

GLASSCOCK COUNTY APPRAISAL
DISTRICT

REAPPRAISAL PLAN

For

TAX YEARS 2027-2028

AS ADOPTED BY THE BOARD OF DIRECTORS

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EXECUTIVE SUMMARY

The Glasscock County Appraisal District (GCAD) has prepared and published this plan, as required by law, to inform the taxpaying public of the mission, legal requirements, organization, workload, past performance, and necessary changes to the district's operations to accomplish the plan requirements regarding the valuation and revaluation of taxable property within Glasscock County Appraisal District as summarized in the last section of this document.

The Glasscock County Appraisal District (GCAD) is a political subdivision of the State of Texas created by the Texas Legislature in 1979 to provide uniform and equal appraisals of taxable properties at market value for ad valorem tax purposes. The Texas Property Tax Code governs the appraisal district's legal, statutory, and administrative requirements. The community is governed by a board of five directors appointed by the governing bodies of the participating taxing units: Glasscock County, Glasscock Groundwater Conservation District, and the Glasscock County Independent School District. The board of directors is responsible for establishing the district's office, adopting the district's annual operating budget, contracting for necessary services, hiring the chief appraiser, and making a general policy for the district's operation. The board's authority is limited. The board does not appraise property or review values on individual properties. These tasks are legally assigned to the chief appraiser and the ARB. The chief appraiser, appointed by the Board of Directors, is the appraisal district's top administrator and chief executive officer.

The Appraisal District is responsible for local property tax appraisal and exemption administration for the county's taxing units. The purpose of the district is to discover, list, and appraise property as accurately, ethically, and impartially as possible to estimate the market value of all property within the district's boundaries for ad valorem tax purposes. Each taxing unit sets its tax rate to generate revenue for police and fire protection, public schools, road and street maintenance, courts, and other public services. Property appraisals by the appraisal district allocate the year's tax burden based on each taxable property's market value. The District also determines eligibility for various property tax exemptions for homeowners, the elderly and disabled, disabled veterans, charitable or religious organizations, and agricultural productivity valuations.

The Written Plan

Section 6.05 of the Property Tax Code

(i) To ensure adherence to generally accepted appraisal practices, the board of directors of an appraisal district shall develop a biennial written plan for the periodic reappraisal of all property within the district's boundaries, according to the requirements of Section 25.18. It shall hold a public hearing to consider the proposed plan. No later than the 10th day before the hearing date, the board's secretary 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. Before September 15 of each even-numbered year, the board shall complete its hearing, make amendments, and finally approve the plan by resolution. 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

Section 25.18 of the Property Tax Code reads as follows:

- (a) Each appraisal office shall implement the plan for the periodic reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
 - (1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records;
 - (3) Defining market areas in the district;
 - (4) Identifying property characteristics that affect property value in each market area, including:
 - (A) the location and market area of the property;
 - (B) physical attributes of the 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.

Definition of Market Value

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1st.

Subsection (7), Section 1.04, Tax Code:

- (7) "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:
 - (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser:

- (B) both the seller and the buyer 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 buyer seek to maximize their gains, and neither is in a position to take advantage of the exigencies of the other

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12) or restricted use properties (Sec. 23.83), and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

Revaluation (Reappraisal Cycle)

The Texas Property Tax Code, under Sec. 25.18 requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The Glasscock County Appraisal District, by policy adopted by the Chief Appraiser and the Board of Directors, reappraises all property in the district every three years except the industrial, mineral, and personal property accounts appraised annually. All new construction will be added to the appraisal records; any adjustments in property characteristics that affect value will be applied to all property types of the same class within the district.

Performance Analysis

The District will analyze equalized values from the previous tax year using ratio studies of the current market to determine overall appraisal accuracy and uniformity by market area within property reporting categories. Ratio studies will comply with the current *Standard on Ratio Studies* of the International Association of Assessing Officers. The District will calculate mean, median, and weighted ratios for properties in reporting categories to measure appraisal accuracy. The District will calculate the median ratio in each reappraised category to indicate appraisal accuracy by property reporting category.

Personnel

The Glasscock County Appraisal District staff consists of 2 full-time employees.

Analysis of Available Resources

Staffing and budget requirements for the tax year 2027 are detailed in the 2027 budget adopted by the Glasscock County Appraisal District Board of Directors. They are attached (Attachment A) to this written biennial plan for reference. This reappraisal plan may be adjusted as needed to reflect available staffing in tax year 2027 and anticipated staffing for tax year 2028. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2027-2028 time period.

Existing appraisal practices, which continue yearly, are identified, and methods are used to keep them current. Real property appraisal value tables are tested against verified sales data to ensure they represent current market data. Personal property values are evaluated and analyzed based on renditions, prior year documentation, and inspections.

Information Systems support is detailed, and system upgrades are scheduled. Computer-generated forms are reviewed and updated yearly. Unless otherwise specified by legislative changes. Existing maps and data requirements are continually updated and kept current.

Planning and Organization

A calendar of key events with critical completion dates is prepared for each work area. This calendar identifies critical appraisal, clerical, customer service, and information systems events. A calendar is ready for tax years 2027 and 2028. Production standards for field activities are calculated and incorporated into the planning and scheduling process.

The projected dates incorporated into the calendar may be adjusted within the overall plan due to unforeseen changes in staffing, budgetary constraints, weather, or reevaluation of project priorities.

Periodic and concurrent examination of the plan's production standards, goals, and progress may require adjustments to the ongoing plan or the plan for the succeeding year(s). The GCAD and Chief Appraiser, together with the field staff provided by Eagle Property Tax Appraisal & Consulting, Inc., Thomas Y Pickett, and other contracted field staff, will work together closely to identify issues that may affect the successful completion of the ongoing plan and to resolve them.

Mass Appraisal System

The information systems software provider completes Computer-Aided Mass Appraisal (CAMA) system revisions and procedures—Glasscock County Appraisal District contracts with Pritchard & Abbot, Inc. for these services.

Real Property Valuation

The district specifies, updates, and tests revisions to cost, income, and market models each tax year as information becomes available.

We test cost schedules against market data (sales) to ensure the appraisal district complies with the Texas Property Tax Code, Section 23.011. We test value and depreciation tables for accuracy and uniformity using ratio study tools and, as needed, compare them with cost data from recognized industry leaders, such as Marshall & Swift.

We update land schedules using current market data (sales) and then test them with ratio study tools. We develop and test value schedules on a pilot basis using ratio study tools.

Personal Property Valuation

We value commercial and industrial businesses based on depreciated fixed assets and inventory valuation under Section 23.12 of the Property Tax Code. Depreciation schedules are updated yearly, and valuation procedures are reviewed, modified as needed, and tested.

Mineral Property Valuation

Oil and gas-producing properties are valued each year under section 23.175 of the Property Tax Code; the Glasscock County Appraisal District Board of Directors contracts with Thomas Y Pickett.

Noticing Process

25.19, the software provider provides appraisal notice forms. The provider reviews and edits for updates and changes required by legislative mandates. The district makes available the latest copy of the Comptroller's pamphlet *Taxpayer's Rights, Remedies, and Responsibilities*.

Hearing Process

The district reviews and updates protest hearing schedules for informal and formal Appraisal Review Board hearings as required. The district reviews and amends documentation standards as needed. The district reviews and updates appraisal district hearing documentation to reflect the current valuation process and requirements. The district ensures compliance with House Bill 201. (HB 201 deals with protesting taxpayers' right to a postponement of an ARB hearing if the appraisal district fails to deliver to the taxpayer certain materials and information at least 14 days before the ARB protest hearing).

Data Collection Requirement

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

New Construction/Demolition

Identify and revise new construction field and office review procedures as needed. Use public records and site visits to identify new construction or demolition.

Remodeling

Identify properties with extensive improvement remodeling, and schedule field inspections to update property characteristic data. Sources for identifying remodeling are public records through Deeds of Trust, Mechanics Liens, etc., and site visits.

Re-inspection of Problematic Market Areas

Real property market areas, by property classification, are tested for consistently low or high sales ratios and/or high coefficients of dispersion. Market areas that fail any or all of these tests or are located in areas of development or change are determined to be problematic. Field inspections are scheduled to verify and 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 3-4 years. The re-inspection may include re-measuring at least two sides of each improved property valuation. Physical property inspection is considered the most fundamental step in gathering reliable data.

The field appraiser has an appraisal card for each property to be inspected and notes changes, depreciation, remodeling, additions, etc. **Uniform Standards of Professional Appraisal Practice (USPAP) do not require inspection for reappraisal. "Only the property characteristics relevant to an assignment be identified."** Frequent physical inspections are still necessary to ensure each property is appraised based on its conditions as of January 1. The Glasscock County Appraisal District will conduct annual physical inspections of properties within the district. The written reappraisal plan identifies and schedules the annual re-inspection requirements for tax years 2027 and 2028.

Verification of Sales Data and Property Characteristics

Sales information must be verified, and property characteristic data must be captured and current as of the sale date. The sales ratio analysis requires that the sales record accurately reflect the appraised property so that statistical analysis results are valid and accurately represent the universe of properties to which any adjustments will be applied. The conditions of each sale are investigated and confirmed, to the greatest extent possible, to determine its applicability to the overall market analysis. Properties exhibiting a typically high or low sales ratio (outliers) are especially scrutinized regarding the Texas Property Tax Code definition of market value. They may be excluded from the general market analysis if the transaction conditions do not correspond to the definition of market value mentioned above.

Pilot Study by Tax Year

The Mass Appraisal team will test new and revised mass appraisal models each tax year. We will conduct ratio studies by market category on proposed values for each tax year. We will test suggested values for each category for accuracy and reliability. We compare actual test results with anticipated results, and refine and retest models that do not perform satisfactorily. The model specification and calibration procedures comply with USPAP, STANDARD RULE 6.

Valuation by Tax Year

Using market analysis of comparable sales and locally tested cost data (if available), valuation models 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. The IAAO Standard on Ratio Studies establishes performance standards.

RESIDENTIAL REAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

SPECIAL INVENTORY RESIDENTIAL PROPERTY

Sales Comparison Approach to Value

Cost Approach to Value

Income Approach to Value

MULTIFAMILY RESIDENTIAL PROPERTY

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

COMMERCIAL REAL PROPERTY

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

VACANT REAL PROPERTY

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

INDUSTRIAL REAL PROPERTY

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

UTILITIES

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

MINERAL INTEREST

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

SPECIAL VALUATION PROPERTIES

Agricultural Use
Wildlife Management
Timber Use

BUSINESS TANGIBLE PERSONAL PROPERTY

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

INDUSTRIAL TANGIBLE PERSONAL PROPERTY

Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

Sales Comparison Approach to Value

The sales comparison approach to value groups or clusters sales within specified neighborhoods and classifies properties. The sales are then tested against appraised values to indicate a neighborhood ratio. A neighborhood groups complementary land uses affected equally by the four forces influencing property value: social trends, economic circumstances, governmental contracts and regulations, and environmental conditions. These factors impact the value of properties within this grouping and, in turn, appraised properties.

Individual neighborhood boundaries within the District vary according to market indications and the type of property being appraised. These neighborhood boundaries may be physical, geographical, or political. Generally, residential neighborhoods consist of individual subdivisions or clusters of subdivisions with similar properties within the same school district. Commercial neighborhoods may be smaller areas within a city, an entire town, or a rural area. Industrial neighborhoods may include the District as a whole. Neighborhood boundaries depend on the appraisal assignment.

If the appraiser cannot find sufficient sales, they locate sales from competing neighborhoods and make appropriate adjustments in market modifiers. These modifiers are applied to cost schedules to indicate a neighborhood's mass appraisal values. Therefore, the sales comparison approach is blended with the cost approach to create a hybrid approach to value.

Cost Approach to Value:

The District uses a hybrid cost model developed by Marshall and Swift Valuation Service. The cost model categorizes and values property by class, age, condition, and extra items. Depreciation is derived from age and condition, plus any additional depreciation as needed. Land value is added to indicate a preliminary market value for like properties within the subject neighborhoods. After applying cost schedules, depreciation, and land values, a market modifier may be necessary to adjust the values to actual market conditions. These modifiers apply to improvements only and do not adjust land values. Therefore, the cost approach to value is a hybrid of the sales comparison and cost approaches.

Market and Cost Reconciliation and Valuation

The replacement cost of new property improvements (RCN) less accrued depreciation (AD) plus land value (LV) equals market value (MV). The cost approach estimates land and building value separately. A neighborhood analysis of market sales is used to achieve an acceptable sales ratio or level of appraisal. Market factors are developed from appraisal statistics provided by market analyses and ratio studies. They ensure estimated values are consistent with the market and reconcile cost indicators. The district's primary approach to property valuation uses a hybrid cost-sales comparison approach. This approach accounts for neighborhood market influences not specified in a purely cost model.

The following equation denotes the hybrid model used:

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

Whereas under the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand-side economic factors and influences may be observed and considered. These market or location adjustments may be abstracted and applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction. Under the Market Approach, the property's estimated market value (MV) equals the basic unit of property, compared to the market price range per unit for comparable property sales. For residential property, the comparison unit is typically the price per square foot of living area or the price indicated for the improvement contribution. This hybrid model analysis is based on both the cost and market approaches as correlated indications of property valuation. A significant unknown for these two value indications is the rate of change for the improvement contribution to total property value. The annualized accrued depreciation rate best reflects the change in this property component. Sales of a similar property most appropriately measure this cost-related factor. When improvements are abstracted from the sale price, the market approach indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor. The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land value. The primary unknown in the cost approach is accurately measuring accrued depreciation and the loss attributed to the improvements as age increases and condition changes. This cost evaluation results in the depreciated value of the improvement component based on age and condition. This market and cost information forms the basis of reconciliation and indicates property valuation under this hybrid model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties based on the estimated depreciated replacement cost of improvements plus the land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time-adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 95% to 105% to determine the level of appraisal for each neighborhood. If the neighborhood's appraisal level falls outside the acceptable range, the appraiser adjusts the neighborhood.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time by market abstraction of

property components. This abstraction allows the appraiser to focus on the rate of change in the improvement's contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most essential unknown to determine by market analysis. Abstracting the improvement component from the adjusted sale price indicates the effect of overall market-suggested influences and factors on the price of improvements that were part of the recently sold property. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost indicates any loss in value due to accrued physical, functional, or economic obsolescence. This market-driven measure of accrued depreciation provides an accurate and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trend in this rate of change across classes of improvements within specific neighborhoods. Based on this market analysis, the appraiser estimates the annual depreciation rate for given improvement descriptions considering age and observed condition. Once assessed, the appraiser recalculates the improvement value of all properties within the sale sample to evaluate and review the effects on the neighborhood sale ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire property neighborhood is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values. When combined with other site improvements and land value, it brings the estimated property value through the cost approach closer to actual market prices, as evidenced by recent sale prices available within a given neighborhood. Therefore, based on an analysis of recent sales in a given neighborhood, estimated property values reflect the market influences and conditions specific to that neighborhood, producing more representative and supportable values. The estimated property values calculated for each updated neighborhood are based on market-indicated factors applied uniformly to all properties within a neighborhood. Finally, after applying all market-trend factors, a final ratio study compares recent sale prices with the proposed appraised values for these sold properties. From these ratio studies, the appraiser judges appraisal level and uniformity in updated and non-updated neighborhoods, verifies appraised values against overall local market trends, and finally assesses the school district as a whole.

Income Approach to Value:

The income approach to value, or rent multipliers, is not a reliable indicator of value for residential mass appraisal reports unless rents are specified. Databases or data sources for income-producing residential properties are unavailable in the Glasscock County area. Therefore, the income approach to value is not used in the residential mass appraisal report but is used for other properties.

Additional information concerning approaches to value for specific properties, such as minerals, utilities, industrial, railroads, pipelines, industrial personal property, etc., may be found in the Plan provided by the Appraisal Company that performs those appraisals and is attached to this plan by reference.

Special Valuation Process:

Agricultural Use: An acceptable appraisal methodology establishes market value for agricultural property.

The District also values agricultural property by the income approach outlined in the Texas Property Tax Code. This is a special valuation process, as the Code outlines parameters regarding capitalization rates. The District estimates income and expenses for each category of agricultural use from surveys, rental data obtained from property owners, and conversations with local governmental agencies. The Texas Property Tax Code sets out the formula used, which is as follows: $\text{net-to-land (all ag-related income streams - all ag-related expenses) / cap rate} = \text{ag value}$.

Value Defense

The appraisal district must use evidence to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings. Taxpayers can present their concerns informally to the chief appraiser or by appointment with Thomas Y Pickett staff. If the parties do not reach an understanding informally, the taxpayer may present their arguments to the Appraisal Review Board as a formal appeal. The appraisal staff provided by Thomas Y Pickett, Inc., and contracted services defend the chief appraiser's position before the ARB. The Appraisal District bears the burden of proving the value as notified. The taxpayer should present evidence for further consideration by the CAD or the ARB.

The Mass Appraisal Report

Each tax year, the tax code requires the Chief Appraiser to prepare and certify a Mass Appraisal Report after the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report has complied with Standard Rules 6-8 of the *Uniform Standards of Professional Appraisal Practice*. The Chief Appraiser's signed certification complies with Standard Rules 6-9 of USPAP. This written reappraisal plan is attached to the Mass Appraisal Report by reference.

**THE WRITTEN REAPPRAISAL PLANS
FOR GLASSCOCK COUNTY APPRAISAL DISTRICT (GCAD)**

PLANNING A REAPPRAISAL

Variations in reappraisal requirements require the Glasscock County Appraisal District to plan carefully before beginning any reappraisal. Although the planning process may vary in specifics, it should involve five 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 the steps in a reappraisal. These steps outline the activities the Glasscock County Appraisal District performs to complete 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 a 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. 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 notified market values and equity falls on the appraisal district. ****

Glasscock County Appraisal District (GCAD)

Residential, Commercial, Rural, and Personal Property

2027-2028 Reappraisal Plan

According to Section 25.18 of the Texas Property Tax Code, the Glasscock County Appraisal District has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every other year. The plan established a two-fold approach:

1. **Two-Year Cycle:** Glasscock County Appraisal District is divided into two areas. Each year, all real, residential, and commercial property within one area will be reappraised, regardless of any ratio study/report findings. These areas are identified as follows:
 - a. Area One: (2027) All property North of Hwy 158, along with Rural Land, unresolved parcels from previous years, etc...
 - b. Area Two: (2028) All property South of Hwy 158, along with Rural Land, unresolved parcels from previous years, etc.

As mentioned, these yearly plans are flexible within the overall reappraisal plan. The specific workload within and between plan years may need adjustment to provide complete and accurate reappraisals.

Note: All income-producing personal property within the GCAD is appraised annually, regardless of location.

2. **Annual Market Analysis:** In addition to the two-year cycle stated above, ratio studies shall be performed annually to determine areas or categories of properties within the GCAD that need to be reappraised within the current year based on sales ratios. Regardless of location, any area or categories with ratios above or below statutory requirements shall be reappraised in the current year.
3. **Market Areas Defined:**
 - Personal Property Market Areas:**
 - Personal property market areas are generally local or regional in scope. Glasscock County's personal property market area is countywide, with no clear distinction

between school district and municipal boundaries. When possible, the CAD will conduct ratio studies and calculate central tendencies for each market area.

Residential Market Areas:

Glasscock County's market area is countywide. Garden City is the county seat but is not incorporated; although it contains the courthouse and county offices, it has little growth and few commercial businesses. The county does not distinguish residential sales by location. The CAD will conduct ratio studies and calculate central tendencies for each market area when possible.

Rural Land Markets:

The rural market area for Glasscock County is countywide. No distinction is made between land sales for different locations within the county. The CAD will conduct ratio studies and calculate central tendencies for each market area when possible.

This two-fold approach will ensure that all residential and commercial property within the GCAD is reappraised at least once every two years and that all other categories within the GCAD are reviewed annually so that the appraisal district stays current concerning market value in those areas where residential and/or commercial property values appear to be changing rapidly.

Organization

The chief appraiser carries out field inspections with assistance from contracted services. The field appraiser physically inspects areas required by the reappraisal cycle, checks all existing data, works the building permits (if available), takes photographs of improvements (if possible), draws plans of new improvements for entry into the computer, and rechecks any property on which a question or problem has arisen. The chief appraiser may perform other duties as directed. The chief appraiser enters fieldwork notes and sketches.

The chief appraiser will perform a market analysis. The chief appraiser gathers sales data throughout the year from deed records, sales confirmation letters from property owners, and other sources, if available. The market data is analyzed, sales data is confirmed, outliers are identified, the existing classification system is reviewed, market schedules are reviewed and updated as necessary, and final market schedules are presented to the chief appraiser for discussion and application to the universe of properties.

GCAD Plan for Periodic Reappraisal of Agricultural Use Properties

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for the periodic reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan provides for an annual reappraisal of all agricultural use property the CAD appraises. The CAD has a professional services contract with Eagle Property Tax Appraisal & Consulting, Inc., to appraise these properties.
 - (1) Meet with the Glasscock CAD Ag Advisory Board
 - (2) Provide an Ag Use Schedule; and

- (4) Represent the CAD at informal and/or formal Texas Comptroller of the Public Accounts Property Tax Assistance Division hearings relative to the Ag Use Schedule values.

(See Attachment B)

GCAD Plan for Periodic Reappraisal of Industrial Real Property

The GCAD Board of Directors contracts with Thomas Y Pickett for all Industrial Real Property.
(See Attachment C)

GCAD Plan for Periodic Reappraisal of Industrial Real Property

The GCAD Board of Directors contracts with Thomas Y Pickett for all Industrial Personal Property. (See Attachment C)

Industrial Personal and Utility Property, Railroad and Pipeline Property

The GCAD Board of Directors contracts with Thomas Y Pickett for all Utility, Railroad, and Pipeline Property. (See Attachment C)

GCAD Plan for Periodic Reappraisal of Oil and Gas Property

The GCAD Board of Directors contracts with Thomas Y Pickett for all Oil and Gas properties.
(See Attachment C)

The Mass Appraisal Report

(See Attachment B)

(See Attachment C)

(See Attachment D)

2026-2027 Schedule of Events

September 2026: The Board approves the final Budget by September 15th.

November 2026 - March 2027: Begin and complete field inspections of all real property & personal property.

October 2026 - January 2027: Commercial and residential schedules and depreciation tables are modified to reflect current market conditions.

December 2026 - February 2027: Conduct and complete residential, rural, and commercial land valuation studies.

January 1: Formal date of property values for the year 2027 (Sec 23.01). New property records were added and reappraised due to added improvements, other property value changes, and clerical errors in the records.

January 1, 2027 - April 15, 2027: Receive and process property owners' submitted property renditions (Sec 22.23).

January 1, 2027 - May 1, 2027: Receive and process applications for exemptions and special appraisals through March 31, 2027.

January 1, 2027 - December 31, 2027: Research courthouse records for ownership changes and update taxpayer information as needed.

January 2027: Personal Property schedules are modified for 2027.

January - March 2027: Field inspections of all mobile home parks.

January - March 2027: Complete specifications of all valuation models.

February - March 2027: Work on the commercial vehicle registration list.

February - June 2027: Work on personal property renditions.

March 2027: The Chief Appraiser prepares the preliminary Budget. The district's agricultural advisory board reviews and considers the Chief Appraiser's conclusions and recommendations.

March 31, 2027: Complete the work of utility notifications and the inspection of demolished or burned property for the 2027 tax year.

April 2027: Calculate Agricultural values based on local data.

April 2027: Review exemption and special-use appraisal applications.

April 1, 2027, or as soon after, Mail written appraisal notices in compliance with Section 25.19 (g) of the Property Tax Code.

April 29, 2027: Present entities with certified estimates.

May - June 2027: Informal meetings with taxpayers and/or agents.

June - August 2027: Formal protest hearings with ARB. Enter changes as ordered by the ARB decision.

June 15, 2027: The chief appraiser's target date for presenting the appraisal records to the ARB for approval is June 15, 2027.

July 25, 2027: The chief appraiser's target date is to certify the appraisal roll to each of the taxing jurisdictions in Glasscock County.

July 2027: Integrate the contractor's valuation for minerals and industrial personal property into the district CAMA computer system.

2028 Schedule of Events

September 2027: The Board approves the final Budget by September 15th. Personal property field inspections.

November 2027 - March 2028: Begin and complete field inspections of all real property.

October 2027 - January 2028: Commercial and residential schedules and depreciation tables are modified to reflect current market conditions.

December 2027 - February 2028: Conduct and complete residential, rural, and commercial land valuation studies.

January 1: Formal date of property values for 2028 (Sec 23.01). New property records were added and reappraised due to added improvements, other property value changes, and clerical errors in the records.

January 1, 2028 - April 15, 2028: Receive and process property owners' submitted property renditions (Sec 22.23).

January 1, 2028 - May 1, 2028: Receive and process applications for exemptions and special appraisals through March 31, 2028.

January 1, 2028 - December 31, 2028: Research courthouse records for ownership changes and update taxpayer information as needed.

January 2028: Personal Property schedules are modified for 2028.

January - March 2028: Field inspections of all mobile home parks.

January - March 2028: Complete specifications of all valuation models.

February - March 2028: Work on the commercial vehicle registration list.

February - June 2028: Work on personal property renditions.

March 2028: The Chief Appraiser prepares the preliminary Budget. The district's agricultural advisory board reviews and considers its conclusions and recommendations.

March 31, 2028: Complete the work of utility notifications and the inspection of demolished or burned property for the 2028 tax year.

April 2028: Calculate Agricultural values based on local data.

April 2028: Review exemption and special-use appraisal applications.

April 1, 2028, or as soon after, Mail written appraisal notices in compliance with Section 25.19 (g) of the Property Tax Code.

April 29, 2028: Present entities with certified estimates.

May - June 2028: Informal meetings with taxpayers and/or agents.

June - August 2028: Formal protest hearings with ARB. Enter changes as ordered by the ARB decision.

June 15, 2028: Target date for the Chief Appraiser to present the appraisal records to the ARB for approval.

July 25, 2028: The target date for the Chief Appraiser to certify the appraisal roll to each of the taxing jurisdictions in Glasscock County.

July 2028: Integrate the contractor's valuation for minerals and industrial personal property into the district CAMA computer system.

Note: The field appraiser shall physically inspect all property as described in Area Two (2).

PUBLIC MEETING HELD: September 8, 2026 @ 8:30 am
APPROVED by GLASSCOCK COUNTY APPRAISAL DISTRICT BOARD OF DIRECTORS


CHAIRMAN

9-8-2026
DATE

GLASSCOCK COUNTY APPRAISAL DISTRICT

REAPPRAISAL PLAN

(Attachment A)

2027 Proposed Budget

GCAD NAME	2026	2027	Dollar Amt	% Change
Payroll Costs				
Appraisal Office	\$ 166,000.00	\$ 172,550.00	\$ 6,550	3.95%
Business Allowances	\$ 1,200.00	\$ 1,200.00	\$ -	0.00%
Car Allowances	\$ 6,600.00	\$ 8,400.00	\$ 1,800	27.27%
FICA/Medicare	\$ 13,500.00	\$ 14,200.00	\$ 700	5.19%
Retirement	\$ 18,500.00	\$ 19,500.00	\$ 1,000	5.41%
Death Benf	\$ 650.00	\$ 660.00	\$ 10	1.54%
Health Insurance	\$ 18,000.00	\$ 23,000.00	\$ 5,000	27.78%
Workman's Compensation	\$ 1,000.00	\$ 1,000.00	\$ -	0.00%
Unemployment Compensation	\$ 1,000.00	\$ 1,000.00	\$ -	0.00%
	\$ 226,450.00	\$ 241,510.00	\$ 15,060	6.65%
Purchases & Contract Services				
Appraisal Review Board	\$ 3,500.00	\$ 3,500.00	\$ -	0.00%
Audit Services	\$ 5,700.00	\$ 6,000.00	\$ 300	5.26%
CPA Services	\$ 2,000.00	\$ 2,000.00	\$ -	0.00%
Contract Services	\$ -	\$ -	\$ -	#DIV/0!
Data Processing Services	\$ 32,000.00	\$ 34,500.00	\$ 2,500	7.81%
Electricity Service	\$ -	\$ -	\$ -	#DIV/0!
Telephone Service	\$ 3,500.00	\$ 3,500.00	\$ -	0.00%
Insurance-Contents & Bldg.	\$ 700.00	\$ -	\$ (700)	-100.00%
Legal Services	\$ 3,000.00	\$ 4,500.00	\$ 1,500	50.00%
Equipment Main/Repair/Misc	\$ 4,300.00	\$ 4,300.00	\$ -	0.00%
Evaluation Services	\$ 321,500.00	\$ 321,500.00	\$ -	0.00%
Mapping	\$ 6,945.00	\$ 6,500.00	\$ (445)	-6.41%
	\$ 383,145.00	\$ 386,300.00	\$ 3,155	0.82%
Supplies and Materials				
Book, Mag. & Periodicals	\$ 1,000.00	\$ 1,000.00	\$ -	0.00%
Forms/Printing	\$ 8,500.00	\$ 8,500.00	\$ -	0.00%
Postage	\$ 8,500.00	\$ 8,500.00	\$ -	0.00%
Supplies and Materials	\$ 4,750.00	\$ 4,750.00	\$ -	0.00%
	\$ 22,750.00	\$ 22,750.00	\$ -	0.00%
Other Operating Expenses				
Assn Dues/Membership	\$ 1,800.00	\$ 1,800.00	\$ -	0.00%
Legal Notice & Adv.	\$ 3,000.00	\$ 3,000.00	\$ -	0.00%
Education & Travel	\$ 4,000.00	\$ 4,000.00	\$ -	0.00%
	\$ 8,800.00	\$ 8,800.00	\$ -	0.00%
Capital Outlay				
Building Rent	\$ 6,000.00	\$ 6,000.00	\$ -	0.00%
Small Equipment & Materials	\$ 2,000.00	\$ 2,000.00	\$ -	0.00%
	\$ 8,000.00	\$ 8,000.00	\$ -	0.00%
Contingency Fund	\$ 78,296.00	\$ 78,296.00	\$ -	0.00%
	\$ 727,441.00	\$ 745,656.00		
Less Contingency Fund	\$ 78,296.00	\$ 78,296.00	\$ -	0.00%
	\$ 649,145.00	\$ 667,360.00	\$ 18,215	2.81%

Chairman

Date

GLASSCOCK COUNTY
APPRAISAL DISTRICT

REAPPRAISAL PLAN

(Attachment B)

**EAGLE PROPERTY TAX
APPRAISAL & CONSULTING,
INC.**

REAPPRAISAL PLAN

**2027-2028
GLASSCOCK CAD**

REVALUATION DECISION (REAPPRAISAL CYCLE)

The Sample CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district every year. The reappraisal may consist of field inspections, CAMA, or both. The reappraisal year is a complete appraisal of all properties in the district. Tax year 2027 is a reappraisal year, and tax year 2028 is a reappraisal year.

Additionally, every tax year, the district inspects and appraises new construction and adds those properties to the appraisal roll. The district also inspects and reappraises properties that have been remodeled or demolished, properties with additions, properties with fire damage, or properties with any change or damage. These changes are found through building permits issued by the city. However, since building permits are not required for properties outside the city limits, District staff maintains a file of newspaper clippings that pertain to changes in property, and all District staff remain alert to visual changes in properties. Throughout the year, notes are made on those visual changes, and all information is provided to the field appraiser. The field appraiser will also conduct detailed field inspections of properties if requested by the owner and reappraise these properties as necessary. The district is contracted with Eagle Property Tax Appraisal & Consulting, Inc. to perform the commercial appraisals and field inspections.

Eagle Property Tax Appraisal & Consulting, Inc. compiles all sales by school district. Problematic areas are further researched and may indicate the use of market modifiers. The use of these modifiers is the predominant method of adjusting sales for location and time. Values throughout the county may be adjusted by use of market modifiers during the reappraisal year.

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 the years 2027 and 2028. Production standards for field activities are calculated and incorporated in the planning and scheduling process. Refer to the district's timeline and schedule in the Written Plan for Periodic Reappraisal.

Eagle Property Tax Appraisal & Consulting, Inc. will begin field inspections of the district's scheduled reappraisal area on or about the first Tuesday following Labor Day in September 2026 and will complete all inspections and schedules by April 1, 2027, for the 2027 tax year. Eagle Property Tax Appraisal & Consulting, Inc. will begin field inspections of the district's scheduled reappraisal area on or about the first Tuesday following Labor Day in September 2027 and will complete all inspections and schedules by April 1, 2028, for the 2028 tax year.

The district shall provide Eagle Property Tax Appraisal & Consulting, Inc. appraisers with the field cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, and sketches of improvements, as well as detailed information of any improvements. Appraisal field inspection procedures require the appraisers to check all information on the field cards and to update the information when necessary. All new improvements shall be measured, classed, and assigned the appropriate depreciation amount. Structures that have been

PERSONAL PROPERTY VALUATION

Eagle Property Tax Appraisal & Consulting performs personal property valuations only in some Districts.

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.

HEARING PROCESS

Eagle Property Tax Appraisal & Consulting, Inc. representatives conduct informal hearings with protesting property owners. If the protest cannot be settled within the guidelines set out by the district's informal hearings procedures, the property owner may elect to proceed to a formal hearing before the Appraisal Review Board.

Eagle Property Tax Appraisal & Consulting, Inc. representatives will be present at formal ARB hearings and will present and defend the appraisals performed. Further, Eagle Property Tax Appraisal & Consulting, Inc. will provide the district with the calculations of schedules and final schedules.

STAFFING:

Eagle Property Tax Appraisal & Consulting, Inc. contracts with appraisers who are certified or are working on obtaining certification. Contractors are assigned to various counties but may also work with any of the company's contracted appraisal districts. A list of all contractors is attached and is subject to change.

GLASSCOCK COUNTY APPRAISAL DISTRICT

REAPPRAISAL PLAN

(Attachment C)

**Glasscock County Appraisal
District Oil and Gas Reserves
2027-28 Appraisal Procedures and Reappraisal Plan**

August 30, 2026

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 consist 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, coursework, and continuing education. All oil and gas appraisers are registered with the Texas Department of Licensing and Regulation (formerly, the Texas Board of Tax Professional Examiners).

Assumptions and Limiting Conditions

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

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

Property Discovery 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 before being issued a RRCID. Production from these wells must still be reported to the RRC and is 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 before 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 before that date, has filed a completion report showing completion before that date, or was perforated into a producing formation which showed the presence of oil or gas before 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 before January 1 of the appraisal year. New producing wells identified after the appraisal period are supplemented, going back up to five years.

Other appraisal data on the subject properties are collected from required regulatory reports from the Texas Railroad Commission and the Texas Comptroller of Public Accounts and by the property owner. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data are verified through previously existing records and 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 which assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different.

As the appraisal is performed, the strengths of the individual approaches are considered, and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

All oil and gas interest values are arrived at through an appraisal of the whole property. Each fractional interest is then assigned a value based on its relative share of expenses, income and the value of the operating equipment. Multiple producing zones in the same well may be treated as separate properties.

Oil and gas properties are principally appraised 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 selecting 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 using lease operating expenses that reflect the subject property's individual characteristics.

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 Tax 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 price adjustment factor as promulgated by the Texas Property Tax Code. Furthermore, the prices used for succeeding years are based upon escalation factors also stipulated by the Texas Property Tax Code.

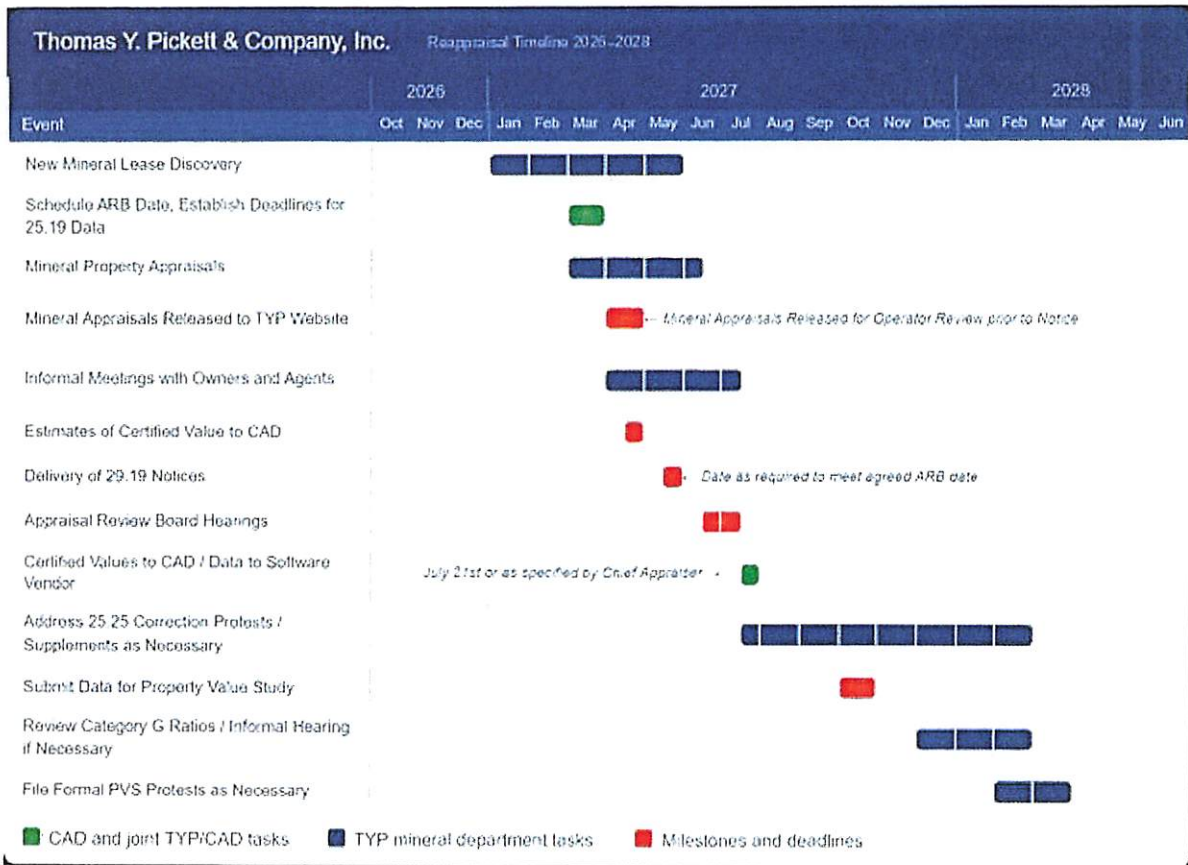
The highest and best use analysis of the oil and gas reserves is based on the likelihood of the continued use of the reserves in their current use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review and Testing

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 sales conditions are often 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.



Glasscock County Appraisal District
Industrial Property
2027-28 Appraisal Procedures and Reappraisal Plan

August 30, 2026

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, coursework, and continuing education. All industrial 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 attend in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents has been obtained by members of 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 which assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

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

Industrial properties are generally appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Reproduction costs are based on actual

investment in the subject or comparable properties adjusted for typical changes in cost over time. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization and income data for the subject property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the subject property's industry. 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 to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves selecting the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Income approach calibration involves selecting 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.

Glasscock County Appraisal District
Utilities Property
2027-28 Appraisal Procedures and Reappraisal Plan

August 30, 2026

by

Thomas Y. Pickett & Company, Inc.

APPRAISAL PROCEDURES AND REAPPRAISAL PLAN

UTILITY, RAILROAD AND PIPELINE PROPERTIES

Overview

Utility, railroad, and pipeline properties consist 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, coursework and continuing education. All 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 attend in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents has been obtained by members of 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 which assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

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

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 typically involve 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.

Stephen B. Campbell

President | Director

AREA OF EXPERTISE
**Mineral & Industrial
Property**

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>President</i>	25 Years
Business Valuation and Consulting	<i>Consultant</i>	7 Years
Schlumberger Well Services	<i>Field Engineer</i>	2 Years

EDUCATION & LICENSES

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

PROFESSIONAL ASSOCIATIONS

Texas Department of Licensing & Regulation — Property Tax Professional

QUALIFICATIONS

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

Michael B. Parks

Executive Vice President | Director

AREA OF EXPERTISE
**Mineral Property
Project Management**

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>Executive Vice President Director</i>	18 Years
JPMorgan Chase Bank	<i>Trust & Estate Special Properties – Oil & Gas</i>	2 Years
Greene & Associates, Inc.	<i>Appraiser</i>	6 Years

EDUCATION & LICENSES

Bachelor of Science — University of North Texas, Denton, TX
Registered Professional Appraiser — State of Texas, License #72761
Certified Mineral Manager

PROFESSIONAL ASSOCIATIONS

Texas Department of Licensing & Regulation — Property Tax Professional
National Association of Royalty Owners
National Association of Lease and Title Analysts
American Association of Professional Landmen

QUALIFICATIONS

Mr. Parks serves as a Director at TYP, overseeing business operations with a strong emphasis on client satisfaction. He brings over 15 years of experience in project management, successfully leading appraisal and tax season activities for more than 20 Texas Appraisal Districts. His expertise spans the full project lifecycle, including developing value estimates for taxing entities, end-of-season certification reporting, and comprehensive quality control oversight.

Mr. Parks performs mineral property appraisals across Texas, independently managing five counties with additional support responsibilities across multiple others. Oversees all phases of the appraisal process, including new well discovery, lease appraisal, operator data coordination, protest resolution, and Appraisal Review Board hearing defense through value certification. Brings extensive experience in private mineral interest management.

William R. Hefner

Mineral Appraiser

AREA OF EXPERTISE
**Mineral Property &
Reservoir Engineering**

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>Mineral Appraiser</i>	5 Years
Matador Resources, Inc.	<i>Reservoir Engineer</i>	3 Years
Foundation Energy Management, LLC	<i>Production Operations Engineer</i>	3 Years
Baker Hughes, Inc.	<i>Hydraulic Fracturing Field Engineer</i>	2 Years

EDUCATION & LICENSES

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 ASSOCIATIONS

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

QUALIFICATIONS

Mr. Hefner performs mineral appraisals and valuations in Texas. He 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 the valuation and usage of oilfield equipment.

Mr. Hefner has been involved in many assignments for determining Fair Market Value and potential purchase price for leases and minerals using engineering and financial tools, and has completed purchases and sales of minerals and assets during domestic assignments.

Greg Ragon

Industrial / Utilities Appraiser

AREA OF EXPERTISE
**Utilities, Wind, Solar, Data
Centers & Industrial**

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>Complex Utility Appraiser</i>	6 Years
Xcel Energy	<i>Cost Analyst Manager</i>	5 Years
Pioneer Management Consulting	<i>Management Consultant Business Analyst Project Manager</i>	2 Years
Christus Health	<i>Managed Care Operations Manager</i>	4 Years
West Texas RX	<i>Pharmacy Technician</i>	6 Years
United States Air Force Reserve	<i>1st Lieutenant Healthcare Administration Officer</i>	2 Years

QUALIFICATIONS

Mr. Ragon 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 evaluating clean renewable energy production systems, including solar and wind power. His background includes extensive experience on the business and management side of a large electric utility within the Transmission business function, covering nine states across the U.S. — including cost tracking, project management, and management consulting. Mr. Ragon also brings experience in managed care contracting and negotiation for a major healthcare company operating 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, License #76744

PROFESSIONAL ASSOCIATIONS

Texas Department of Licensing & Regulation — Property Tax Professional

Robert T. (Bob) Lehn

Executive Vice President

AREA OF EXPERTISE
**Railroads, Pipelines &
Complex Industrial**

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>Executive Vice President</i>	28 Years
Purvin & Gertz, Inc. (Dallas & London)	<i>Associate</i>	1 Year
Hadson Gas Systems, Inc.	<i>Manager — Projects & Facilities Director — Gas Supply</i>	4 Years
Muse, Stancil & Company (Dallas)	<i>Consultant</i>	2 Years
Amoco Production Company	<i>Staff Plant Engineer</i>	8 Years

EDUCATION & LICENSES

Master of Chemical Engineering — Rice University, Houston, TX
B.A. in Chemical Engineering — Rice University, Houston, TX
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)

QUALIFICATIONS

Mr. Lehn performs railroad, pipeline, gas gathering and processing facility, and industrial valuations of complex manufacturing sites across multiple states. He is experienced in domestic and international energy project management, including economic evaluations with consideration to environmental and regulatory issues. Prior to TYP, he performed fair market valuations and physical asset appraisals of large gas plants, pipelines, and other facilities. Current and past appraisal assignments include paint pigment, explosives, agrichemical, petrochemical, and refining plants in Kansas, Mississippi, North Dakota, Oklahoma, Texas, and Wyoming. Mr. Lehn has provided expert testimony before Appraisal Review Boards, Courts, and State Tax Commissions in Texas, Oklahoma, North Dakota, Louisiana, Wyoming, Mississippi, and Florida. He has spoken at IAAO Annual Conferences, IAAO Legal Seminars, and various State and County Assessors' functions.

Ida L. Luster

Industrial / Utilities Analyst-Appraiser

AREA OF EXPERTISE
**Industrial, Oilfield &
Communications**

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>Property Analyst-Appraiser</i>	6 Years
Merit Advisors	<i>Property Tax Agent</i>	9 Years
Select Energy Services	<i>Accounts Payable</i>	6 Years
Bell Tubular Supply	<i>Accounts Payable</i>	2 Years

EDUCATION & LICENSES

Registered Professional Appraiser III — State of Texas, License #76629

PROFESSIONAL ASSOCIATIONS

Texas Department of Licensing & Regulation — Property Tax Professional

QUALIFICATIONS

Mrs. Luster performs industrial valuations for commercial, industrial, and oilfield service and manufacturing properties. She conducts annual verifications of FCC-registered communications equipment and supports multiple counties with Vehicle Inventory Tax (VIT) special inventory accounts. She collaborates closely with appraisers, appraisal districts, and property owners to facilitate clear communication and efficient workflow.

Mrs. Luster evaluates accounts and implements processes to improve the timeliness and accuracy of renditions and valuations among owners, agents, and appraisal districts. She brings extensive industry knowledge, including eight years of experience with a full-service oilfield company, and as a licensed property tax agent representing major oil companies, has gained broad exposure to property tax reporting practices and strategies used by owners and agents across the United States.

Bryan Williams

Industrial / Utilities Appraiser

AREA OF EXPERTISE
**Complex Industrial
Property**

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>Complex Property Appraiser</i>	6 Years
GM Corporation	<i>Process Engineer</i>	1 Year
Waters Corporation	<i>Field Service Engineer</i>	2 Years

EDUCATION & LICENSES

Bachelor of Science — Pittsburg State University, 1996
TDLR License #76577
Texas Department of Licensing & Regulation — Property Tax Professional, Class II

PROFESSIONAL ASSOCIATIONS

Texas Department of Licensing & Regulation — Property Tax Professional

QUALIFICATIONS

Mr. Williams performs appraisals of industrial properties in Texas, Wyoming, and North Dakota. He currently works multiple counties across those states and assists with additional counties as needed. He handles all aspects of the appraisal process — working with tax agents, property owners, and appraisal district employees to obtain accurate data, handling protests, defending values at appraisal review board hearings, and certifying values. Mr. Williams brings extensive experience in science and technology, which informs his approach to evaluating complex industrial facilities.

Lance Wood

Industrial/ BPP Appraiser

AREA OF EXPERTISE
Business Personal Property

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	<i>Business Personal Property Appraiser</i>	2 Years
Various Texas School Districts	<i>Education Professional</i>	20 Years

EDUCATION & LICENSES

Master of Education — Administration — Lamar University, Beaumont, TX
Bachelor of Arts — History — University of North Texas, Denton, TX
Registered Professional Appraiser — State of Texas, License #78592

PROFESSIONAL ASSOCIATIONS

Texas Department of Licensing & Regulation — Property Tax Professional
Texas Association of Assessing Officers

QUALIFICATIONS

Mr. Wood is a results-driven professional with over 25 years of experience managing complex situations, building strong client relationships, and delivering accurate, solutions-focused outcomes. He brings an extensive background working with diverse individuals, businesses, and stakeholders while maintaining professionalism in high-pressure environments. Currently serving as a Business Personal Property Appraiser, Mr. Woods provides valuation and assessment services across Wyoming, Mississippi, North Dakota, and multiple counties throughout Texas. He is recognized for strong analytical skills, sound judgment, attention to detail, and the ability to navigate multi-jurisdictional appraisal requirements with accuracy and efficiency.

Appendix B

Industrial Utility Accounts

Thomas Y. Pickett & Company, Inc.

2J FARMS INC
3BA DIVIDE
ADP LLC
ADT LLC
AEP TEXAS INC
ALON USA LP
AMERIGAS PROPANE LP
AMUR EQUIPMENT FINANCE INC
APACHE CORP (PL)
APACHE CORP (PP)
AQUA TERRA PERMIAN LLC
ARCOSA-HG EAGLE (STANTON PIT)
ARIES BUILDING SYSTEMS LLC
ARROW WATER
AT&T MOBILITY LLC
AT&T WIRELINE HOLDINGS, LLC
ATMOS ENERGY/MID-TEX PIPELINE (PL)
ATMOS ENERGY/MID-TEX PIPELINE (PP)
AUTOMOTIVE RENTALS INC
BAHIA PIPELINE LLC
BANGL OPERATING LLC
BASA RESOURCES INC
BEARKAT WIND ENERGY I LLC
BIG B CRANE LLC
BLACK DIAMOND OILFIELD
BRAZOS MIDLAND GAS LLC
BREVILOBA LLC
BRUTON AERIAL SPRAYING INC
CANES MIDSTREAM
CANON FINANCIAL SERVICES INC
CELLCO PARTNERSHIP
CERTARUS LTD
CHAMPIONX LLC
CHAPARRAL WATER SYSTEM
CITADEL DRILLING USA LTD
CITATION OIL AND GAS (PL)
CITATION OIL AND GAS (PP)
CMC BUSINESS SYSTEMS INC
COCA-COLA SOUTHWESTBEV LLC
COG OPERATING LLC
CONCHO VALLEY ELECTRIC COOP
CORONADO MIDSTREAM
CORONADO MIDSTREAM LLC (PP)
CRESCENT ENERGY OPERATING

CSA MATERIALS
 CYPERT JAMES T/GC WTR STATION
 D L PETERSON TRUST
 DCP MIDSTREAM (PLANTS)
 DCP MIDSTREAM (PIPE) 2018
 DCP MIDSTREAM LP (COMP ONLY)
 DCP SANDHILLS PIPELINE LLC
 DE LAGE LANDEN FINANCIAL SRV
 DEEP BLUE OPERATING LLC
 DELL EQUIPMENT FUNDING LP
 DIAMONDBACK E&P LLC
 DIRECT MIDSTREAM LLC
 DIRECTV INC
 DISH NETWORK LLC
 DKL WATER MIDSTREAM OPERATING LLC (FKA GRAVITY WATER MIDSTREAM LLC)
 DOG HOUSE TX-2 LLC
 ECHO CANYON PIPELINE (PP)
 ECHO CANYON PIPELINE LLC (PL)
 ECOSTREAM LLC
 ED-CO CONSTRUCTION
 EDGE GATHERING VIRTUAL PIPE 2
 EL PASO NATURAL GAS COMPANY LLC
 ENERGY TRANSFER FUEL LP (PIPE)
 ENERGY TRANSFER FUEL LP (PP)
 ENERGY TRANSFER GC NGL P/L LP (PL)
 ENERGY TRANSFER GC NGL P/L LP (PP)
 ENLINK N TEXAS GATHERING LP
 ENLINK PERMIAN II LLC (PL)
 ENLINK PERMIAN LLC (PLT)
 ENLINK PERMIAN LLC (PP)
 ENLINK TEXAS NGL PIPELINE LP
 ENTERPRISE FM TRUST
 ENTERPRISE GC PIPELINE (PL)
 ENTERPRISE GC PIPELINE (PP)
 ENTERPRISE INTERSTATE CRUDE LLC
 ENTERPRISE INTERSTATE CRUDE LLC (PL)
 ENTERPRISE MIDLAND BASIN MIDSTREAM FKA: NAVITAS MIDSTREAM LLC (PLTS)
 ENTERPRISE NAVITAS MIDSTREAM (PL)
 ENTERPRISE NAVITAS MIDSTREAM (PP)
 ENTERPRISE TEXAS PIPELINE LLC (PL)
 ENTERPRISE TEXAS PIPELINE LLC (PP)
 ENVIRONMENTAL DISPOSAL SYSTEM
 ET GATHERING & PROCESSING LLC
 ET GATHERING & PROCESSING LLC (PP)

ET S PERMIAN PIPELINE COMPANY LLC (PL)
ET S PERMIAN PIPELINE COMPANY LLC (PP)
ETC SOUTH PERMIAN MIDSTREAM LLC (PL)
ETC SOUTH PERMIAN MIDSTREAM LLC (PLNT)
ETC SOUTH PERMIAN MIDSTREAM LLC (PP)
ETC TEXAS PROCESSING (REB)
ETC TEXAS PROCESSING LTD
ETP CRUDE LLC (PP)
EVOLUTION WELL SRVCS LLC
FARMER BROS CO
FEDERAL STEEL
FIBERLIGHT LLC
FIRST DATA MERCHANT SERV CORP
FIVE G LEASING
FOREST CREEK WIND FARM LLC
FOUNDERS SWD LLC
GE VERNOVA INTERNATIONAL LLC
GELCO FLEET TRUST
GJ&K FRESHWATER STATION
GLASSCOCK COUNTY COOP GIN
GOODNIGHT MIDSTREAM
GRAND PRIX PIPELINE LLC
GRAND PRIX PIPELINE LLC (DAYTONA)
GRAVITY WATER MIDSTREAM
GRAYHAWK LEASING LLC
GREAT SOUTHWESTERN CONSTRUCTION INC
GREATAMERICA FINANCIAL SVCS
GULF COAST EXPRESS
HANNATHON PETROLEUM II LLC
HELENA AGRI ENTERPRISES LLC
HELMERICH & PAYNE INTL DRLG CO
HEN INFRASTRUCTURE LLC
HIGH GROUND ENERGY LLC
HIGH VIEW ENERGY SERVICES LLC
HUGH BRINSON PIPELINE
HUGHES NETWORK SYSTEMS LLC
HWY 1357 FRESH WATER STATION
IGT GLOBAL SOLUTIONS CORP
INFLOW OPERATING
INFRASTRUCTURE NETWORKS INC
IONIC DIGITAL LLC
IRONCLAD ENVIRONMENTAL SOLUTIONS
JKCA RANCH LLC
K & E COOK WATER STATION

K2 TOWERS III LLC
KINDER-MORGAN PRODUCTION CRC
LACY CREEK WIND LLC
LAREDO PAVING INC
LATSHAW DRILLING COMPANY LLC
LAUREL MILLER & EDWARD MILLER
LEAF CAPITAL FUNDING LLC
LINDE GAS & EQUIPMENT INC
LIQUIDPOWER SPECIALTY PROD
LPUSA LLC
MARATHON DIGITAL HOLDINGS INC
MARLIN LEASING
MASTER BUILDERS' SOLUTION ADMIXTURE
McCrae WIND ENERGY 2 (Formerly Bearkat)
MCI COMMUNICATION SERVICES INC
MCI METRO ACCESS TRANSMISSION
MCLEOD USA TELECOM SERVICES INC
MEDALLION CRUDE LOGISTICS LLC (PL)
MEDALLION CRUDE LOGISTICS LLC (PP)
MEDALLION MIDLAND GATH LLC
MEDALLION PIPELINE CO LLC
MEWBOURNE OIL COMPANY
MILESTONE ENVIRONMENTAL SRVS
MIX TELEMATICS NORTH AMERICA
MURPHY EQUIPMENT
NABORS LEASING LLC
NALCO COMPANY LLC
NESTLE USA INC
NEXGEN WATER SOLUTIONS
NEXTIER COMPLETION SOLUTIONS INC
NORAM DRILLING COMPANY
NPRTO TEXAS LLC
NUTRIEN AG SOLUTIONS
OCCIDENTAL PERMIAN LTD SAP
OCOTILLO WINDPOWER LP
ONCOR ELECTRIC DELIVERY CO LLC
ONCORE PROCESSING LLC
ONEOK NGL PIPELINE LP
ONEOK WESTEX TRANSMISSION (PIPE)
OPLA ENERGY SERVICES LTD
ORICA USA INC
ORYX MIDLAND OIL GATHERING LLC
OXY USA INC
OXYROCK OPERATING LLC

PANTHER CREEK WIND 1 & 2
PASON SYSTEMS USA CORP
PELICAN OILFIELD RENTALS
PERMIAN EXPRESS PARTNERS (PL)
PERMIAN EXPRESS PARTNERS (PP)
PETROPLEX SWD SYSTEMS LLC
PHILLIPS BOB
PILOT WATER SOLUTIONS
PIONEER NATURAL RES USA (PL)
PIONEER NATURAL RES USA (PP)
PIONEER WATER MANAGEMENT
PITNEY BOWES GLOBAL FINANCIAL
PLAINS COTTON COOP
PLAINS MARKETING LP
PLAINS ORYX (POPBPL) (KIRBY/SPRABERRY)
PLAINS ORYX (POPBPL) (PL)
PLAINS ORYX (POPBPL) (PP)
PLAINS ORYX PB MARKETING
PLAINS ORYX PBM - IATAN GATHERING SYS PL
PLAINS ORYX PBM - IATAN GATHERING SYS PP
PLAINS ORYX PBM LP
PLAINS PIPELINE LP (BASIN SYSTEM)
PLUM GAS SOLUTIONS LLC
PRECISION DRILLING CO LP
PRICE CONSTRUCTION INC
PRINCIPAL MERCHANTS LSE LTD
PROGAS SERVICES LLC
QUADIENT INC
QUADIENT LEASING USA INC
RATTLESNAKE WIND LLC
RED BALL OXYGEN CO INC
REPUBLIC WASTE SERVICES OF TX
RICOH USA INC
RK HALL CONST LTD
RK SUPPLY
RUGER PROPERTIES LLC
S & R COMPRESSION
SAFETY-KLEEN SYSTEMS INC
SAND BLUFF WIND FARM
SATELLITE SHELTERS INC
SELECT CHEMISTRY LLC
SELECT WATER SOLUTIONS LLC (SWD)
SELECT WATER SOLUTIONS LLC - WRAGE RECYCLE FACILITY
SEMINOLE PIPELINE CO

SENDERO DRILLING COMPANY LLC
SGH WATER STATION
SPECTRASITE COMMUNICATIONS INC
STELLAR OILFIELD RENTALS LLC
STREAMLINE INNOVATIONS
SWIF II DATACOM INVESTMENT CO. TOWERS, LLC
TALL CITY BRINE LLC
TARGA MIDSTREAM SERVICES LLC (PL)
TARGA MIDSTREAM SERVICES LLC (PP)
TARGA PL MIDCON WESTTEX LLC (PL)
TARGA PL MIDCON WESTTEX LLC (PP)
TEJAS PERMIAN OPERATING LLC
TEXAS SWD CO INC
TEXASTONE QUARRIES LLC
TIMEPAYMENT CORP
T-MOBILE WEST LLC
TOWER ASSOCIATES LLC
TOYOTA LEASE TRUST
TRANSTEX TREATING LLC
TRENDSETTER CONSTRUCTION
TROY VINES INC
UNITED RENTALS (N AMERICA) INC
VALOR TELECOM OF TEXAS LP
VERTICAL WATER SOLUTIONS LLC
VIASAT INC
VITALITY FOOD SERVICE INC
VOLTAGRID LLC
WABASHA LEASING LLC
WASH ROBERT C
WELLS FARGO VENDOR FINANCIAL
WEST TEXAS LPG PIPELINE (PIPE)
WEST TEXAS LPG PIPELINE (PP)
WES-TEX TELEPHONE COOP INC
WHC EQUIPMENT LLC
WHC LLC
WHEELS LT
WHISTLER PIPELINE LLC
WHITETHORN PIPELINE LLC
WILLIAMS SCOTSMAN INC
WILSON SYSTEMS INC
WIND ENERGY TRANSMISSION TEXAS
WINK TO WEBSTER PIPELINE CO
XEROX CORPORATION
XRI HOLDINGS LLC

XTO ENERGY (PP)

GLASSCOCK COUNTY
APPRAISAL DISTRICT

REAPPRAISAL PLAN

(Attachment D)

GLASSCOCK COUNTY APPRAISAL DISTRICT

2026 Mass Appraisal Report

INTRODUCTION:

Scope of Responsibility

The Glasscock County Appraisal District has prepared and published this report to help citizens and taxpayers better understand the district's responsibilities and activities. This report includes several parts: a general introduction and several sections describing the appraisal district's appraisal effort.

The Glasscock County Appraisal District (CAD) is a political subdivision of the State of Texas, effective January 1, 1980. The Texas Property Tax Code governs the appraisal district's legal, statutory, and administrative requirements. The district's governing body is a board of directors elected by the voting taxing units of Glasscock County. The chief appraiser serves as the appraisal district's chief administrator and executive officer.

The appraisal district is responsible for local property tax appraisal and exemption administration for all jurisdictions or taxing units in the county. Each taxing unit (Glasscock County, Glasscock ISD, Glasscock Groundwater Conservation District) sets its tax rate to generate revenue for services such as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Appraisals established by the appraisal district allocate the year's tax burden based on each taxable property's January 1 market value. We also determine eligibility for property tax exemptions for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

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

*****exposed for sale in the open market with a reasonable time for the seller to find a purchaser;

*****both the seller and the buyer know all the uses and purposes to which the property is adapted and for which it is capable of being used and of any enforceable restrictions on the use; and

*****both the seller and the buyer seek to maximize their gains with
neither being in a position to take advantage of the other.

The Texas Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Section 23.23), productivity (Section 23.41), real property inventory (Section 23.12), dealer inventory (Section 23.121, 23.124, 23.1241, and 23.127), and nominal (Section 23.18) or restricted use properties (Section 23.83). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

The Texas Property Tax Code, under Section 25.18, requires each appraisal office to implement a plan to update appraised values for real and personal property at least once every three years. The district's Written Plan for Periodic Reappraisal is attached to this report for reference. Appraised values are reviewed annually and are subject to change for equalization purposes. Personal, industrial, complex commercial, utility, and mineral property values are checked or reappraised annually. Special-use valuations are also updated annually.

The appraised value of the real estate is calculated using specific information about each property. Using computer-assisted appraisal programs and recognized appraisal methods and techniques, we compare that information with the data for similar properties and recent market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures and subscribes to the standards promulgated by the Appraisal Foundation, known as the Uniform Standards of Professional Appraisal Practice (USPAP). Any departure from USPAP standards is so noted in departure statements. In cases where the appraisal district contracts for professional valuation services, each appraisal firm's agreement requires adherence to similar professional standards.

Personnel Resources

The office of the Chief Appraiser is primarily responsible for planning, organizing, staffing, coordinating, and controlling district operations. The Chief Appraiser is also responsible for planning, organizing, directing, and managing the business functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities, and postal services. The Chief Appraiser is responsible for valuing all real and personal property accounts. Appraisal property types include commercial, residential, business, personal, and industrial. The Glasscock County Appraisal District currently contracts with Pritchard & Abbott, Inc.'s appraisal firm for appraisals of industrial and mineral properties and industry-related business personal accounts. The appraisal district contracts with Eagle Appraisal and Consulting for fieldwork associated with on-site inspections, in-house sales ratio studies for schedule adjustments and appraisals, residential schedule adjustments and appraisals, ag-value and rural land market value schedule adjustments and appraisals, informal hearings with protesting property owners, representation at ARB hearings, and other appraisal-

related duties. The Chief Appraiser is responsible for all assigned values. The appraisal district is also responsible for the following support groups: review appraisals, productivity valuation, and special audits. The district's appraisers - whether in-house or contracted - are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulation. Support functions, including records maintenance, information and assistance to property owners, and hearings support, are coordinated by the Administrative Assistant.

The appraisal district staff consists of 2 full-time employees. The chief appraiser holds certifications as a registered professional appraiser and a certified chief appraiser.

Data

The district establishes and maintains real and personal property accounts for Glasscock County. This data includes property characteristics, ownership, and exemption information. Property characteristic data for new construction is updated through an annual field effort; existing property data is maintained through a field review. Sales are routinely validated during a separate field effort; however, numerous sales are also validated as part of the new construction and data review field activities. General trends in employment, interest rates, recent construction, and cost and market data are obtained from various sources, including internally generated questionnaires to buyers, sometimes to sellers, and to local real estate agents.

The district's geographic information system (GIS) maintains cadastral maps and various data layers, including aerial photography.

Independent Performance Test

According to Chapter 5 of the Texas Property Tax Code and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts a property value study (PVS) of each Texas school district and each appraisal district every other year. As part of this study, the code also requires the Comptroller to use sales data and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards, and procedures to determine whether the district used recognized standards and practices (MSP Review); test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques for measuring uniformity. This study uses statistical analysis of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include the median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties

within 25% of the median, and price-related differential (PRD) for properties overall and by state category (i.e., categories A, B, C, D, and F1 are directly applicable to real property).

There is one independent school district in Glasscock CAD responsible for the annual development of appraisal rolls. The preliminary results of this study are released in January of the year following the appraisal. The final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) in July of each year for the year of appraisal. This outside (third-party) ratio study assists the CAD in identifying areas of market activity or changing market conditions.

Appraisal Activities

INTRODUCTION

Appraisal Responsibilities

The chief appraiser collects and maintains property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a physical description of personal property, land, and building characteristics. This appraisal activity administers, plans, and coordinates all data collection and maintenance for commercial, residential, and personal property types within the district's boundaries. The data collection effort consists of inspecting real and personal property accounts and entering all data into the existing information system. (Appraisal district staff assists the chief appraiser in collecting and entering that data into the information system.) The goal is to inspect all real property in the appraisal district at least once every three years. Meeting this goal depends on budgetary constraints. The above responsibilities can be delegated to contracted personnel or in-house staff as deemed appropriate by the chief appraiser. A copy of the Written Plan for Periodic Reappraisal is attached to this report for reference.

*** Personnel - The appraisal activities consist of the chief appraiser.**

One clerk and contracted appraisal
companies.

* **Data -** The data used by field appraisers includes the existing property characteristic information contained in CAMA (Computer Assisted Mass Appraisal System) from the district's computer system. The data is printed on a property record card (PRD) or personal property data sheet. Other data include maps, sales data, fire and damage reports, building permits, photos, newspapers, etc.

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA (Computer Assisted Mass Appraisal). The information in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square feet of living area, year built, quality of construction, and condition. Field appraisers use listing guides that establish uniform procedures for correctly listing the real property. All properties are coded according to these guides, and the approaches to value are structured and calibrated based on this coding system. The field appraisers use these manuals during their initial training and as a guide in inspecting properties. Data collection of personal property involves maintaining information on the Personal Property System. The information in the personal property system includes personal property such as business inventory, furniture and fixtures, machinery and equipment, cost, and location. The field appraisers conducting on-site inspections will use a personal property manual during their initial training and as a guide to list all taxable personal property correctly.

The listing procedure manuals that the field appraisers utilize are located in the district office and are always available for public inspection. The appraisal district clerical staff handles requests for copies of the manual, and the chief appraiser periodically updates it with current information.

Sources of Data

The sources of data collection are the new construction field effort, data review/re-list field effort, data mailers, hearings, sales validation field effort, commercial sales verification, newspapers and publications, and property owner correspondence. A principal data source is building permits received for taxing jurisdictions requiring property owners to take out a building permit.

Reviewing entire neighborhoods is generally a good source for data collection. The field appraiser will drive through entire areas to review the accuracy of our data and identify properties that must be re-listed. The real property sales validation effort involves collecting data on sold properties. In residential, the sales validation effort involves on-site inspections by field appraisers to verify the accuracy of our data and confirm the sale price.

One of the sources that will trigger a field check for both real and personal property is a property owner. Property owners have access to part of our data and will notify us—either in person, by phone, or by letter—whenever they identify inconsistencies.

Data Collection Procedures

Field data collection requires organization, planning, and supervision of the field effort. Data collection procedures have been established for residential, commercial, and personal property. The field appraiser conducts inspections throughout the district and records property information on a property record card or a personal property data sheet.

Data quality is essential to establishing accurate values of taxable property. While production standards are established and upheld for various field activities, data quality is emphasized as the goal and responsibility of each appraisal district employee. New employees are trained in the specifics of data collection rules. Experienced employees are routinely retrained in listing procedures before major field projects, such as new construction, sales validation, or data review. A quality assurance process exists through supervision to review the work performed by field appraisers and data entry personnel. The chief appraiser is responsible for ensuring that appraisers and employees follow listing procedures, identifying training issues, and providing consistent training throughout the appraisal office staff.

Data Maintenance

The field appraiser ensures that field notes are legible, complete, and organized to support accurate data entry and quality assurance.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of the last inspection, the scope of that inspection, and the CAD appraiser responsible are listed on the CAMA record. If a property owner or jurisdiction disputes CAD's records regarding this data during a telephone call

or in correspondence received during a hearing, the CAMA may be altered based on the evidence provided. A field inspection is typically requested to verify this evidence for the current year or the following year's valuation. Every year, a field review of certain areas or neighborhoods in the jurisdiction is conducted as part of the data review/re-list field effort.

Office Review

Office reviews are completed for properties where information has been received from the property owner. Property owners frequently provide vital data that verifies property characteristics or current conditions. Field inspections are not required unless additional data verification is needed when the property data is insufficient.

PERFORMANCE TEST

The chief appraiser is responsible for conducting ratio studies and comparative analyses. This responsibility may be assigned to contracted appraisal companies. These statistical tests are performed at least annually.

The chief appraiser or the contracted appraisal company may conduct field inspections to ensure that the ratios produced are accurate and that the appraised values are based on precise property data.

Residential Valuation Process

INTRODUCTION

Scope of Responsibility

The chief appraiser is responsible for developing equal and uniform market values for residential, improved, and vacant properties in Glasscock County. These include improved residential parcels and vacant residential properties.

Appraisal Resources

- * Personnel - Residential valuations are performed by the staff of Eagle Appraisal & Consulting. This company is responsible for providing adequate staff. Employees of the appraisal district assist in various and appropriate ways.
- * Data - A common set of data characteristics for each residential dwelling in Glasscock County is collected in the field, and data is entered into the computer. The property characteristic drives the computer-assisted mass appraisal (CAMA) approach to valuation.

VALUATION APPROACH (Model Specification)

Area Analysis

Data on regional economic forces, including demographic patterns, regional vocational factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs, are collected from private vendors and public sources. Information is also gathered from real estate publications and continuing education, including IAAO, TAAO, and Comptroller of Public Accounts classes and seminars.

Neighborhood and Market Analysis

Neighborhood analysis examines how physical, economic, governmental, and social forces, along with other influences, affect property values. These forces are also used to identify, classify, and stratify comparable properties into smaller, more manageable subsets of the property universe, known as neighborhoods. Residential valuation and neighborhood analysis are conducted for each property within a specified school district.

The first step in neighborhood analysis is identifying properties with specific traits. A "neighborhood for analysis purposes" is the largest geographic grouping of properties in which physical, economic, governmental, and social forces are generally similar and uniform. Geographic stratification accommodates local supply and demand factors that vary across jurisdictions. Once a neighborhood has been identified, the next step is to define its boundaries. This process is known as "delineation." Factors used in neighborhood delineation include location, sales

price range, lot size, dwelling age, quality of construction and condition of dwellings, square footage of the living area, and story height. Delineation can involve physically drawing neighborhood boundary lines on a map, or it can involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is considering discernible patterns of growth that influence a neighborhood market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability, or decline. The growth stage is a time of development and construction. Generally, in a stage of stability, older neighborhoods can be more desirable due to their stable residential character and proximity to the workplace and other community facilities. A period of decline reflects diminishing demand or desirability. During the decline, general property use may shift from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Highest and Best Use Analysis

The highest and best use of the property is the reasonable and probable use that supports the highest present value as of the appraisal date. The highest and best use must be physically possible, legal, financially feasible, and capable of producing the maximum return. For residential properties, the highest and best use is usually the current use. This is partly because residential development, through deed restrictions and zoning, in many areas precludes other land uses—residential valuation undertook a critical reassessment of the highest and best use in mixed residential and commercial transition areas. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and determines the highest and best use. Once the conclusion is reached, the highest and best use analysis is conducted to determine the residential use type on a neighborhood basis. For example, in a transition area, it may be determined that older, non-remodeled homes are economic mix improvements, and the highest and best use of such property is the construction of new dwellings. In mixed residential and commercial areas, the appraiser reviews properties periodically to determine whether changes in the real estate market require a reassessment of the highest and best use of a select population of properties.

DATA COLLECTION AND VALIDATION

Sources of Data

The district's property characteristics data was initially received in 1979 from the Glasscock County Tax Office and the Glasscock County Independent School District Tax Office. Where data was absent, it was collected through a massive field data collection effort coordinated by the district over time. Tax assessors, city and local newspapers, and the public often provide the district with information on new construction, market patterns, and other valuable facts related to property valuation.

VALUATION AND STATISTICAL ANALYSIS (Model Calibration)

Cost Schedules

All residential parcels in the district are valued using identical cost schedules and a comparative unit method. The district's residential cost schedules, originally adopted from a private mass appraisal firm, have been customized for Glasscock County's local residential building market. These schedules are reviewed annually.

The initial cost schedules for the Glasscock County Appraisal District were developed using Marshall & Swift, a nationally recognized cost estimator. The schedules were derived in this manner because the appraisal district did not have enough newly constructed, sold properties at various levels of construction quality to allow for analysis and statistical testing. Marshall & Swift's processes included correlating quality-of-construction factors. The results of this comparison were analyzed using statistical measures, including stratification by the quality and age of estimated building costs and by land-to-sales prices. As a result of this analysis, a new regional multiplier was developed and used in the district's cost process. This multiplier adjusted the Marshall & Swift schedules to bring them into line with costs reflecting the local market.

Sales Information

The deputy chief appraiser maintains a sales file to store sales data at the time of sale. Sales of residential vacant land and commercial improved and vacant land are recorded. Sales of residential improved and vacant land are collected from various sources, including district questionnaires sent to buyers, field discovery, protest hearings, vendors, builders, and realtors. A system of types, sources, validity, and verification codes was established to document salient facts related to a property's purchase or transfer. School district sales reports are generated as an analysis tool to help the chief appraiser develop value estimates.

Land Analysis

The chief appraiser conducts residential land analysis using both existing and newly available data. Lot size, costs per front foot, depth factor, and depth percentages are assigned to each parcel. The front footage land table is designed to systematically value the primary and residual land at one hundred percent (100%) of the current market value. A computerized land-table file stores the land information required to value individual parcels consistently. Where necessary, specific land influences are used to adjust parcels outside the norm for factors such as shape, size, and topography. The chief appraiser uses abstraction and allocation methods to ensure that the land values created best reflect the land's contributory market value to the overall property value. This analysis may be assigned to the contracted appraisal company.

Statistical Analysis

The chief appraiser performs statistical analysis annually to evaluate whether values are equitable and consistent with the market. Ratio studies are conducted in each school district to judge the primary aspects of mass appraisal accuracy: level of appraisal and uniformity of value. Appraisal statistics of central tendency and dispersion generated from sales ratios are available for each school district by year. These studies include but are not limited to the weighted mean, median, standard deviation, coefficient of variation, and coefficient of dispersion, providing the chief appraiser with a tool to determine the level and uniformity of appraisals. The weighted mean for individual properties within a school district can determine the appraised value level. A review of the standard deviation, coefficient of variation, and coefficient of dispersion can discern appraisal uniformity within and between school districts.

The chief appraiser, through the sales ratio analysis process, reviews each classification of residence in each school district annually. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of these sold properties. This set of ratio studies affords the chief appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. Based on the sales ratio statistics and designated parameters for valuation update, the chief appraiser decides whether the value level in a school district needs to be updated or whether the level of market value in a school district is acceptable. This analysis process may be assigned to the contracted appraisal company.

Market Adjustment or Trending Factors

Market adjustments or factors are developed from appraisal statistics from ratio studies and are used to ensure that estimated values are consistent with the market. As the cost approach separately estimates both land and building values and uses depreciated replacement costs, which reflect only the supply side of the market, adjustments to the cost values are expected to be needed to bring the level of appraisal to an acceptable standard.

When a category of residential improvements is updated, the chief appraiser uses a ratio study comparing the recent sales prices of sold properties with their appraised values. The calculated ratio, derived by dividing the sum of the sold properties' values by the sum of the sales prices, indicates the category's level of value based on the unadjusted value for the sold properties. This appraisal is used to determine the market adjustment factor for the class. This market adjustment factor is needed to trend values closer to the actual market, as evidenced by recent sales prices within a given category in a given school district. The sales used to determine the market adjustment factor reflect only the market influences and conditions for the specified category in the selected school district, producing more representative and supportable values. The market adjustment factor, if any, is applied uniformly to all properties within a school district category. Once the factors are applied and CAMA adjusts values, a second set of ratio studies is generated, comparing recent sales prices with the proposed appraised values for those sold properties. From this set of ratio studies, the appraiser judges the school district's overall appraisal level and uniformity.

TREATMENT OF RESIDENCE HOMESTEADS

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

- ♦ the market value; or
- ♦ the preceding year's appraised value plus 10% plus the value of any improvements added since the last reappraisal.

Values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires on January 1st of the following year. The following year, that home is reappraised at market value to make its appraisal uniform with other properties.

TREATMENT OF ACCOUNTS WITH PRIOR YEAR HEARINGS

If the Appraisal Review Board lowers the appraised value of a property, that value is considered the appraised value of the property for that tax year. In the following tax year, the chief appraiser may not increase the appraised value of the property unless the increase is reasonably supported by substantial evidence when all reliable and probative evidence in the record is considered as a whole. If the appraised value is finally determined in a protest under Section 41.41(a)(2) or an appeal under Section 42.26, the chief appraiser may satisfy the requirement to reasonably support by substantial evidence an increase in the appraised value of the property in the following year by presenting evidence showing that the inequality in the appraisal of the property has been corrected for the property considered in determining the value of the subject property. The burden of proof is on the chief appraiser to support an increase in the property's appraised value under the circumstances described in this section.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The chief appraiser identifies individual properties requiring critical field review using sales ratio analysis. Sold properties with high variance in sales ratios are field reviewed annually to verify the accuracy of data characteristics.

At each inspection site, the appraiser reviews subjective data, including construction quality, condition, and physical, functional, and economic obsolescence. These factors significantly affect the property's market value. During the site inspection, the appraiser can physically inspect both sold and unsold properties to assess comparability and value consistency.

The area to be physically inspected annually is specified in the appraisal district's written reappraisal plan. A copy of the district's Written Plan for Periodic Reappraisal is attached to this report for reference.

Office Review

Given the resources and time required to conduct a routine field review of all properties, homogeneous properties with similar characteristics and low variance in sales ratios, as well as other properties with a recent field inspection date, can be reviewed in the appraisal office unless the property is located in an area specified for that year's field inspection cycle, as identified in the appraisal district's written reappraisal plan.

Once the chief appraiser is satisfied with each school district's level and value uniformity, the value estimates are sent for notice.

PERFORMANCE TESTS.

Sales Ratio Studies

The ratio study is the chief appraiser's primary analytical tool for measuring and improving performance. The district ensures that its appraised values meet accuracy standards in several ways. Overall sales ratios are generated for each school district to allow the chief appraiser to review general market trends and indicate market appreciation over a specified period. Sales ratio studies are generated using computer statistical software for each school district and the appraisal district. The sales ratio statistics for each school district include the appraised value and uniformity profile by structure type (classification), the median level of appraisal, the weighted mean, and the coefficient of dispersion. The computer-based ratio studies are designed to emulate the State Comptroller's annual property value study for categories A and E (single-family residential properties).

Management Review Process

Once the proposed value estimates are finalized, the chief appraiser reviews the school district's sales ratios and verifies key valuation data, including the sale-to-parcel ratio and the level of appraisal. The primary objective of this review is to ensure that the proposed values comply with established appraisal standards.

The State of Texas Comptroller's Office conducts an independent test of the district's appraisal performance through the annual property value study. The study measures the degree of uniformity and the median appraisal level for each major property category within the appraisal district. The Comptroller publishes a report on the study findings for each property category, including the median appraisal levels, the coefficient of dispersion, and any other standard statistical measures the Comptroller deems appropriate.

Commercial Valuation Process

INTRODUCTION

Appraisal Responsibility

This mass appraisal assignment includes all real property classified as commercial within the Glasscock County Appraisal District's responsibility and located within the boundaries of the taxing jurisdictions. The appraisal roll displays and identifies each parcel of real property individually. Commercial appraisers appraise the fee simple interest of properties in accordance with the statute. However, the effect of easements, restrictions, encumbrances, leases, contracts, or special assessments is considered on an individual basis, as is the appraisal of any non-exempt taxable fractional interests in real property (i.e., specific multi-family housing projects). Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and then divided programmatically based on their prorated interests.

Appraisal Resources

Responsibilities for improved real property appraisals are organized by major property types: office, retail, warehouse, and special use (e.g., hotels, clinics). The appraisal district contracts with Eagle Appraisal & Consulting to conduct field inspections and assign improved commercial property types. The contracted appraisal firm is responsible for land valuations.

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

PRELIMINARY ANALYSIS

Pilot Study

Pilot studies are used to test new or existing procedures or valuation modifications in a limited area (a sample of properties). They are conducted whenever substantial changes are made. These studies, including ratio studies, reveal whether a new system produces accurate, reliable values or requires

procedural modifications. The appraiser uses this methodology when developing both cost and income models.

Survey of Similar Jurisdictions: Glasscock CAD coordinates its discovery and valuation activities with adjoining appraisal districts. Numerous field trips, interviews, and data exchanges with adjacent appraisal districts have been conducted to ensure compliance with state statutes. In addition, Hardeman CAD administration and personnel interact with other assessment officials through professional trade organizations, including IAAO, TAAO, and TRCA.

VALUATION APPROACH (Model Specification)

Area Analysis

Data on regional economic forces, including demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs, are collected from private vendors and public sources, including continuing education through IAAO, TAAO, and Comptroller of Public Accounts PTAD courses.

Neighborhood Analysis

The neighborhood comprises the land area and commercially classified properties within the appraisal district's boundaries. This area includes residential, commercial, and industrial property types. Neighborhood analysis examines how physical, economic, governmental, and social forces and other influences affect property values. These forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial properties, these subsets are generally referred to as market or economic areas.

Economic areas are defined for each improved property use type (apartment, office, retail, warehouse, and special use) based on an analysis of comparable economic or market forces. These include, but are not limited to, similarities in rental rates, project classification (known as building class by area commercial market experts), construction dates, overall market activity, and other pertinent influences. Economic area identification and delineation for each primary property use type serve as the benchmark of the commercial valuation system. All income model valuations (income approach to value estimates) are specific to each economic area. Economic areas are periodically reviewed to determine whether re-delineation is required.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that yields the highest present value of the real estate as of the valuation date. A property's highest and best use must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, the highest and

best use is evaluated both as improved and as if the site were vacant. This helps determine whether the existing improvements represent a transitional, interim, nonconforming, multiple, speculative use, excess land, or a different optimum use if the site were vacant. The highest and best use is considered speculative for vacant tracts of land within this district, based on surrounding land uses. Improved properties reflect a wide variety of highest and best uses, including office, retail, apartment, warehouse, light industrial, special purposes, or interim uses. The property's current use is often the same as its highest and best use. This analysis ensures an accurate estimate of market value (sometimes called value in exchange) is derived.

On the other hand, value in use represents the value of a property to a specific user for a particular purpose. This is significantly different from market value, which approximates market price under the following assumptions: (a) no coercion or undue influence over the buyer or seller in an attempt to force the purchase or sale; (b) well-informed buyers and sellers acting in their own best interests; (c) a reasonable time for the transaction to take place; and (d) payments in cash or its equivalent.

Market Analysis

A market analysis examines market forces that affect supply and demand. This study examines the relationships among social, economic, environmental, governmental, and site conditions. Current market activity, including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancies, allowable expenses (including replacement reserves), and expense ratio trends, is analyzed.

DATA COLLECTION/VALIDATION

Sources of Data

For the property characteristic data inventory system, every property subject to taxation by a jurisdiction within Glasscock CAD's area of responsibility is incorporated into a computer-assisted mass appraisal (CAMA) system. Appraisers maintain records for special-purpose properties. Any alterations to the properties involving building permits are reviewed. If discrepancies are discovered during hearings or elsewhere, the chief appraiser performs a field check before the next tax season. Data is reviewed during periodic field inspections.

Other sales data sources include the hearings process, word of mouth, and local publications.

Data Collection Procedures

Data collection procedures have been established for residential, commercial, industrial, and personal property. Appraisers conduct field inspections and record information on either a property record data (PRD) card or personal property data sheets. This information is entered into the computer system and forms the basis for property valuation.

The quality of the data used is paramount to accurately valuing taxable property. While production standards are established and upheld for the various field activities, data quality is emphasized as each appraiser's goal, and responsibilities include training in the specifics of data collection.

A sales file is prepared for properties involved in a transfer of commercial ownership, initiating the research and verification process. The initial step in sales verification is a questionnaire mailed to the purchaser (grantee) in the transaction. If a fully documented response is recorded in the computerized sales database system, the sales data is documented as confirmed. If a questionnaire is answered and returned information is provided, but the sales data is not fully documented, it is recorded as unconfirmed. Actual closing statements are the most reliable and preferred method of sales verification.

VALUATION ANALYSIS (Model Calibration)

Model calibration involves periodically adjusting the mass appraisal formulas, tables, and schedules to reflect current market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, materials, and costs that change annually. The basic structure of a mass appraisal model can remain valid for an extended period, with trending factors used to update the data to current market conditions. However, if the adjustment process becomes too involved, the model calibration technique may require new model specifications or a revised model structure.

Cost Schedules

The cost approach to value is applied to all improved real property using the comparative unit method. This methodology uses national cost reporting services and actual cost information from comparable properties whenever possible. Cost models are typically developed using the Marshall & Swift Valuation Service. They derive the replacement cost new (RCN) for all improvements. These models include comparative base rates, per-unit adjustments, and lump-sum adjustments. This approach also employs the sales comparison approach to value the underlying land. Time and location modifiers are necessary to adjust cost data to reflect conditions in a specific market and changes in costs over time. Because a national cost service is used as the basis for the cost models, location modifiers must adjust these base costs specifically for Glasscock County. The national cost services provide these modifiers.

Depreciation schedules are developed based on what is typical for each property type at that age. Depreciation schedules have been implemented for each major class of commercial property, grouped by economic life categories. Schedules have been developed for improvements with varying expected lives. The actual age, if known, and the effective ages of improvements are recorded in CAMA. Effective age estimates are based on the utility of the improvements relative to their position on the scale of their total economic life and their competitive position in the marketplace.

Market adjustment factors, such as external and/or functional obsolescence, can be applied if warranted. A depreciation calculation override can be used when a property's condition or effective age varies, by appropriately noting the physical condition and functional utility ratings in the property data characteristics. These adjustments are typically applied to a specific property type or location and can be developed through ratio studies or other market analyses.

Income Models

The income approach to value is applied to fundamental properties typically viewed by market participants as "income producing," for which the income methodology is considered a leading value indicator. The first step in the income approach is to estimate market rent per unit. This estimate is derived primarily from rent data provided by property owners and from local market study publications. The per-unit rental rate is then multiplied by the number of units to estimate potential gross rent.

The next item to consider in the income approach is the vacancy and collection loss allowance. Property owners and local market publications provide the projected vacancy and collection loss allowance. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. The market-derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield the effective gross rent.

Next, secondary or service income is calculated as a stabilized effective gross rent percentage. Secondary income includes parking, escalations, reimbursements, and other miscellaneous income generated by real property operations. The secondary income estimate is derived from collected data and available market information. The estimate is then added to the effective gross rent to determine effective gross income.

Allowable expenses and expense ratio estimates are based on a local market study and assume prudent management. An allowance for non-recoverable expenses, such as leasing costs and tenant improvements, is included in the expenses. A non-recoverable expense is a cost the owner pays to lease rental space. Expense ratios are developed for different types of commercial property based on use. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for his pro-rata share of taxes, insurance, and standard area maintenance. A general office building is often leased on a base-year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. However, any amount in excess of the per-unit expenditure in the first year is the responsibility of the tenant. If the total operating expense in year one equates to \$8 per square foot, any increase in expense over \$8 per square foot throughout the remainder of the lease term would be the responsibility of the tenant. As a result, expense ratios are applied based on the type of commercial property.

Another allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning, or major mechanical equipment or appliances) that require large expenditures. When these capital expenditures are analyzed for consistency and adjusted, they may be applied annually as stabilized expenses.

When performed according to local market practices by commercial property type, these annualized expenses are known as replacement reserves.

Subtracting allowable expenses (including non-recoverable expenses and replacement reserves) from the effective gross income yields an estimate of net operating income.

Rates and multipliers are used to convert income into an estimate of market value. These include income multipliers, overall capitalization rates, and discount rates. Each is used in specific applications. Rates and multipliers also vary by property type and by location, quality, condition, design, age, and other factors. Therefore, the selection of rates and multipliers must be based on a thorough market analysis.

Capitalization analysis is used in the income approach models. This methodology involves capitalizing net operating income to estimate the market value of a specific property. Both overall (going-in) cap rates for the direct capitalization method and terminal cap rates for discounted cash flow analyses can be derived from the market. Sales of improved properties, from which actual income and expense data are obtained, indicate what a specific market participant requires from an investment at a particular point. In addition, overall capitalization rates can be derived from the built-up method (band-of-investment). This method addresses the market return requirements of both debt and the real estate investment. Debt and equity information is obtained from real estate and financial publications.

Rent loss concessions are granted for specific properties with vacancy issues. A rent loss concession reflects the impact of lost rental income as the building moves toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percentage difference between the property's stabilized and actual occupancy. Build-out allowances (for first-generation or retrofit/second-generation space, as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted at an acceptable risk rate. The discounted value (including rent loss due to extraordinary vacancy, build-out allowances, and leasing commissions) becomes the rent loss concession. It is deducted from the value indicative of the property at stabilized occupancy. A variation of this technique allows a rent loss deduction to be estimated for each year the property's actual occupancy is below stabilized.

Appraisal & Consulting, a valuation firm, has been contracted by the district to perform valuations of income properties within the district, excluding mineral and industrial properties. The firm is responsible for collecting data, conducting statistical tests, and maintaining data for the valuation of these properties.

Sales Comparison (Market) Approach

Although all three approaches to value are based on market data, the sales comparison approach is most often referred to as the Market Approach. This approach estimates land value by comparing sales of similarly improved properties to each parcel on the appraisal roll. As discussed in the Data Collection/Validation

section of this report, pertinent data from actual sales of properties, both vacant and improved, is collected throughout the year to provide relevant information for all valuation aspects. Sales of similarly improved properties can provide a basis for the depreciation schedules in the cost approach, the rates and multipliers used in the income approach, and direct comparison in the sales comparison approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Final Valuation Schedules

The cost and income models are calibrated and finalized based on the market data analysis and the review previously discussed in the cost, income, and sales approaches. The calibration results are entered into the schedules and models in the mainframe CAMA system for use across all commercial properties in the district.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. This methodology compares the absolute value to the standard and provides a concise measure of appraisal performance. Statistical comparisons across criteria include sales of comparable properties, the previous year's appraised value, audit trails, value-change analysis, and sales-ratio analysis.

Appraisal statistics of central tendency and dispersion derived from sales ratios are available for each property type. These summary statistics include, but are not limited to, the weighted mean, standard deviation, and coefficient of variation, providing appraisers with an analytical tool to assess the level and uniformity of appraised values for a particular property type. The weighted mean can indicate the overall level of appraised values for individual properties within a specific style, and comparisons of weighted means can reflect the general level of appraised value. A review of the standard deviation and the coefficient of variation can indicate appraisal uniformity within a specific property type.

The appraisers review every commercial property annually through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values. Based on the sales ratio statistics and designated parameters for valuation updates, the appraiser decides whether the value level of a particular property type needs to be updated in an upcoming reappraisal or whether the market value level is acceptable.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (including non-recoverable and replacement reserves), net operating income and capitalization rate, and multipliers are continuously reviewed utilizing frequency distribution methods or other statistical procedures or

measures. Income model conclusions are compared to the information obtained on individual commercial properties during the hearings and data from published sources and area vendors.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of the last inspection, the extent of that inspection, and the appraiser responsible are listed in the CAMA system. If a property owner disputes the District's records concerning this data in a protest hearing, CAMA may be altered based on the credibility of the evidence provided. If a building permit is filed for a particular property indicating a change in characteristics, that property is added to a work file. Finally, even though every property cannot be inspected yearly, the chief appraiser typically designates specific area segments for field checks.

Commercial appraisers are somewhat limited in the time available to field review all commercial properties of a specific user type. However, the appraisal district makes a significant effort to field review as many properties as possible, or to focus on an economic area experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Additionally, the appraisers frequently field review personal data items such as building class, quality of construction, condition, and physical, functional, and economic obsolescence factors that contribute significantly to the property's market value. Field reviews are sometimes warranted when sharp changes in occupancy or rental rates occur between building classes or economic areas. With preliminary value estimates, the appraiser's assisted values are compared against the appraiser's judgment in these targeted areas. While in the field, the appraisers physically inspect sold and unsold properties for comparability and value consistency.

Office Review

Office reviews are completed on properties not subject to field inspections and are performed in compliance with USPAP guidelines.

Office reviews are typically limited by the data presented in final value reports. These reports summarize the pertinent data for each property. The appraiser may review the methodology for appropriateness to ensure it was completed in accordance with USPAP or more stringent statutory and district policies. This review process is focused primarily on identifying skewed results on an individual basis.

Once the appraiser is satisfied with the level and uniformity of value for each property within their area of responsibility, the value estimates are sent for noticing. Each parcel is evaluated using the value parameters appropriate for its use type. If a parcel's value falls outside the acceptable parameters, it is

placed on a rework list. Although the value estimates are determined in a computerized mass appraisal environment, value edits and rework lists enable individual parcel review of value anomalies before the value estimate is released for noticing.

PERFORMANCE TESTS

The primary tool for measuring mass appraisal performance is the ratio study. A ratio study compares appraised values to market values. In a ratio study, market values (value in exchange) are typically represented by sales prices (i.e., a sales ratio study). Independent, expert appraisals may also be used to represent market values in a ratio study (i.e., an appraisal ratio study). If there are not enough sales to ensure representativeness, independent appraisals can serve as indicators of market value. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value, but that reflect the use-value requirement. An example is agricultural lands to be appraised based on productivity or use value.

Glasscock CAD has adopted the IAAO STANDARD ON RATIO STUDIES, circa July 1999, as its ratio study standards and practices. Ratio studies generally have six basic steps:

- (1.) determination of the purpose and objectives
- (2.) data collection and preparation
- (3.) comparing appraisal and market data
- (4.) stratification
- (5.) statistical analysis
- (6.) evaluation and application of the results

Sales Ratio Studies

Sales ratio studies are essential to establishing fair and accurate market value estimates and assessments for taxing jurisdictions. The primary uses of sales ratio studies include determining the need for general reappraisal, prioritizing property types for reappraisal, identifying potential problems with appraisal procedures, assisting in market analyses, and calibrating models used to derive appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property's appraised value. The Glasscock County Appraisal Review Board may make individual value adjustments, based on unequal appraisal (ratio) protest evidence, on a case-by-case basis during the hearing process.

Overall sales ratios are generated using type CAMA at least once a year, but more frequently in many cases, especially in specific areas. This allows appraisers to review general market trends in their area of responsibility. Field checks may be conducted in many cases to ensure that the ratios produced are accurate and that the appraised values used are based on precise property data characteristics. These ratio studies aid appraisers by indicating market activity by economic area or by changes in market conditions.

Comparative Appraisal Analysis

The commercial appraiser performs an average unit comparison, similar to a traditional ratio study. These studies are conducted on commercially classified properties by property use type (such as apartment, office, retail, warehouse, or special use). This evaluation aims to determine the appraisal performance of sold and unsold properties. Appraisers' average unit sale prices and average unit appraised values for the same parcels are compared, and average value changes for sold and unsold properties are examined. These studies are conducted by strata such as building class and by properties located within various economic areas. This approach evaluates overall appraisal performance geographically by specific property types to discern whether sold parcels have been selectively appraised. Average unit values are similar when sold, and unsold lots are appraised equally. These horizontal equity studies are performed before the annual notice.

INDUSTRIAL VALUATION PROCESS

Appraisal Responsibility

Glasscock CAD contracts with Pritchard & Abbott, Inc., to appraise industrial properties. The firm is responsible for developing fair and uniform market values for improved industrial properties, and the industrial firm is also responsible for valuing all tangible general industrial personal property within Glasscock CAD.

Further, the firm is responsible for data collection, maintenance of data collection manuals, area and neighborhood analyses, highest and best use analysis, market analysis, development and implementation of data collection procedures and valuation schedules, field and office reviews, performance tests, sales ratio studies, and comparative appraisal analysis.

BUSINESS PERSONAL PROPERTY VALUATION PROCESS

Appraisal Responsibility

The district appraises four types of personal property:

- (1.) business personal property accounts
- (2.) leased assets
- (3.) vehicles
- (4.) multi-location assets

A standard set of data characteristics for each personal property account in Glasscock CAD is collected in the field, and the data is entered into the district's computer system.

Valuation Approach (Model Specification)

SIC Code Analysis

The federal government developed four-digit numeric codes called the Standard Industrial Classification (SIC). Glasscock CAD uses these classifications to categorize personal property by business type.

Highest and Best Use Analysis

The highest and best use of the property is the reasonable and probable use that yields the highest present value as of the appraisal date. The highest and best use must be physically possible, legal, financially feasible, and capable of achieving maximum productivity. The highest and best use of personal property is typically its current use.

Data Collection/Validation

Sources of Data

Business Personal Property

The district's property characteristic data was initially received from the Glasscock County Tax Office and various school district records in 1980. It has also been collected through a field data collection effort coordinated by the district over time. When revaluation activities permit, the district collects new data via a field drive-out. This project results in discovering new businesses not revealed through other sources. Tax assessors and the local newspaper also provide the district with information regarding new personal property and other valuable facts related to property valuation.

Leased and Multi-Location Assets

The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

VALUATION AND STATISTICAL ANALYSIS (MODEL CALIBRATION)

Cost Schedules

Due to a lack of viable information within the district, the appraisal district staff relies primarily on the Appraisal Manual provided by Eagle Appraisal & Consulting or the Appraisal Guide issued by the Comptroller of Public Accounts. A local modifier is developed and applied to the Guide, where applicable.

Statistical Analysis

Summary statistics, including, but not limited to, the median, weighted mean, and standard deviation, provide appraisers with an analytical tool to assess both the level and uniformity of appraised value. A review of the standard deviation can indicate appraisal uniformity.

Depreciation Schedule and Trending Factors

Glasscock CAD's primary approach to valuing a business's personal property is the cost approach. The replacement cost (RCN) is either derived from the property owner's reported historical expenses or from Glasscock CAD-developed valuation models. The trending factors used by Glasscock CAD to develop RCN are based on published valuation guides. The percent good factors used by Glasscock CAD are also based on published valuation guides. The index factors and percent good depreciation factors are used to develop present value factors (PVF) by year of acquisition, as follows:

$$\text{PVF} = \text{Index Factor} \times \text{Percent Good Factor}$$

The cost approach uses the PVF as an "express" calculation. The PVF is applied to reported historical costs as follows:

$$\text{Market Value Estimate} = \text{PVF} \times \text{Historical Cost}$$

This mass appraisal PVF schedule ensures that estimated values are uniform and consistent within the market.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

Business Personal Property

Property owner renditions, accounts with field or other data changes, accounts with prior hearing information, new accounts, and SIC cost table changes are all reviewed and considered.

Vehicles

An outside vendor receives a vehicle master file (in hard copy form). Vehicles in the district's system from the prior year are programmatically matched to current DOT records. These vehicles are compared to existing accounts, and new reports are created as needed.

Only vehicles used in a commercial enterprise are appraised and included on the appraisal roll. Personal-use vehicles are exempt from taxation.

After matching accounts and completing data entry, notices are generated and reviewed. Once proofread, the statements are mailed in accordance with Section 19.

PERFORMANCE TESTS

Ratio Studies

The Property Tax Division of the state comptroller's office conducts a property value study (PVS) every other year. The PVS is a ratio study that gauges appraisal district performance. PVS results influence school funding. Rather than a sales ratio study, the personal property PVS uses state cost and depreciation schedules to develop comparative personal property values. These values are then compared with Glasscock CAD's personal property values to calculate ratios.

Internal Testing

Glasscock CAD can test new or revised cost and depreciation schedules by running the valuation program in test mode before the valuation cycle. This enables the district to make additional refinements to the schedules as needed.

LIMITING CONDITIONS

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

1. The appraisals were prepared exclusively for ad valorem tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed.

3. Validation of sales transactions was attempted through questionnaires to buyers and field reviews. Without such confirmation, residential sales data obtained from vendors were considered reliable.
4. I have attached a list of those providing significant mass appraisal assistance to the person signing this certification.

Certification Statement:

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



Scott Smetana, RPA, CCA

Chief Appraiser

PERSONS PROVIDING SIGNIFICANT MASS APPRAISAL ASSISTANCE

<u>NAME</u>	<u>TITLE</u>	<u>TYPE OF ASSISTANCE</u>
Gary Zeitler	Owner of Eagle Appraisal & Consulting	Ratio Studies Schedule Studies & Development Field Inspections Appraisals

Twila Butler	Appraiser/Consultant	Field Inspections
	Eagle Appraisal & Consulting	Research
		Appraisals
Charlotte Neill	Appraiser/Consultant	Field Inspections
	Eagle Appraisal & Consulting	Research
		Appraisals
Phillip Thorton	Appraiser/Consultant	Field Inspections
	Eagle Appraisal & Consulting	Research
		Appraisals
Shane Schaffner	Appraiser/Consultant	Field Inspections
	Eagle Appraisal & Consulting	Research
		Appraisals
Clarissa LaRue	Appraiser/Consultant	Field Inspections
	Eagle Appraisal & Consulting	Research
		Appraisals
David Ballard	Appraiser/Consultant	Field Inspections
	Eagle Appraisal & Consulting	Research
		Appraisals

Note: Eagle Appraisal and Consulting firm may assign other personnel to appraise various properties within the district. Their work is directly scrutinized by Gary Zeitler, the company's owner and president.