mr. Hefner has extensive domestic energy industry experience including previous valuation and reservoir study assignments for minerals in the Permian, Bakken, Anadarko, and San Juan Basins. He has significant experience in the development process of mineral assets, as well as valuation and usage of oil field equipment. He has been involved in many assignments for determining Fair Market Value and potential purchase price for leases and minerals using engineering and financial tools. Mr. Hefner has also completed purchases and sales of minerals and assets during domestic assignments. Mr. Hefner is a current mineral appraiser for Thomas Y. Pickett & Company, Inc.

EDUCATION/LICENSE

M.S. in Petroleum Engineering – University of Oklahoma – Norman, OK
B.S. in Petroleum Engineering – University of Oklahoma – Norman, OK
B.B.A. in Finance – University of Oklahoma – Norman, OK

PROFESSIONAL ASSOCIATION

Society of Petroleum Engineers, Dallas
American Association of Drilling Engineers
Society of Petrophysicists and Well Log Analysts, North America

Appendix B

Industrial Utility Accounts

Thomas Y. Pickett & Company, Inc.

3T DRILLING INC
ALLTEL CORPORATION
AMERICAN INDUSTRIAL TRANSPORT INC
AMERICAN TOWER CORP
AT&T MOBILITY LLC
ATC PONDEROSA B-1 LLC
ATC SEQUOIA LLC
BAR L PRODUCERS
BEREN CORPORATION
BEREXCO LLC (PP)
BLUE TIGER EQUIPMENT CORP
BMEI ENERGY & INFRASTRUCTURE
BNSF RAILWAY
BRISKET WIND 8 LLC
BURKETT DRILLING
CABLE ONE INC
CACTUS FEEDYARD LTD
CCC TRANSPORT CO
CENTURYLINK COMM LLC
CIMARRON RIVER P/L (PIPE ONLY)
CIT GROUP/EQUIPMENT FINANCING INC
COLORADO INTERSTATE GAS CO
CONTINENTAL CARBON COMPANY
CWM LAND HOLDINGS LLC
DCP MIDSTREAM LP
DCP MIDSTREAM LP (PIPE ONLY)
DIAMOND SHAMROCK REFINING LP
DIMMITT FLAKING LP
DIRECTV LLC
DISH NETWORK LLC
DISHNET SATELLITE BRAOADBAND
DOS EX CATTLE CO LLC
DUMAS COOP MIDDLEWELL ELEVATOR
DUMAS COOP MORTON ELEVATOR
DUMAS COOP REMINGTON SEED BINS
DUMAS COOP TWITCHELL ST ELEVATOR
DUMAS FEEDYARD LLC
EL PASO NATURAL GAS CO
EMF BROADCASTING
EPIC AVIATION LLC
EQUILON ENTERPRISES LLC
ETC TEXAS PIPELINE LTD (INACTIVE)
ETC TEXAS PIPELINE LTD (PIPE)
ETC TEXAS PIPELINE LTD (PLANT)
ETC TEXAS PIPELINE LTD (PP)
ETTER GRAIN LP

EVOQUA WATER TECHNOLOGIES LLC
EXELL HELIUM INC
EXELON GENERATION CO LLC
EXXON MOBIL CORP (RAILCARS)
FARIA DUMAS DAIRY LLC
FARIA ETTER DAIRY LLC
FARIA LAND TX GENRLPRNTNRSHIP
FARIA NORTH DUMAS FARM DAIRY LLC
FARIA PANHANDLE PRODUCTS LLC
FARM CREDIT LEASINGSERVICES
FIBERLIGHT LLC (A)
FIBERLIGHT LLC (B)
FLAT IRON WIND 7 LLC
FRISCHE BROTHERS
FRISCHE BROTHERS FERTILIZER
FRONT RANGE PIPELINE CO
G & G OPERATORS LTDDUMAS
GAVILON GRAIN LLC
GAVILON INGREDIENTS LLC
GEAR DRIVE SERVICES
GLIDEPATH
GLOBAL TOWER ASSETS LLC
H & L GAS COMPANY INC
HARVEST DAIRY LLC
HIGH PLAINS DRILLING CO INC
HOWARD PATTON L & DOROTHY G PATTON
HUGHES NETWORK SYSTEMS LLC
HUNTINGTON NATL BANK EQP FIN
HYDRO RESOURCES LEASING-SUNRAY
HYDRO RESOURCES MID- CON SUNRAY
IACX ROCK CREEK LLC
IACX ROCK CREEK LLC (PIPE)
INGRAM CONCRETE LLC
INNOVATIVE SEED SOLUTIONS LLC
J W RESOURCES INC (PP)
JBS USA FOOD CO (RAIL CARS)
JBS USA FOOD CO- CACTUS PLANT
JBS USA FOOD COMPANY -TANNERY
JBS USA LLC
JBS USA LLC (SWIFT)
JBS USA LLC-(BUILDINGS)
JP JENKINS INC
KDDD/PBI LLC
KERR-MCGEE CORPORATION
KODIAK OPERATING LLC
LINDE GAS & EQUIPMENT INC

LINDE INC
MAC 5 OPERATING LLC
MAPCO GAS PRODUCTS INC
MARTIN RESOURCES INC
MCI COMMUNICATION SERVICES LLC
MCI METRO ACCESS TRANMISSION SERVICES CORP.
MEDLEY MATERIAL HANDLING #0032
MID-AMERICA PIPELINE COMPANY
MIDCON SERVICES LLC
MIDCON SERVICES LLC(SWD)
MIDWEST COMPRESSOR SYSTEMS LLC
MOMENTUM OPERATING CO INC
MONSANTO
MOORE CO GIN LP
MRC GLOBAL (US) INC
MURFIN DRILLING COMPANY INC
MWI VETERINARY SUPPLY
NATURAL GAS PIPELINE CO
NEXOIL LLC SERVICES-SWD
NGW INC
NORTH PLAINS FERTILIZER & CHEMICAL LLC
NORTHERN NATURAL GAS COMPANY (PIPE)
NORTHERN NATURAL GAS COMPANY PP
NORTHLAND CAPITAL FINANCIAL
NUSTAR LOGISTICS LP
NUTRIEN AG SOLUTIONS INC
OCCIDENTAL CHEMICAL CORP
ONEOK NGL PIPELINE LP
ONEOK WESTEX TRANSMISSION LLC
PAMPA WATER DISPOSAL INC
PANHANDLE EASTERN PIPE LINE CO
PANHANDLE REGIONAL PLANNING
PANTERA ENERGY CO
PARALLEL TOWERS III LLC
PASON SYSTEMS USA CORP
PATTON CUSTOM FERT (INV ONLY)
PETRO CHEM ENVIRONMENTAL SERV
PHILLIPS 66 CARRIER LLC
PHILLIPS 66 COMPANY
PHILLIPS 66 PIPELINE LLC
PINNACOL HOLDINGS LLC
PIONEER HI BRED INTL
PLAINS MARKETING LP
POLARIS OPERATING LLC (PP)
PONDEROSA IRRIGATION SRVC LLC

PRAXAIR DISTRIBUTION INC
PRESSER CONSTRUCTION INC
PRESTAGE FARMS OF OKLAHOMA LLC
QUESTA ENERGY CORP
REMINGTON SEEDS LLC
RIBEYE WIND 11 LLC
RITA BLANCA ELEC COOP INC
ROCKWELL AUTOMATION INC
S & C GRAIN
S&W SEED CO
SACONIX LLC
SAFETY KLEEN SYSTEMS INC
SBA TOWERS II LLC
SBA TOWERS III LLC
SCHUMAN DONNIE LIVING TRUST
SCOUT ENERGY MANAGEMENT (PP)
SCOUT ENERGY MANAGEMENT LLC
SCOUT ENERGY MGMT (PIONEER PIPE)
SCOUT ENERGY MGMT (PIONEER)
SEMA CONSTRUCTION INC
SHAMROCK PIPE LINE CORPORATION
SKYLAND GRAIN LLC ETTER
SKYLAND GRAIN LLC SUNRAY
SMBC RAIL SERVICES LLC
SOONER TOWERS LLC
SOUTHWEST RAIL SERVICES INC
SOUTHWESTERN BELL TELEPHONE CO
SOUTHWESTERN PUBLIC SERVICE CO
SPACE EXPLORATION TECHNOLOGIES CORP
SPECTRUM GULF COAST LLC
SPRINTDBA T-MOBILE
SUEZ WTS SERVICES USA INC
SUEZ WTS USA INC
SUNRAY WIND LLC
T-BAR IRRIGATION
T-BONE WIND 10 LLC
T-MOBILE WEST LLC
TESSENDERLO KERLEY INC
TEXAS BEEF LTD
TEXAS BEEF LTD
TEXAS EXPRESS PIPELINE LLC
TEXAS KANSAS OKLA GAS LLC
TEXAS NORTHWESTERN RAILWAY CO
TEXOMA WHEAT GROWERS INC
THE ANDERSONS INC
THE ANDERSONS INC RAILCAR

TNW LOGISTICS
TOKAI CARBON CB LTD
TRAVELERS OIL CO
TRI-TIP WIND 9 LLC
TRINITY INDUSTRIES LEASING CO
VALERO MARKETING & SUPPLY CO
VALERO PARTNERS N TX LLC
VALERO TERMINALING & DIST (RC)
VALERO TERMINALING & DISTB
VALOR TELECOMMUNICATIONS OF TEXAS, LP
VENABLE WELDING & ROUSTABOUT INC
VERIZON CONNECT FLEET USA LLC
VERIZON CONNECT TELO INC
VOLCANIC STONE COMPANY
VYN LAND & CATTLE
W T SERVICES INC
WEST TEXAS GAS INC
WESTTEX 66 COMPANY
WILBUR-ELLIS
WILLIAMS SCOTSMAN INC
WINDSTREAM KDL INC
WINFIELD SOLUTIONS LLC
WTG GAS TRANSMISSION
XIT CONCRETE
XIT RURAL TELEPHONE COOP
XIT TELECOMM & TECHNOLOGY INC