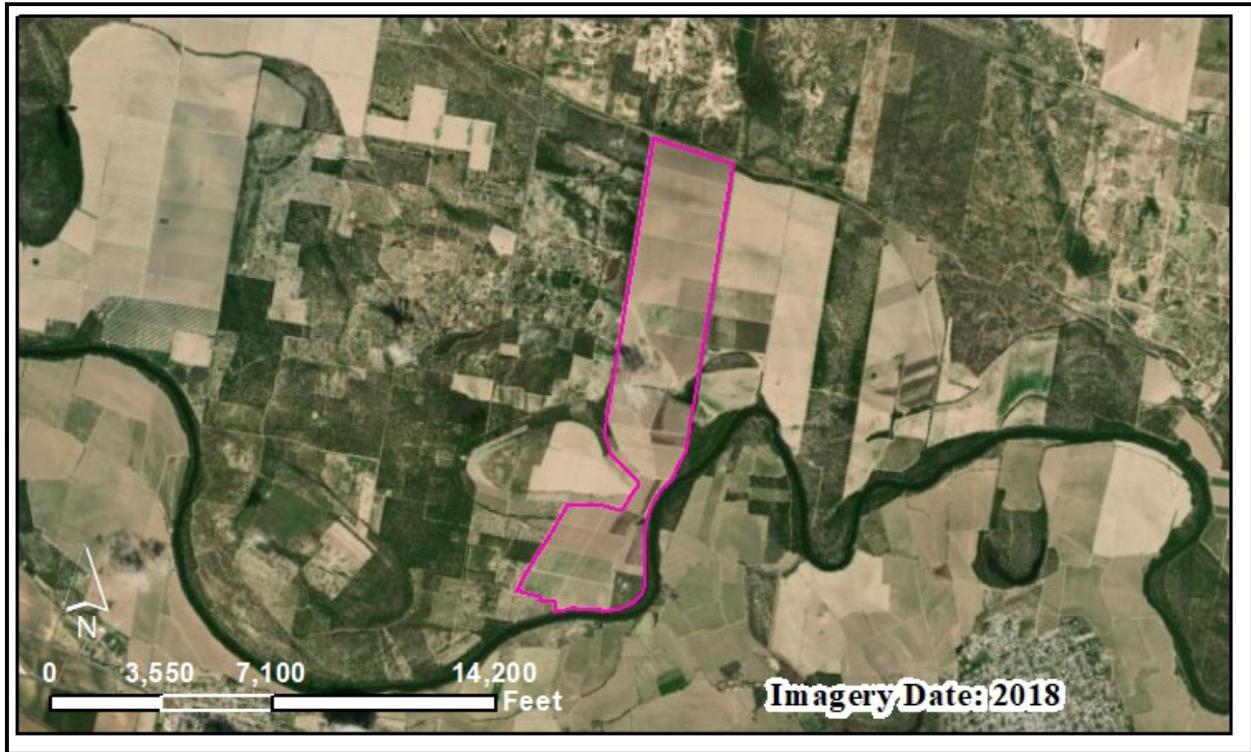


**SALE ID: RGVS81**



Grantor:	Annett K. Cottingham, et al	Sale Price:	\$ 3,476,250
Grantee:	City of Laredo	Deeded Acres:	933.54
County:	Starr	\$/Acre:	\$3,724
Date:	03/18/2016		
Recording:	V1473/P775	Property Type:	River Farm
		Land Use:	Irrigated Crop
Location:	1 mile east of La Gulla	Grid ID:	La Grulla

**Legal Description:** A tract of land consisting of 933.542 acres situated in the County of Starr, Texas, Consisting of: 10.344 acres out of La Chicharra Banco 94, 16.676 acres out of Villarreales Segundo Banco 136, according to the plat thereof recorded in Volume 1, Page 6, Map Records of Bancos, Starr County, Texas, 3.962 acres out of tract 184, 101.483 acres out of tract 175, Porcion 95, Ancient Jurisdiction of Camargo, Mexico, now Starr County, Texas, which said 933.542 acres were conveyed to Annette K. Berry, Sharon E. Katz and Carol K. Fisherman by virtue of a Warranty Deed thereof recorded in Volume 565, Page 227, Starr County Deed Records, said 933.542 acres also being more particularly described by metes and bounds in the deed of conveyance. Together with all water rights included in Certificate of Adjudication No. 23-601 containing 1,278 Class A rights and 1,029.98 Class B rights.

## COMMENTS

### Overview

This sale is located just east of La Grulla in Starr County along the south right-of-way line of Old Military Road which is a caliche based road in the area of the property. Total distance to nearest pavement is approximately 0.70 miles to the west where Old Military Road intersects with FM 2360. The property is predominately level with some areas of undulating topography and a natural slope from north to south towards the Rio Grande River. The farm has been terraced and leveled to facilitate irrigation and maximize the tillable acres. Electricity is available to the tract and serves a 6,000 square foot metal shed/barn with small office space and an old residence utilized for chemical storage at the time of sale. Improvements are considered to have less than 2% contribution to the overall purchase price, if any, thus for purposes of analysis they are allocated at \$0 and the sale price is allocated across the land and water rights. At the time of sale, the property was subject to a lease agreement with Chapotal Farms (Kenneth Wilkins). The lease had an expiration of August 31, 2016, but had extension provisions for those fields awaiting harvest of sugar cane. The lease was a cropshare agreement providing 20% of sugar cane proceeds and 25% of cotton, corn, or grain produced from the farm as payment. The landlord did not participate in any expenses associated with the farming operation. The grantee planned to negotiate a new lease with the farmer for a period of 5 years.

The buyer of the farm was the City of Laredo who has been an active buyer of water rights in the Lower Rio Grande Valley. Interviews with knowledgeable participants in the transaction indicate the primary motivation was for the water rights associated with the farm. The property was listed at \$3,750 per acre which was offered by the City of Laredo. Upon surveying the property, it was found to have more acreage than listed, but the purchase price was not adjusted based upon the additional acreage. All analysis performed by our team on this sale indicates it is representative of an arm's length transaction in line with market value. That said, the grantee is a governmental entity and use of this sale in any USFLA appraisal assignment should only be done after the appraiser has met the extraordinary verification requirements outlined in the standards.

### Soils and Allocation

The property includes portions of three bancos or old riverbeds of the Rio Grande River as well as a small reservoir along the east boundary containing approximately 7 acres, and approximately 19 acres of deep sand at the southeast corner that is not cultivated. These areas, in conjunction with a brush line along the river consume approximately 70 acres, or 7.5% of the property that is allocated as outage. The remainder of the farm is considered tillable acreage predominantly made up of Class I soils (619 acres). Class II soils consume 190 acres of the tract and the remaining 55 acres are allocated as Class IV-VIII soils. The property lies entirely within the floodway of the Rio Grande River, thus all soils are allocated as floodway soils.

### Water Rights

The sale included Certificate of Adjudication No. 23-601 authorizing the diversion and use from the Rio Grande River for agricultural (irrigation) use of a maximum of 1,278 acre feet per year allocated on a Class A priority basis and 1,029.98 acre feet per year allocated on a Class B priority basis. Extensive analysis pertaining to the surface contribution of the farm indicates a value of approximately \$2,560 per acre, or a total contribution of \$2,390,169 rounded. Removing this contribution from the sale price yields a residual of \$1,086,081 allocated to the water right contribution. This contribution converts to a rate of \$471 per acre foot when spread out over the properties 2,307.98-acre feet of Class A and Class B water rights. This contribution rate is commensurate with other measured rates throughout the Lower Rio Grande Valley and indicates that while the buyer does aggressively seek water rights in the area, they did not pay a premium for the tract to satisfy their motivation. The transaction is considered to mimic the typical behavioral patterns of other buyers and sellers within the market. Allocating a small value to the improvements would yield a lower contribution rate for the water rights.

### Land Allocation Table

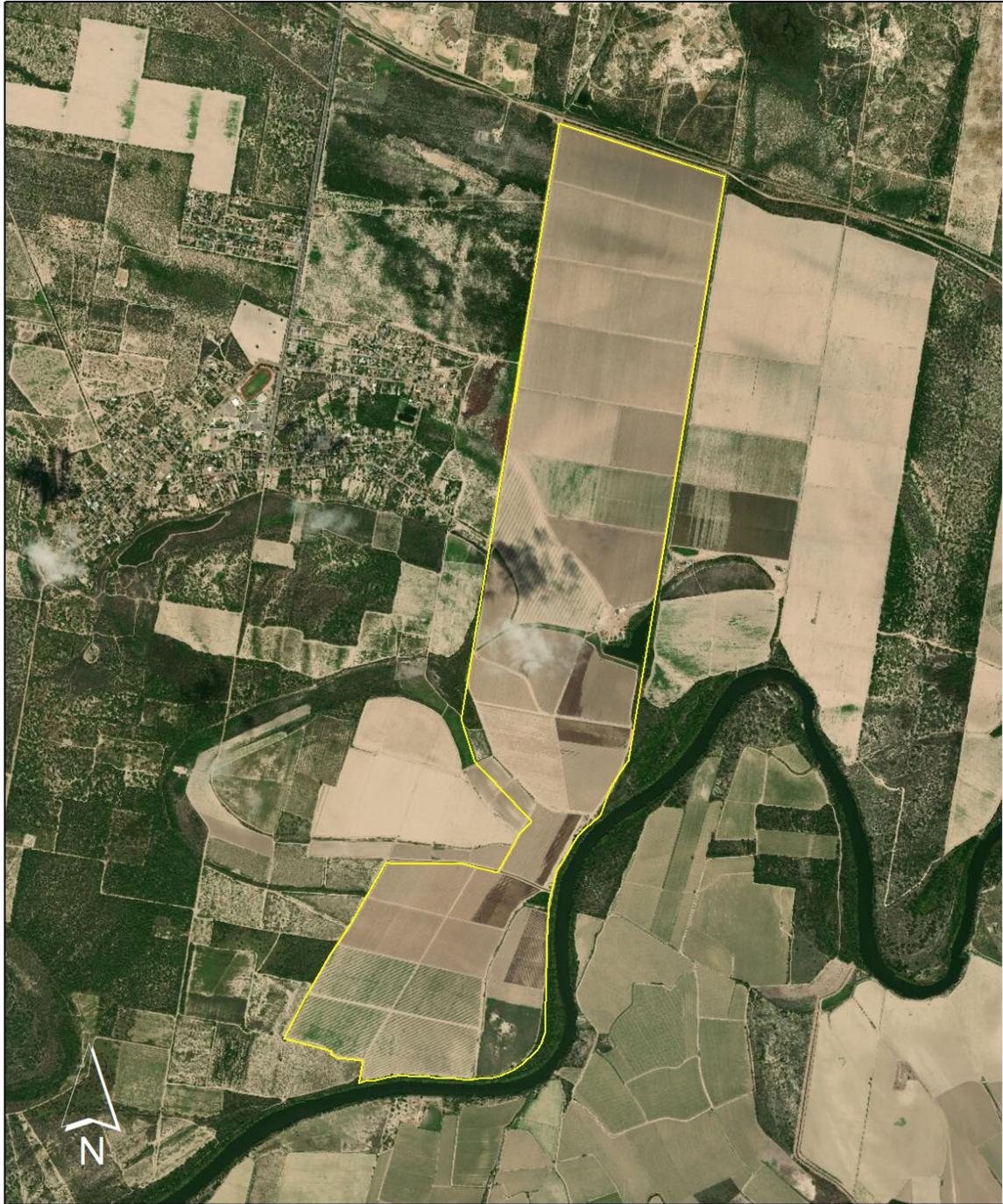
<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 3,597.32	\$ 0
Class I Soils Floodway	80%	619	\$ 2,877.85	\$ 1,781,389
Class II Soils	90%	0	\$ 3,237.59	\$ 0
Class II Soils Floodway	72%	190	\$ 2,590.07	\$ 492,113
Class III Soils	70%	0	\$ 2,518.12	\$ 0
Class III Soils Floodway	56%	0	\$ 2,014.5	\$ 0
Class IV - VIII Soils	50%	0	\$ 1,798.66	\$ 0
Class IV - VIII Soils Floodway	40%	55	\$ 1,438.93	\$ 79,141
Outage	15%	69.54	\$ 539.6	\$ 37,524
Spec. Dev.	180%	0	\$ 6,475.17	\$ 0
<b>TOTALS</b>		<b>933.54</b>	<b>\$ 2,560.33</b>	<b>\$ 2,390,167</b>
<b>Equiv. Rating</b>		<b>71%</b>		

#### TOTAL SALE PRICE ALLOCATION

Total Sale Price:	\$ 3,476,250
Less Est. Land Value:	\$ 2,390,167
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 1,086,081
Other Description:	Water Rights

Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

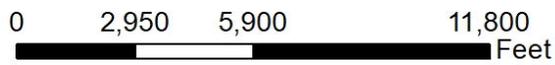
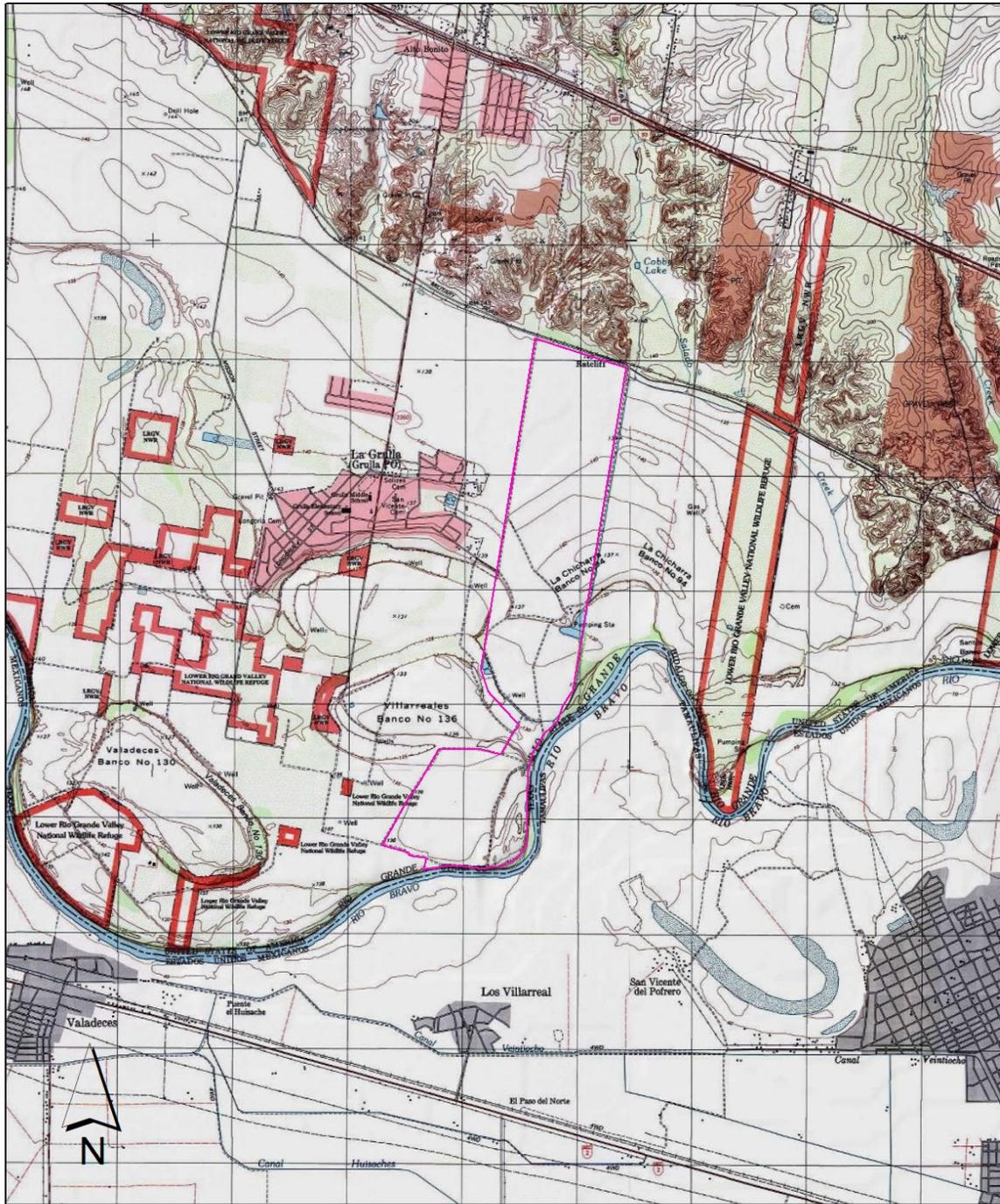
# RGVS81 Aerial Map



0 1,625 3,250 6,500  
Feet

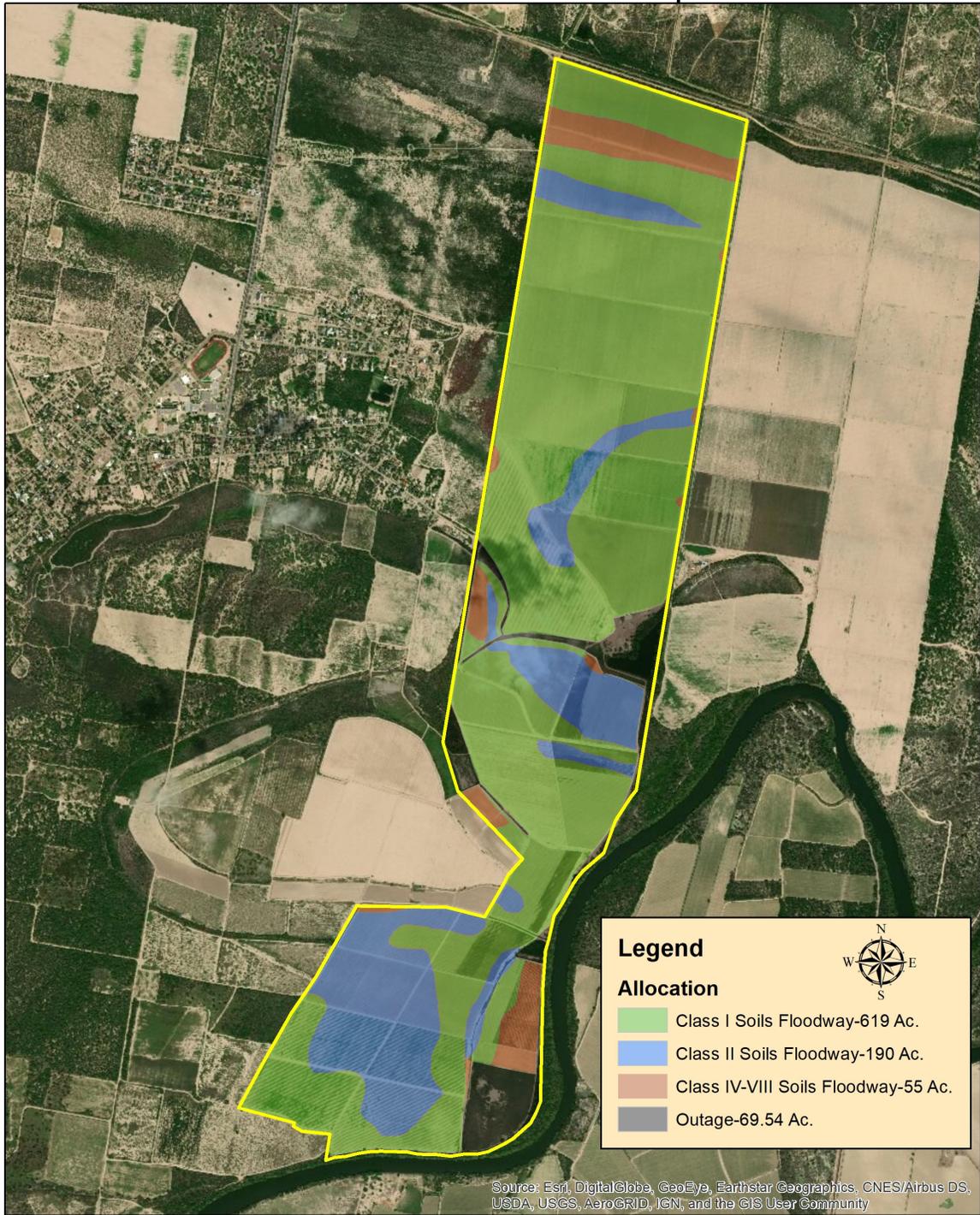
Imagery Date: 2018

# RGVS81 Topo Map



USGS Topological Map

# RGVS81 Allocation Map



0 1,250 2,500 5,000 Feet

Analysis of RGVS81		
	RGVS81	Median Sale
Property Type	Irrigated Crop	Irrigated Crop
Date	3/18/2016	5/5/2013
Sale Price	\$3,476,250	\$1,414,665
Deeded Acres	933.54	428.69
Price/Acre <sup>1</sup>	\$3,724	\$3,300
ER <sup>2</sup>	71%	89%
%? in ER <sup>3</sup>		-20.22%
Adjusted Price		\$2,633
Time Periods		35
Rate		0.25%
Adjusted Price		\$2,873
Irrigation Potential	107%	100%
Adjustment <sup>4</sup>		0%
Adjusted Price		\$2,873
Size Doubles		1.09
Rate <sup>5</sup>		-10%
Adjusted Price	\$3,724	\$2,560
Residual Analysis		
Sale Price	\$3,476,250	
Land \$/Ac.	\$2,560	
Total Land Value <sup>6</sup>	\$2,390,169	
Residual to Water <sup>7</sup>	\$1,086,081	
AF of Water Rights	2307.98	
Cont. / AF of Water	\$471	
Notes:		
1. $\$3,476,250 \div 933.54$		
2. ER utilizing ratios found in Table 3.12		
3. %? from 89 to 71 ( $(89 - 71) \div 89$ )		
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)		
5. +12% per double large to small, -10% per double small to large		
6. $\$2,560/\text{Ac.} \times 933.54 \text{ Acres} = \$2,390,169$		
7. $\$3,476,250 - 2,390,169 = \$1,086,081$		
8. $\$1,086,081 \div 2307.98 \text{ Ac. Ft.} = \$471/\text{Ac.Ft.}$		

**SALE ID: RGVH506**



Grantor:	Charles E. Pratt, III, as Trustee of the Charles Pratt Family Trust, et al	Sale Price:	\$ 2,585,600
Grantee:	Neuhaus & Sons	Deeded Acres:	807.73
County:	Hidalgo	\$/Acre:	\$ 3,201
Date:	09/28/2016		
Recording:	2752394	Property Type:	River Farm
		Land Use:	Irrigated Crop
Location:	3.6 Miles Southwest of Mission	Grid ID:	Penitas

**Legal Description:** A 807.73 gross acre tract of land out of the West Addition to Sharyland Subdivision, Lots 9-1, 9-2, and Parts of Lots 9-3, 9-4 and Parts of Lots 10-1, 10-2, and 10-3 and Part of Porcio 53 and 54, Hidalgo County, Texas, as per map or plate thereof recorded in Volum 1, Page 56, Map Records, Hidalgo County, Texas, and Tortuga Banco No. 65, and Accretion Area, Hidalgo County, Texas. 1990.235 acre feet of Class "A" water rights and 575.00 acre-feet of Class "B" water rights, both for irrigation purposes, Certificate of Adjudication No. 23-399, Amendment "D".

## COMMENTS

### Overview

This 807.73 gross acre irrigated farm is located due south of Mission, Texas on the north side of the Rio Grande River and on the south or River side of the IBWC levee in southern Hidalgo County. Some 20 acres, more or less, are situated in the northeast quadrant of the farm, on the south side of the levee, and were excluded from the sale due to title (outside ownership) issues. That small area also contains the minimal improvements which serve the farm operator. The grantee confirmed that arrangements had been made with the owner to convey the property when title could be cleared. Tortuga Banco No. 65 is located in the northcentral portion of the farm. The Banco is a former course of the River and serves as a drainage area as well as receiving underground water from the River. The tenant, now the owner has a diesel-powered pump on the Banco in order to lower the water level to prevent soil salinity and aid drainage. The balance of the farm is level and has been machine leveled in prior years into several pans or fields

### Soils and Allocation

The boundaries of the farm meander along the River frontage and significant, dense brush and undulating topography is present in areas of outage. The area surrounding and including Tortuga Banco No. 65 also has heavy brush lines and contribute additional outage to the property. The grantee stated a tillable acreage of 617.24. Aerial photography and mapping software indicate total outage of 124.73 acres yielding a tillable acreage of 683 acres. It is assumed that the grantee included the extensive road system in his outage estimate which we leave in for our analysis. Thus, the property is allocated based upon our measurements to remain consistent with other analysis. The tract has 288 acres of Class I floodway soils, 367 acres of Class II floodway soils, 9 acres of Class III floodway soils, and 19 acres of Class IV floodway soils.

### Irrigation and Water Rights

The farm is irrigated via an extensive underground pipeline system which delivers water to all fields. The source of water is 1,990.235-acre feet of Class A adjudicated water rights (Certificate of Adjudication No. 23-399, Amendment "D") and 575.0 acre-feet of Class B adjudicated water rights under the same adjudication number for a total of 2,565.235 acre feet, or 1,026.094 irrigatable acres. The water is diverted from the River by twin-pumps connected to a manifold for directional flow. Power to the pumps is electricity. In addition to the adjudicated water rights, three wells are present. However, due to lack of power sources and maintenance, they are not considered to add additional irrigation potential. Therefore, the irrigation potential is considered to be 150% of tillable land (1,026 tillable acres divided by 683 tillable acres). Analysis of the property indicates a surface value of approximately \$2,434 per acre. Deducting this contribution from the sale price yields a total water right contribution of \$619,815, or a price per acre foot of water of \$242.

**Land Allocation Table**

<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 3,737.31	\$ 0
Class I Soils Floodway	80%	288	\$ 2,989.85	\$ 861,077
Class II Soils	90%	0	\$ 3,363.58	\$ 0
Class II Soils Floodway	72%	367	\$ 2,690.86	\$ 987,546
Class III Soils	70%	0	\$ 2,616.12	\$ 0
Class III Soils Floodway	56%	9	\$ 2,092.89	\$ 18,836
Class IV - VIII Soils	50%	0	\$ 1,868.65	\$ 0
Class IV - VIII Soils Floodway	40%	19	\$ 1,494.92	\$ 28,403
Outage	15%	124.73	\$ 560.6	\$ 69,924
Spec. Dev.	180%	0	\$ 6,727.16	\$ 0
<b>TOTALS</b>		<b>807.73</b>	<b>\$ 2,433.72</b>	<b>\$ 1,965,786</b>
<b>Equiv. Rating</b>		<b>65%</b>		

**TOTAL SALE PRICE ALLOCATION**

Total Sale Price:	\$ 2,585,600
Less Est. Land Value:	\$ 1,965,786
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 619,815
Other Description:	Water Rights

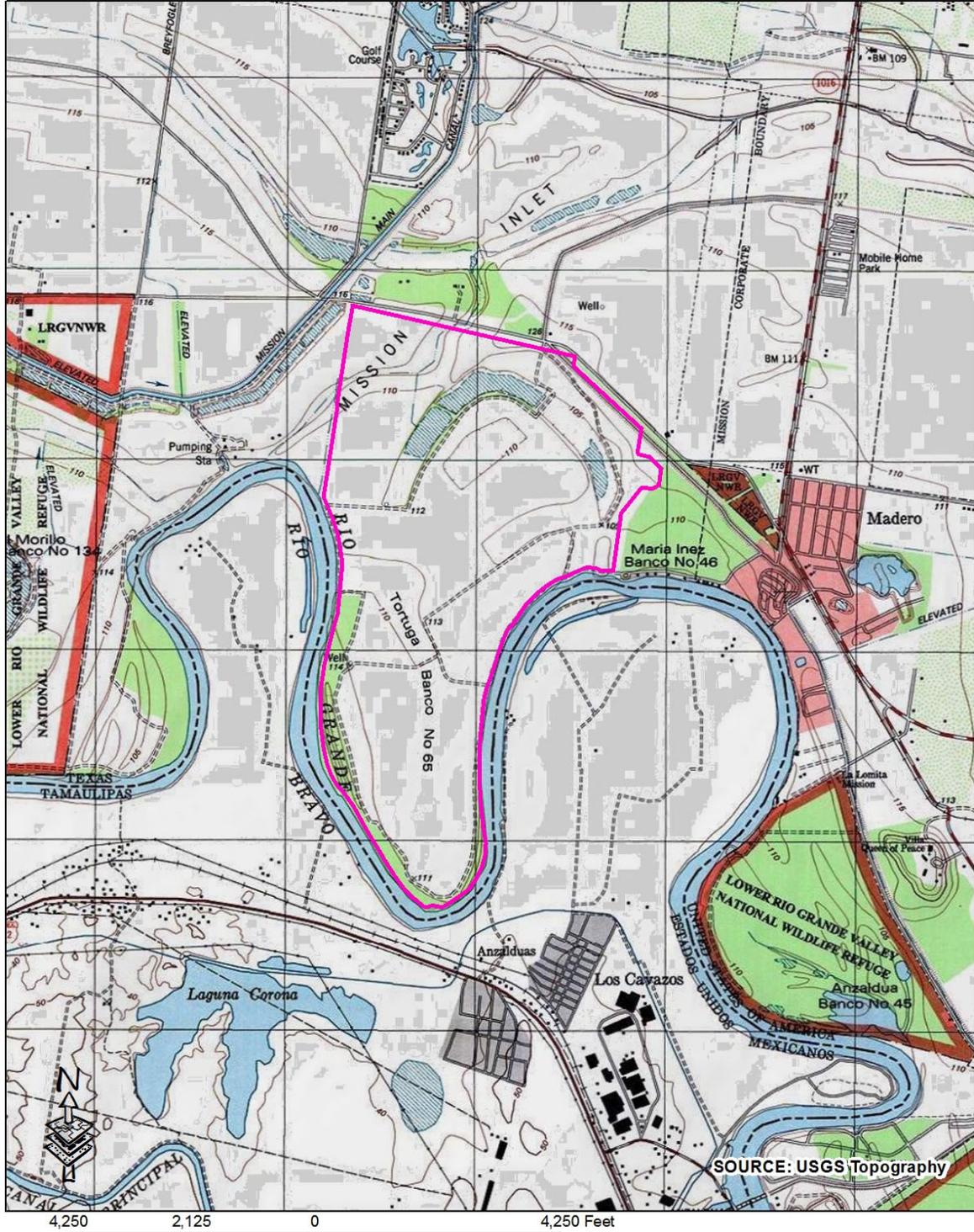
Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

# RGVH506 Aerial

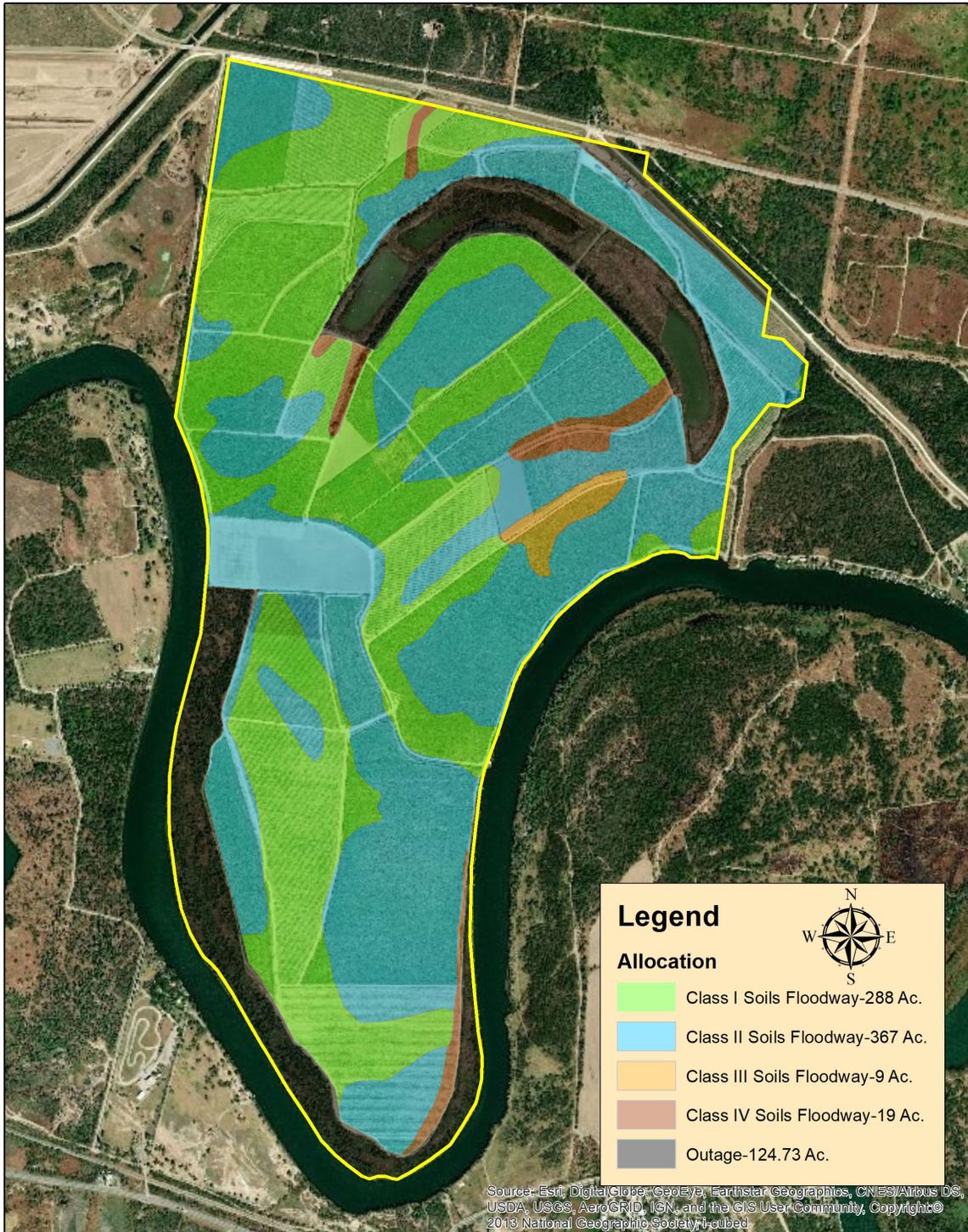


0 1,700 3,400 6,800 Feet

# RGVH506 USGS Topography



# RGVH506 Allocation



0 1,000 2,000 4,000 Feet

**Analysis of RGVH506**

	RGVH506	Median Sale
Property Type	Irrigated Crop	Irrigated Crop
Date	9/28/2016	5/5/2013
Sale Price	\$2,585,600	\$1,414,665
Deeded Acres	807.73	428.69
Price/Acre <sup>1</sup>	\$3,201	\$3,300
ER <sup>2</sup>	65%	89%
%? in ER <sup>3</sup>		-26.97%
Adjusted Price		\$2,410
Time Periods		41
Rate		0.25%
Adjusted Price		\$2,670
Irrigation Potential	150%	100%
Adjustment <sup>4</sup>		0%
Adjusted Price		\$2,670
Size Doubles		0.88
Rate <sup>5</sup>		-10%
Adjusted Price	\$3,201	\$2,434

Residual Analysis	
Sale Price	\$2,585,600
Land \$/Ac.	\$2,434
Total Land Value <sup>6</sup>	\$1,965,785
Residual to Water <sup>7</sup>	\$619,815
AF of Water Rights	2565.24
Cont. / AF of Water	\$242

Notes:

1.  $\$2,585,600 \div 807.73$
2. ER utilizing ratios found in Table 3.12
3. %? from 89 to 65  $((89 - 65) \div 89)$
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)
5. +12% per double large to small, -10% per double small to large
6.  $\$2,434/\text{Ac.} \times 807.73 \text{ Acres} = \$1,965,785$
7.  $\$2,585,600 - 1,965,785 = \$619,815$
8.  $\$619,815 \div 2565.235 \text{ Ac. Ft.} = \$242/\text{Ac.Ft.}$

**SALE ID: RGV676**



Grantor:	Charles Shofner, Trustee	Sale Price:	\$ 749,780
Grantee:	Robert Duncan	Deeded Acres:	374.89
County:	Cameron	\$/Acre:	\$ 2,000
Date:	10/12/2007		
Recording:	V14549/P33	Property Type:	Farm
		Land Use:	Non-Irrigated Crop
Location:	1 east of Bluetown	Grid ID:	Progreso

**Legal Description:** Tract 1: A metes and bounds description of 246.21 acres lying north of US Highway 281, out of a certain 562.3 acre tract out of La Florida Grant, Cameron County, Texas;  
 Tract 2: 89.13 acres out of a 100 acre tract, being all that certain tract in the Pablo Champion Tract, La Feria Grant, lying north of the Military Highway...described in deed recorded in Volume 617, Page 387, DRCC, Cameron County, Texas  
 Tract 3: A metes and bounds description of 39.55 acres of land out of the Sarah Jane Ransom Tract, Juan Jose Balli Share, La Feria Grant, Cameron County, Texas  
 Easement Tract: A proposed 24 foot easement, being 2.41 acres if land lying south of Highway 281, out of a certain 435 acre tract of the La Florida Ranch, La Feria Grant, Cameron County, Texas.

## COMMENTS

### Overview

This tract is located east of Bluetown and on the north side of US Highway 281 in southwest Cameron County, Texas. Included with the sale was Certificate of Adjudication 23-249 containing 131.7 acre feet of Class A water rights. The farm was mostly level at the time of sale; however, the buyer indicated that some acreage was leveled after purchase. Although adjacent to the Adams Garden Main Canal, that District manager confirmed that the farm is not in the District; however, the tenant stated that some District water is used in the northerly portion of the farm.

### Soils and Allocation

Based on the water rights that transferred and the lack of being located within an irrigation district, the property is allocated as a non-irrigated farm. The property transferred 131.7 acre feet of Class A water rights, or 52.68 irrigatable acres. When divided by the tillable acreage totaling 339 the irrigation potential is only 15.5%. On a non-irrigated basis the farm contains 219 acres of Class II soils, 108 acres of Class III soils, and 12 acres of Class IV soils.

### Irrigation

As stated a majority of the farm is a non-irrigated tract. Analyzing the farm on a non-irrigated basis indicates a surface value of approximately \$1,852 per acre after a small adjustment for irrigation potential is included. This yields a water right contribution of approximately \$55,301, or \$420 per acre foot of water.

### Land Allocation Table

<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 2,444.63	\$ 0
Class I Soils Floodway	80%	0	\$ 1,955.7	\$ 0
Class II Soils	90%	219	\$ 2,200.17	\$ 481,837
Class II Soils Floodway	72%	0	\$ 1,760.13	\$ 0
Class III Soils	70%	108	\$ 1,711.24	\$ 184,814
Class III Soils Floodway	56%	0	\$ 1,368.99	\$ 0
Class IV - VIII Soils	50%	12	\$ 1,222.31	\$ 14,668
Class IV - VIII Soils Floodway	40%	0	\$ 977.85	\$ 0
Outage	15%	35.89	\$ 366.69	\$ 13,161
Spec. Dev.	180%	0	\$ 4,400.33	\$ 0
<b>TOTALS</b>		<b>374.89</b>	<b>\$ 1,852.49</b>	<b>\$ 694,480</b>
<b>Equiv. Rating</b>		<b>76%</b>		

#### TOTAL SALE PRICE ALLOCATION

Total Sale Price:	\$ 749,780
Less Est. Land Value:	\$ 694,480
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 55,301
Other Description:	Water Rights

Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

# RGV676 Aerial



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

0 650 1,300 2,600 Feet

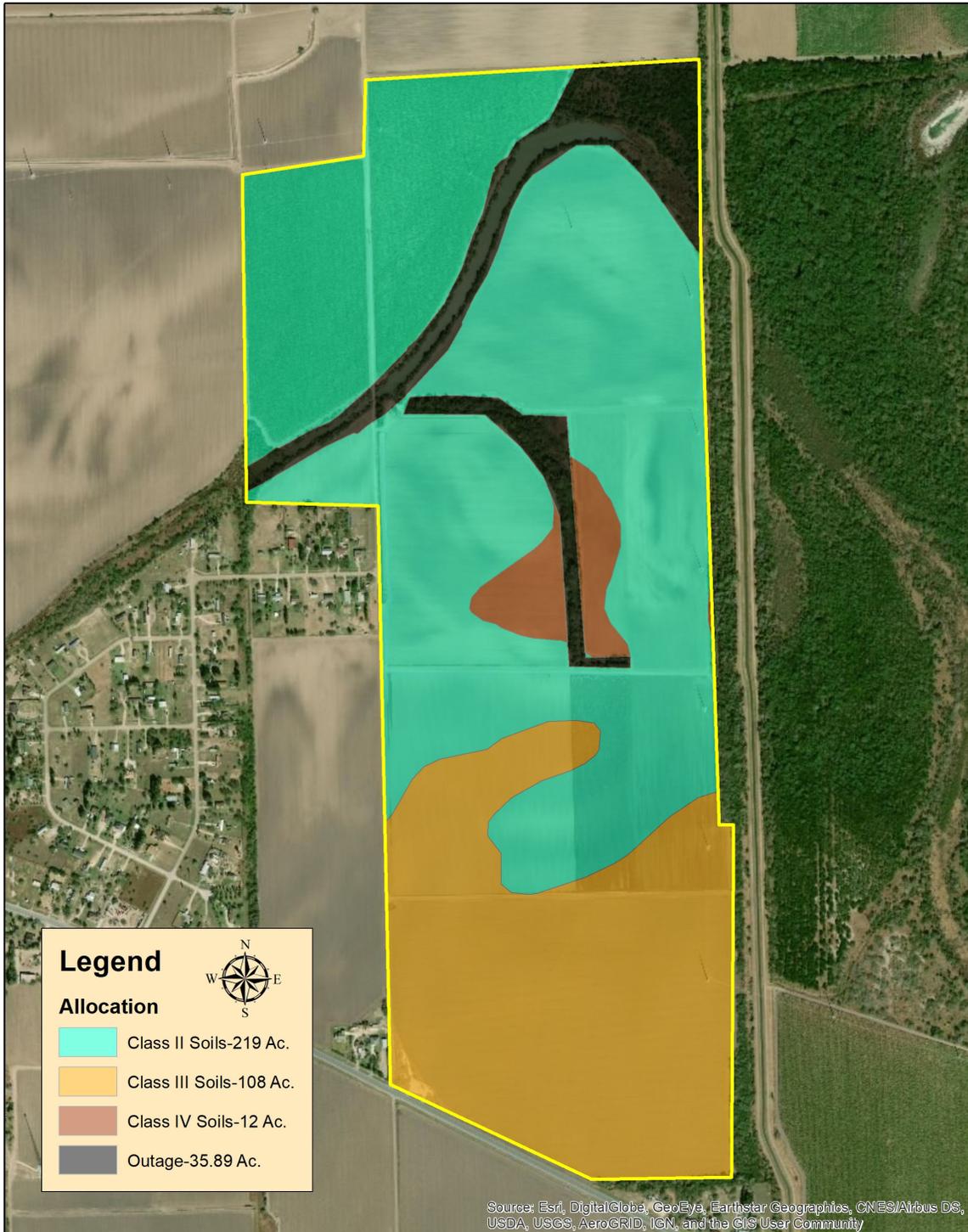
RGV676 Topo



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0 650 1,300 2,600 Feet

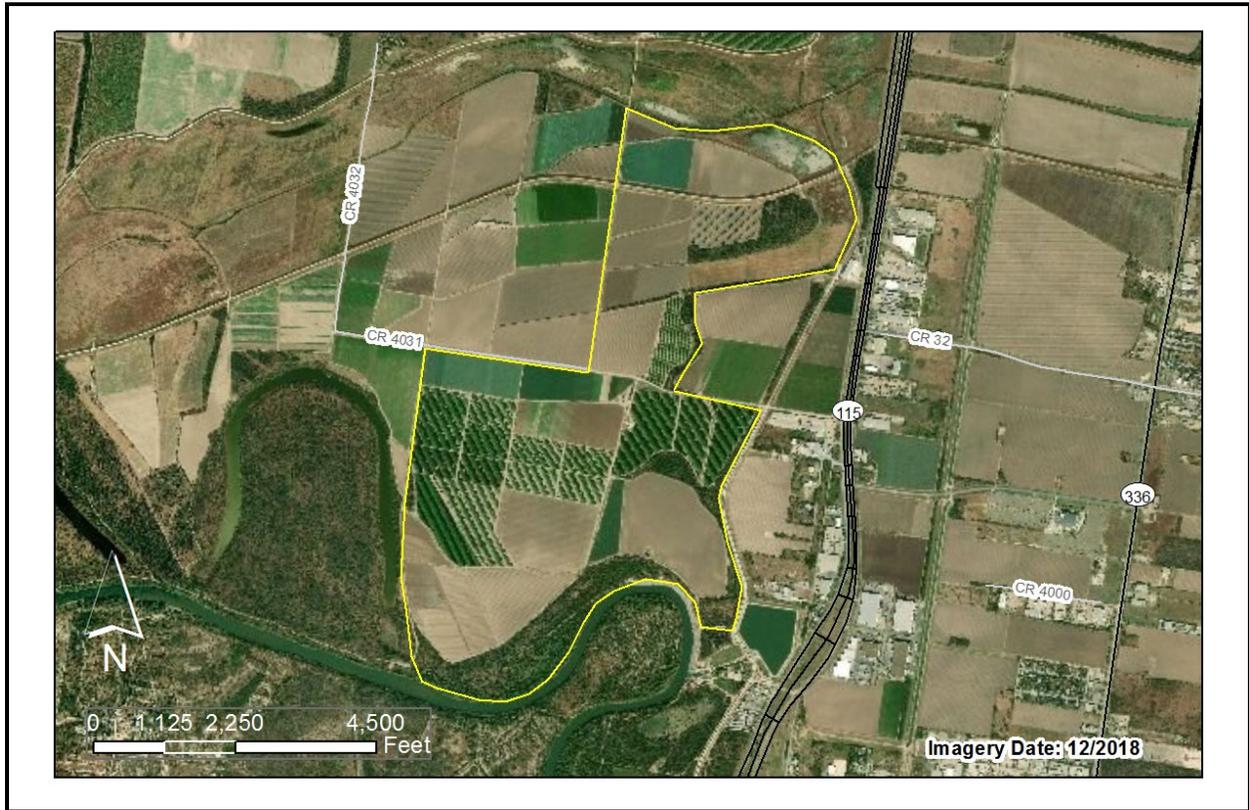
# RGV676 Allocation



0 650 1,300 2,600 Feet

Analysis of RGV676		
	RGV676	Median Sale
Property Type	Non-Irrigated Crop	Non-Irrigated Crop
Date	10/12/2007	5/5/2013
Sale Price	\$749,780	\$1,060,999
Deeded Acres	374.89	428.69
Price/Acre <sup>1</sup>	\$2,000	\$2,475
ER <sup>2</sup>	76%	89%
%? in ER <sup>3</sup>		-14.61%
Adjusted Price		\$2,113
Time Periods		-68
Rate		0.25%
Adjusted Price		\$1,783
Irrigation Potential	15.5%	0%
Adjustment <sup>4</sup>		4%
Adjusted Price		\$1,852
Size Doubles		0.14
Rate <sup>5</sup>		0%
Adjusted Price	\$2,000	\$1,852
Residual Analysis		
Sale Price	\$749,780	
Land \$/Ac.	\$1,852	
Total Land Value <sup>6</sup>	\$694,479	
Residual to Water <sup>7</sup>	\$55,301	
AF of Water Rights	131.70	
Cont. / AF of Water	\$420	
Notes:		
1. $\$749,780 \div 374.89$		
2. ER utilizing ratios found in Table 3.12		
3. %? from 89 to 76 $((89 - 76) \div 89)$		
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)		
5. +12% per double large to small, -10% per double small to large		
6. $\$1,852/\text{Ac.} \times 374.89 \text{ Acres} = \$694,479$		
7. $\$749,780 - 694,479 = \$55,301$		
8. $\$55,301 \div 131.7 \text{ Ac. Ft.} = \$420/\text{Ac.Ft.}$		

**SALE ID: RGVH618**



Grantor:	Elsie S. Kawahata, Anne Etchison, et. al.	Sale Price:	\$ 1,285,489
Grantee:	James L. Pawlik and wife Holly Pawlik; John E. Pawlik; and, Louis A. Pawlik, Trustee, et. al.	Deeded Acres:	813.07
County:	Hidalgo	\$/Acre:	\$ 1,581
Date:	11/11/1999		
Recording:	1999-829815	Property Type:	River Farm
		Land Use:	Irrigated Crop
Location:	1.5 Miles Northwest of Hidalgo	Grid ID:	McAllen

**Legal Description:** Out of Lots 2, 3, 10, 11, 12 Bk 6; Lots 1, 2, 3, 10, 11, Bk 7; Lots 1, 2, 3, 4, 5, 8, 9, 10, 11, Bk 8; Rio Bravo Subdivision and Reynosa Banco No. 98; Hidalgo County, Texas. Recorded in Clerks Instrument Nos. 829815; 829727; and 829596; Official Records, Hidalgo County, Texas. In conjunction with 1,821.225 acre feet of Class B water rights associated with Certificate of Adjudication No. 23-473 (1,088.725 acre-feet) and Certificate of Adjudication No. 23-418 (732.50 acre-feet).

## COMMENTS

### Overview

This property is located between the main floodway, the IBWC levee and the Rio Grande, in southwest Hidalgo County; access is via F.M. 1016 and the Old Military Road, which crosses the farm. 23d street and the Valley Expressway in McAllen is 5 miles north of the property and the City of Hidalgo and an international bridge are located southeast of the property. There were no structural improvements on the farm at the date of sale. The acreage was conveyed via three deeds, with each conveying an undivided one-third interest. The grantors were all members of one family; the sale was negotiated as one transaction.

### Soils and Allocation

Aerial photography was utilized to measure outage on the farm. Total outage is estimated at 170.07 acres, or 21% of gross acres. Most of the outage is found in the alluvial land adjacent to the Rio Grande, with the remainder found in a naturally occurring lake bed in the northern portion of the tract. This area contains +/-80 acres. Portions of the lakebed are tilled, but the buyer's considered the area very marginal, thus it is included in the outage estimate. All portions of the property are found in the floodways of the Rio Grande, thus all soils are allocated as floodway soils. The tract has 325 acres of Class I floodway soils, 223 acres of Class II floodway soils, 25 acres of Class III floodway soils, and 70 acres of Class IV-VIII floodway soils.

### Irrigation and Water Rights

The tract conveyed with 1,821.225 acre feet of Class B water rights associated with Certificate of Adjudication No. 23-473 (1,088.725 acre-feet) and Certificate of Adjudication No. 23-418 (732.50 acre-feet). Utilizing a standard irrigation rate of 2.5 acre-feet of water per surface acre yields a total of 728.49 irrigatable acres. The tract has a total of 643 tillable acres as allocated yielding an irrigation efficiency of 113%. Analysis of the sale indicates a supportable surface value of approximately \$1,345 per acre. Deducting this surface contribution from the sale price yields a \$192,054 residual which, when divided by the acre-feet of water yields a contribution rate of \$105 per acre foot.

### Land Allocation Table

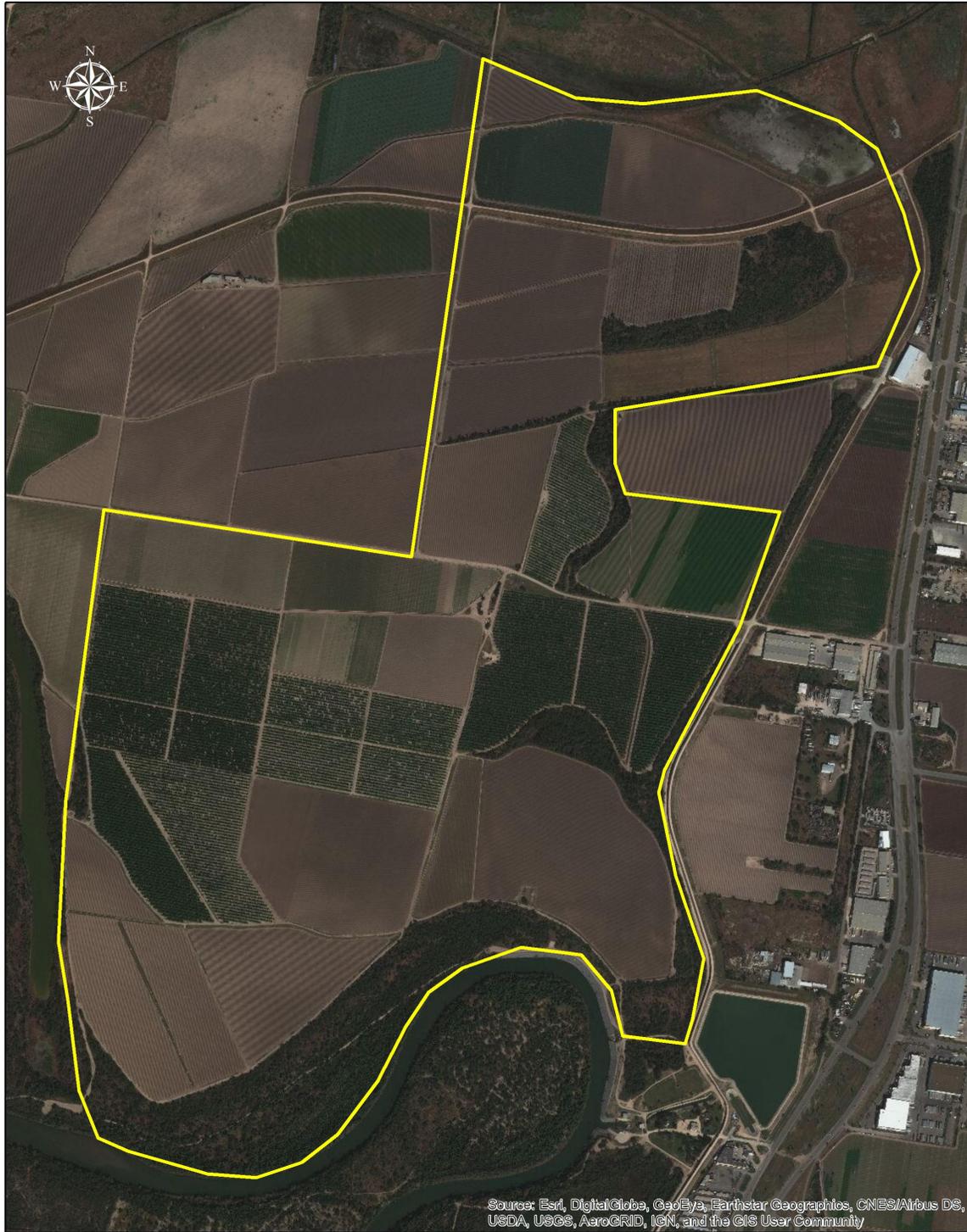
<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 2,240.32	\$ 0
Class I Soils Floodway	80%	325	\$ 1,792.26	\$ 582,485
Class II Soils	90%	0	\$ 2,016.29	\$ 0
Class II Soils Floodway	72%	223	\$ 1,613.03	\$ 359,706
Class III Soils	70%	0	\$ 1,568.23	\$ 0
Class III Soils Floodway	56%	25	\$ 1,254.58	\$ 31,365
Class IV - VIII Soils	50%	0	\$ 1,120.16	\$ 0
Class IV - VIII Soils Floodway	40%	70	\$ 896.13	\$ 62,729
Outage	15%	170.07	\$ 336.05	\$ 57,152
Spec. Dev.	180%	0	\$ 4,032.58	\$ 0
<b>TOTALS</b>		<b>813.07</b>	<b>\$ 1,344.82</b>	<b>\$ 1,093,437</b>
<b>Equiv. Rating</b>		<b>60%</b>		

#### TOTAL SALE PRICE ALLOCATION

Total Sale Price:	\$ 1,285,489
Less Est. Land Value:	\$ 1,093,437
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 192,054
Other Description:	Water Rights

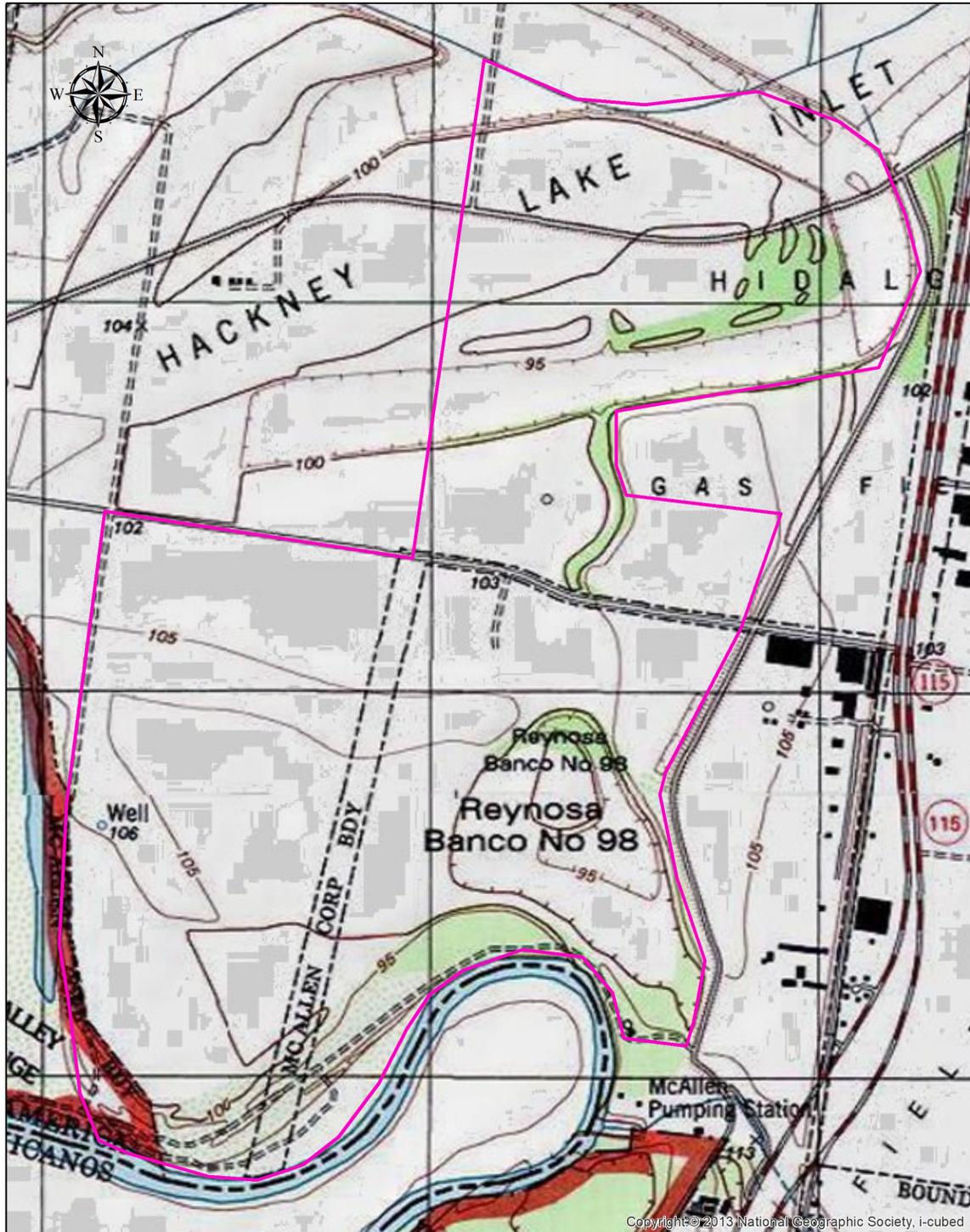
Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

# RGVH618 Aerial



0 900 1,800 3,600 Feet

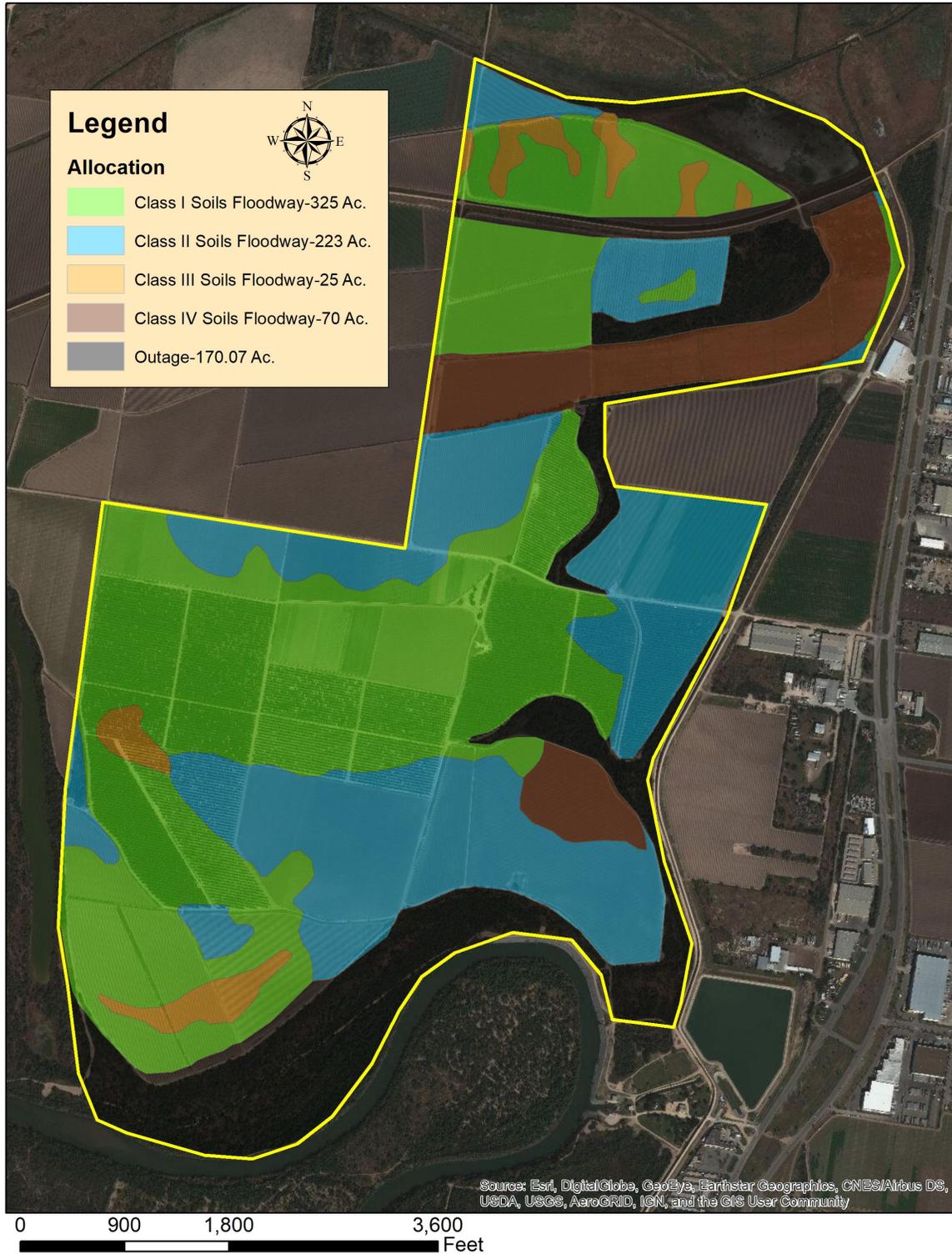
# RGVH618 Topo



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0 900 1,800 3,600 Feet

# RGVH618 Allocation



**Analysis of RGVH618**

	RGVH618	Median Sale
Property Type	Irrigated Crop	Irrigated Crop
Date	11/11/1999	5/5/2013
Sale Price	\$1,285,489	\$1,414,665
Deeded Acres	813.07	428.69
Price/Acre <sup>1</sup>	\$1,581	\$3,300
ER <sup>2</sup>	60%	89%
%? in ER <sup>3</sup>		-32.58%
Adjusted Price		\$2,225
Time Periods		-164
Rate		0.25%
Adjusted Price		\$1,477
Irrigation Potential	113%	100%
Adjustment <sup>4</sup>		0%
Adjusted Price		\$1,477
Size Doubles		0.90
Rate <sup>5</sup>		-10%
Adjusted Price	\$1,581	\$1,345

Residual Analysis		
Sale Price	\$1,285,489	
Land \$/Ac.	\$1,345	
Total Land Value <sup>6</sup>	\$1,093,435	
Residual to Water <sup>7</sup>	\$192,054	
AF of Water Rights	1821.23	
Cont. / AF of Water	\$105	

Notes:

1.  $\$1,285,489 \div 813.07$
2. ER utilizing ratios found in Table 3.12
3. %? from 89 to 60  $((89 - 60) \div 89)$
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)
5. +12% per double large to small, -10% per double small to large
6.  $\$1,345/\text{Ac.} \times 813.07 \text{ Acres} = \$1,093,435$
7.  $\$1,285,489 - 1,093,435 = \$192,054$
8.  $\$192,054 \div 1821.225 \text{ Ac. Ft.} = \$105/\text{Ac.Ft.}$

**SALE ID: RGVH500**



Grantor:	Jimmie Jean Arnold	Sale Price:	\$756,648
Grantee:	Nico Investment Properties, LLC	Deeded Acres:	210.18
County:	Hidalgo	\$/Acre:	\$3,600
Date:	05/12/2015		
Recording:	2015-2615581	Property Type:	River Farm
		Land Use:	Irrigated Crop
Location:	1.9 Miles South of Sullivan City	Grid ID:	Penitas

**Legal Description:** Tract I: 175.85 acres out of Share 3-B, Porcion 41, Ancient Jurisdiction of Reynosa, Mexico, now Hidalgo County, Texas, according to the map recorded in Volum 4, Page 16, Map Records in the Office of the County Clerk of Hidalgo County, Texas, reference to which is here made for all purposes. Tract II: 34.33 acres out of Tract 278, Share 1 of the Partition of Porciones 38, 39, and 40, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 4, pages 17 thru 19, Map Records in the Office of the County Clerk of Hidalgo County, Texas, reference to which is here made for all purposes.

## COMMENTS

### Overview

On May 12, 2015, Jimmie Jean Arnold sold 210.18 deeded acres of irrigated farmland to Nico Investments Properties, LLC. The Warranty Deed with Vendor's Lien is recorded under Document 2615581 , Official Records of Hidalgo County. The farm is situated along the east side of FM 886, also known as El Faro Road, along the south side of the Brownsville and Mexico Railroad and on the north side of the community of Los Ebanos and about three miles south of U.S. Highway 83 and Sullivan City. The Rio Grande River forms the south side of the farm and some undulating land is next to the River. The broker, (Lisa Helle, agent) of the sale confirmed a sales price of \$756,648 or \$3,600 per acre. The buyer purchased the farm primarily for its adjudicated water rights which it intends to use for mining purposes on a tract of land just north of Sullivan City. (The amount of the Vendor's Lien reflects the additional funds acquired by the buyer for operational needs). There are no improvements on the tract. Some aged irrigations pumps were included in the sale but not thought to have significant value. The existing farm lease will terminate in September, 2015 and will not be renewed for the same tenant. At the time of sale, no plans for a border fence were being publicly discussed.

### Soils and Allocation

Outage on the farm is estimated at about 7.5%, or 15.18 acres is caused by the River and an area of brush along the southeasterly boundary. The remaining 195 acres of the tract is tillable land and carries 145 acres of Class I soils, 45 acres of Class II soils, and 5 acres of Class IV soils, all on an irrigated capability basis.

### Irrigation and Water Rights

The adjudicated water rights equal 450.82 acre-feet, or 180.328 acres of Class B rights held under Certificate 23-367. Given a tillable acreage of 195, the property has an irrigation potential of 92% (180.328 irrigatable acres / 195 tillable acres). Analysis of the property indicates a surface value of roughly \$2,823 per acre, which when deducted from the sale price yields a residual of \$163,230 for the water right contribution. Dividing the total contribution by 450.82 acre feet of water yields a contribution rate of \$362 per acre foot for the Class B rights.

**Land Allocation Table**

<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 3,886.75	\$ 0
Class I Soils Floodway	80%	145	\$ 3,109.4	\$ 450,863
Class II Soils	90%	0	\$ 3,498.08	\$ 0
Class II Soils Floodway	72%	45	\$ 2,798.46	\$ 125,931
Class III Soils	70%	0	\$ 2,720.73	\$ 0
Class III Soils Floodway	56%	0	\$ 2,176.58	\$ 0
Class IV - VIII Soils	50%	0	\$ 1,943.38	\$ 0
Class IV - VIII Soils Floodway	40%	5	\$ 1,554.7	\$ 7,774
Outage	15%	15.18	\$ 583.01	\$ 8,850
Spec. Dev.	180%	0	\$ 6,996.16	\$ 0
<b>TOTALS</b>		<b>210.18</b>	<b>\$ 2,823.38</b>	<b>\$ 593,418</b>
<b>Equiv. Rating</b>		<b>73%</b>		

**TOTAL SALE PRICE ALLOCATION**

Total Sale Price:	\$ 756,648
Less Est. Land Value:	\$ 593,418
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 163,230
Other Description:	Water Rights

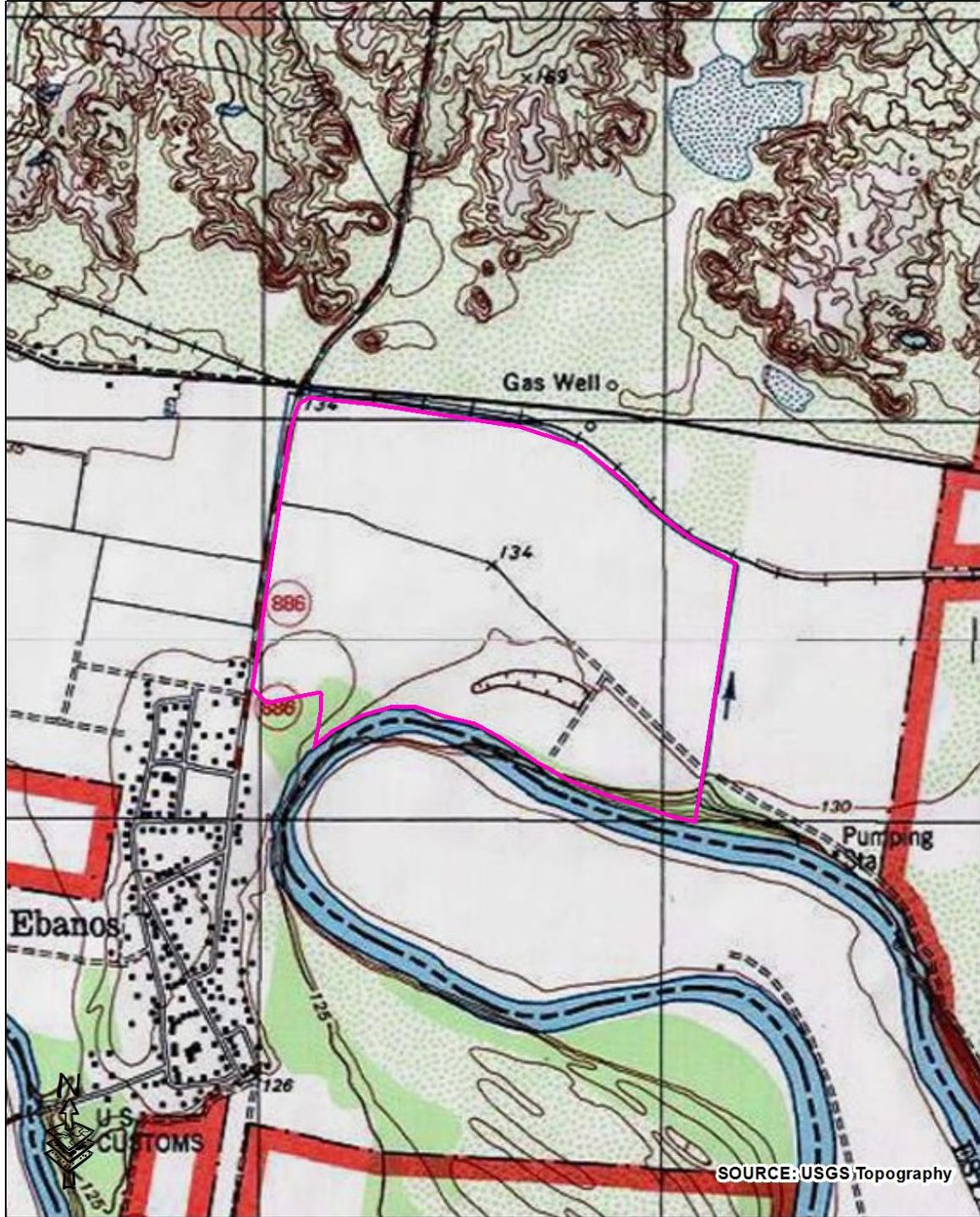
Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

# RGVH500 Aerial

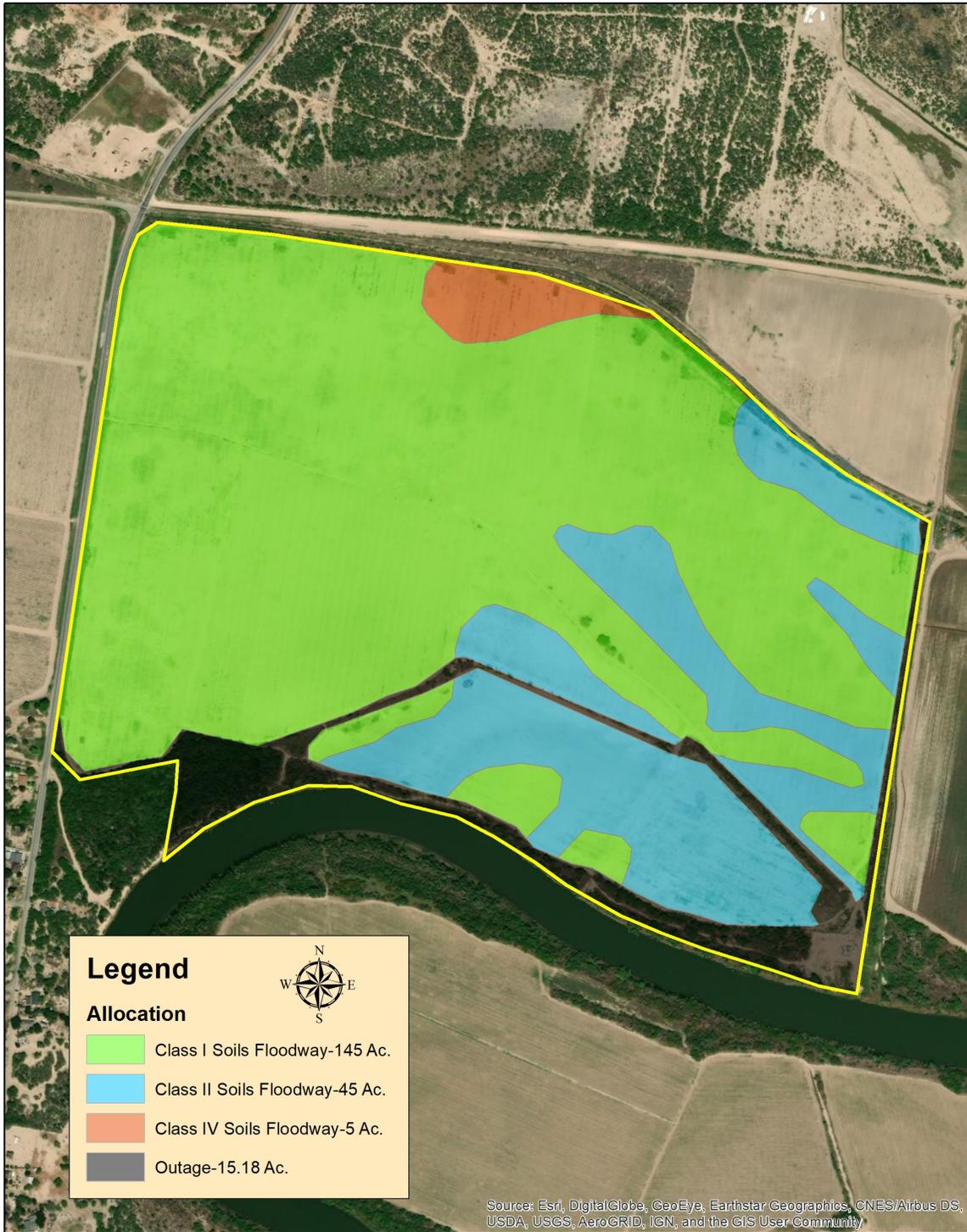


0 800 1,600 3,200 Feet

# RGVH500 USGS Topography



# RGVH500 Allocation



Analysis of RGVH500		
	RGVH500	Median Sale
Property Type	Irrigated Crop	Irrigated Crop
Date	5/12/2015	5/5/2013
Sale Price	\$756,648	\$1,414,665
Deeded Acres	210.18	428.69
Price/Acre <sup>1</sup>	\$3,600	\$3,300
ER <sup>2</sup>	73%	89%
%? in ER <sup>3</sup>		-17.98%
Adjusted Price		\$2,707
Time Periods		25
Rate		0.25%
Adjusted Price		\$2,881
Irrigation Potential	92%	100%
Adjustment <sup>4</sup>		-2%
Adjusted Price		\$2,823
Size Doubles		1.02
Rate <sup>5</sup>		0%
Adjusted Price	\$3,600	\$2,823
Residual Analysis		
Sale Price	\$756,648	
Land \$/Ac.	\$2,823	
Total Land Value <sup>6</sup>	\$593,418	
Residual to Water <sup>7</sup>	\$163,230	
AF of Water Rights	450.82	
Cont. / AF of Water	\$362	

Notes:

1.  $\$756,648 \div 210.18$
2. ER utilizing ratios found in Table 3.12
3. %? from 89 to 73  $((89 - 73) \div 89)$
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)
5. +12% per double large to small, -10% per double small to large
6.  $\$2,823/\text{Ac.} \times 210.18 \text{ Acres} = \$593,418$
7.  $\$756,648 - 593,418 = \$163,230$
8.  $\$163,230 \div 450.82 \text{ Ac. Ft.} = \$362/\text{Ac.Ft}$

**SALE ID: RGV600**



Grantor:	L & L Farms, a Texas General Partnership	Sale Price:	\$471,008
Grantee:	Borzynski Brothers Properties, a General Partnership	Deeded Acres:	235.504
County:	Cameron	\$/Acre:	\$2,000
Date:	05/21/2003		
Recording:	V9069/P161	Property Type:	River Farm
		Land Use:	Irrigated Crop
Location:	8.5 Miles Southeast of Brownsville	Grid ID:	Southeast Brownsville

**Legal Description:** A 235.504 acre tract out of Share 32, Espiritu Santo Grant, Cameron County, Texas, as more particularly described by metes and bounds, together with 70 acres, or 175 acre-feet of Class B water rights adjudicated under Certificate (Account) Number 0210-000, Texas Commission on Environmental Quality, Save and Except a drainage easement over a 2.406 acre tract more particularly described by metes and bounds.

## COMMENTS

### Overview

This is an irregularly shaped tract of irrigated farmland located between the Rio Grande River and the IBWC levee and being just east of Southmost Road in southeast Cameron County, Texas. Historical access was via a field road from FM 1419, then across the levee to the northwest corner via a field road. That access was not considered legal; therefore, a deeded easement was provided by the seller. That easement area has not been opened and is not in use. There are no improvements on the farm and no minerals of consequence were conveyed.

### Soils and Allocation

Based on aerial photography, the tract contains an estimated 50.504 acres of outage. The remaining 185 acres is tillable land and is primarily made up of Class II soils with 130 acres. The tract does have 50 acres of Class I soils and 5 acres of Class IV soils.

### Irrigation and Water Rights

The L & L Partnership conveyance granted 70 acres, or 175-acre feet of adjudicated water rights. Given the properties tillable acreage of 185, the conveyed water rights offer an irrigation potential of only 38%. Subsequent to their purchase of the farm, the grantees conveyed the 70 acres of adjudicated water rights to the Brownsville Irrigation District in exchange for full irrigation potential. Underground pipelines were installed for the delivery of that water but were not in place at the time of sale. Analysis of the sale indicates a contributory value of \$1,413 per acre for the surface. Appropriate adjustments were made for the irrigation potential of the tract at the time of sale. Removing this value from the sale price yields a water right contribution of approximately \$138,270, or \$790 per acre foot. This is slightly higher than the typical contribution rate for comparable water rights, but the buyer also knew that a transfer could be made escalating the tract to a fully irrigatable property.

### Land Allocation Table

<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 2,315.9	\$ 0
Class I Soils Floodway	80%	50	\$ 1,852.72	\$ 92,636
Class II Soils	90%	0	\$ 2,084.31	\$ 0
Class II Soils Floodway	72%	130	\$ 1,667.45	\$ 216,769
Class III Soils	70%	0	\$ 1,621.13	\$ 0
Class III Soils Floodway	56%	0	\$ 1,296.9	\$ 0
Class IV - VIII Soils	50%	5	\$ 1,157.95	\$ 5,790
Class IV - VIII Soils Floodway	40%	0	\$ 926.36	\$ 0
Outage	15%	50.504	\$ 347.38	\$ 17,544
Spec. Dev.	180%	0	\$ 4,168.62	\$ 0
<b>TOTALS</b>		<b>235.504</b>	<b>\$ 1,412.88</b>	<b>\$ 332,739</b>
<b>Equiv. Rating</b>		<b>61%</b>		

#### TOTAL SALE PRICE ALLOCATION

Total Sale Price:	\$ 471,008
Less Est. Land Value:	\$ 332,739
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 138,270
Other Description:	Water Rights

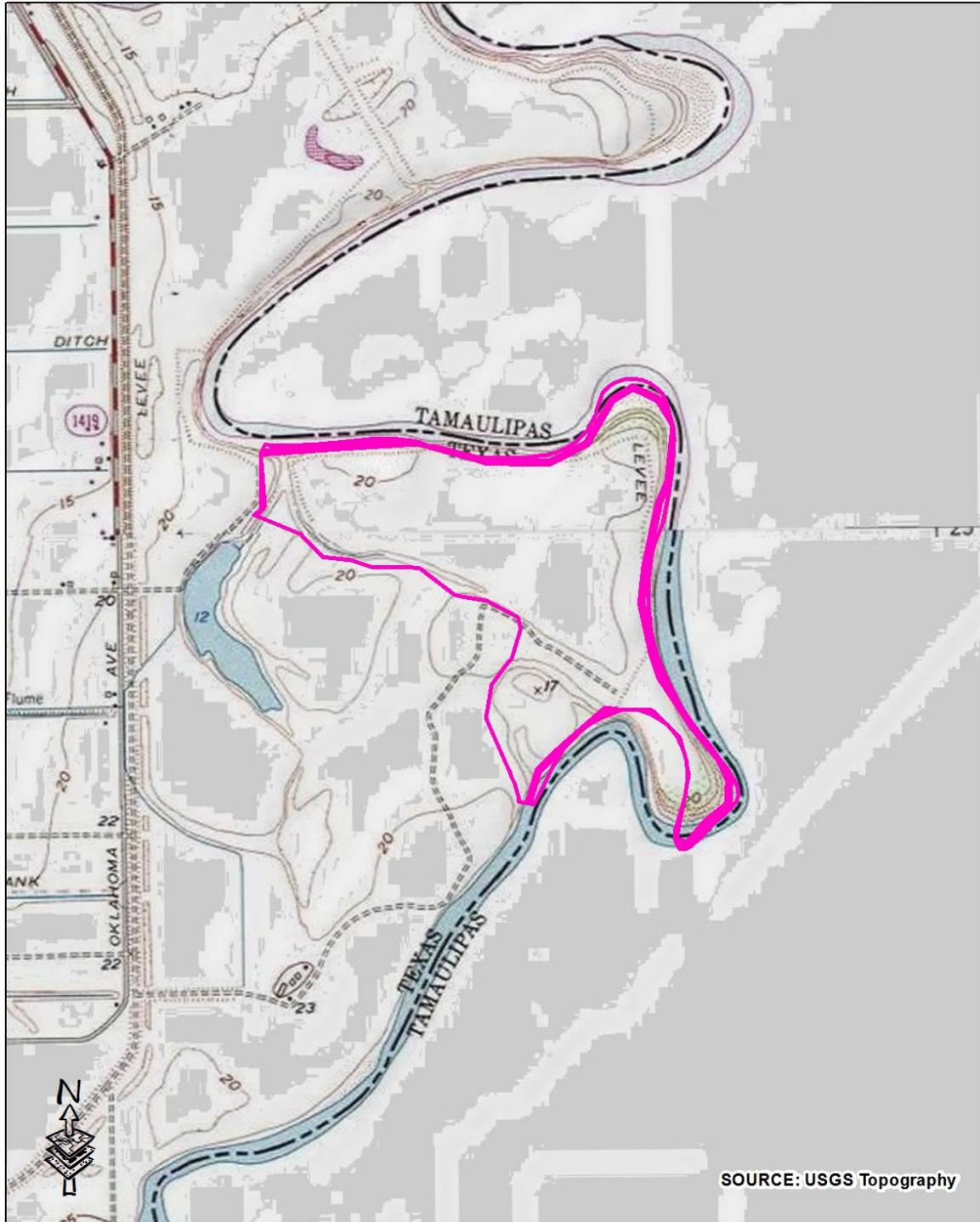
Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

# RGV600 Aerial

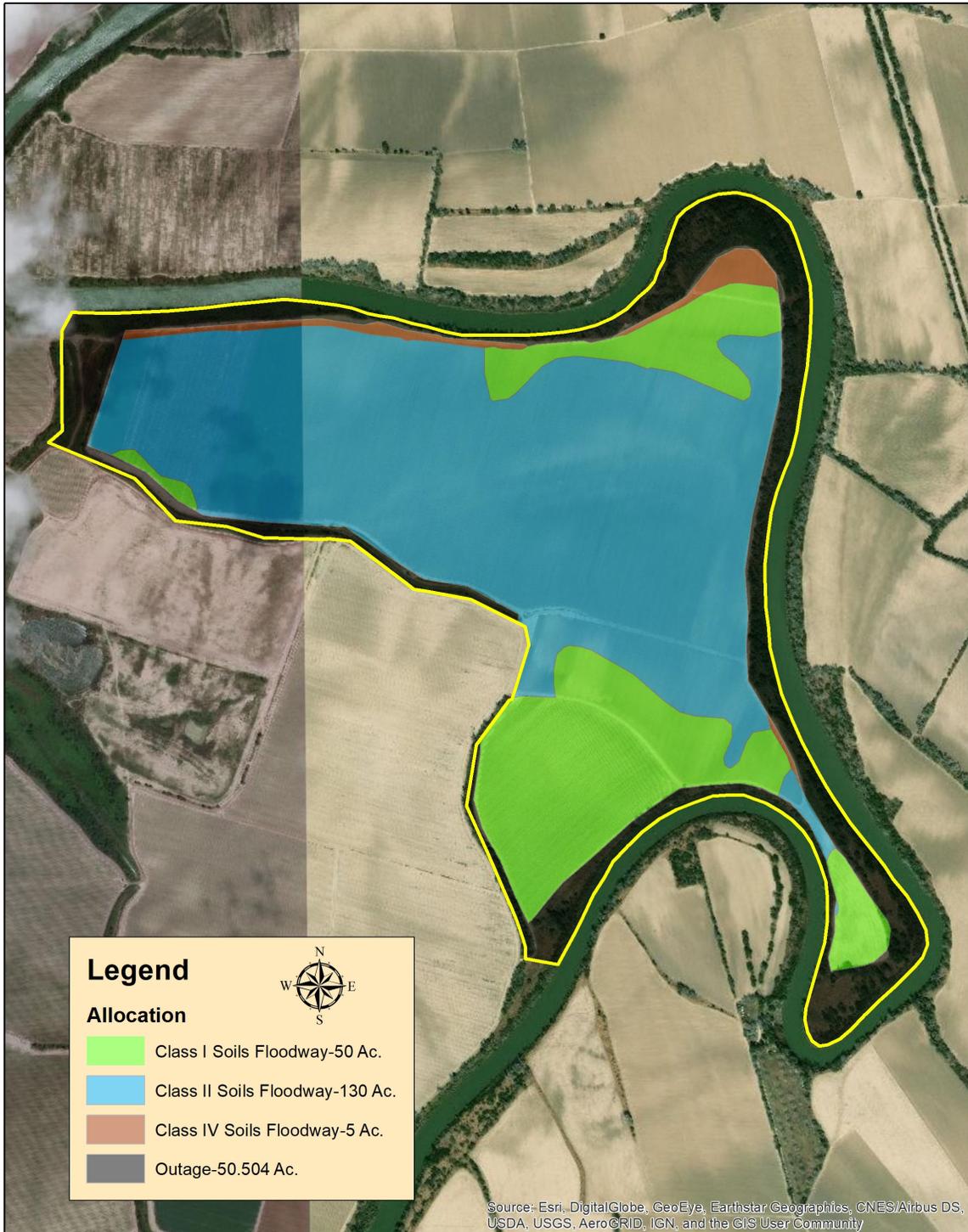


0 1,050 2,100 4,200 Feet

# RGV600 USGS Topography



# RGV600 Allocation



**Analysis of RGV600**

	RGV600	Median Sale
Property Type	Irrigated Crop	Irrigated Crop
Date	5/21/2003	5/5/2013
Sale Price	\$471,008	\$1,414,665
Deeded Acres	235.504	428.69
Price/Acre <sup>1</sup>	\$2,000	\$3,300
ER <sup>2</sup>	61%	89%
%? in ER <sup>3</sup>		-31.46%
Adjusted Price		\$2,262
Time Periods		-121
Rate		0.25%
Adjusted Price		\$1,672
Irrigation Potential	38%	100%
Adjustment <sup>4</sup>		-16%
Adjusted Price		\$1,413
Size Doubles		0.82
Rate <sup>5</sup>		0%
Adjusted Price	\$2,000	\$1,413

Residual Analysis	
Sale Price	\$471,008
Land \$/Ac.	\$1,413
Total Land Value <sup>6</sup>	\$332,738
Residual to Water <sup>7</sup>	\$138,270
AF of Water Rights	175.00
Cont. / AF of Water	\$790

Notes:

1.  $\$471,008 \div 235.504$
2. ER utilizing ratios found in Table 3.12
3. %? from 89 to 61  $((89 - 61) \div 89)$
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)
5. +12% per double large to small, -10% per double small to large
6.  $\$1,413/\text{Ac.} \times 235.504 \text{ Acres} = \$332,738$
7.  $\$471,008 - 332,738 = \$138,270$
8.  $\$138,270 \div 175 \text{ Ac. Ft.} = \$790/\text{Ac.Ft.}$

**SALE ID: RGVH617**



Grantor:	Randall Lance Barnes, a single individual	Sale Price:	\$ 1,000,000
Grantee:	Jimmie Dean Dreibelbis and Marlene Dreibelbis, husband and wife	Deeded Acres:	429.1384
County:	Hidalgo	\$/Acre:	\$ 2,330
Date:	10/23/2006		
Recording:	2006-1679049	Property Type:	River Farm
		Land Use:	Irrigated Crop
Location:	4.5 Miles Southeast of Hidalgo	Grid ID:	Pharr

**Legal Description:** Property #1: The surface only of a tract of land containing 429.1384 acres, more or less, situated in Hidalgo County, Texas, Consisting of 279.8473 out of Porcion 69 and 149.2911 acres out of Porcion 70 described by metes and bounds in the deed of conveyance. Property #2: 702.80 acre feet per annum of Class B water rights for irrigation purposes under Certificate of Adjudication No. 23-340, Rio Grande Basin, Hidalgo County, Texas. Property #3: An undivided one-fourth (1/4th) of all oil, gas and other minerals in and under and that may be produced from a tract of land containing 429.1384 acres, more or less.

## COMMENTS

### Overview

This property is a contiguous and irregularly shaped river farm with an area of 429.1384 acres. It has about 1,167' of frontage on the Rio Grande River, and it is entirely below the USIBWC flood control levee. Apparent physical access to the farm is from Doffing Canal Road atop the USIBWC levee, which forms about 1,704' of the north boundary. It is unknown if such access is legal, but the majority of roads atop the levee have been openly utilized by farm owners for many years through an unwritten agreement with IBWC. Several field roads are present that provide access across the farm and to the River. Although most of the west boundary is formed by South Cage Boulevard (US Highway 281), this is a controlled access highway (TXDoT) that is elevated above the floodway between the USIBWC levee and the Pharr-Reynosa International Bridge that crosses the Rio Grande River south of this property's southwest corner.

The USGS topography map (Las Milpas, TX) shows the natural terrain varies from 85' to 95' above sea level, with most of the property being 90' to 95' above sea level. A naturally occurring swale crosses the upper third of the tract, and the USGS map shows this area to be 5' lower in elevation than the surrounding land. The swale has been bench leveled; however, it is still low and it has a drainage problem. All of the property is located in a FEMA Flood Zone A which is the floodway of the Rio Grande.

### Soils and Allocation

According to the farmer, the property had 380 net tillable acres, and the other 49 acres was farm outage on the date of sale. A review of aerial photography at the time of sale confirms this acreage with a majority being found in the swale of an old river bed. Outage is about 11.4% of the gross acreage. The tillable acreage is allocated as 172 acres of Class I floodway soils, 168 acres of Class II floodway soils, 15 acres of Class III floodway soils, and 25 acres of Class IV floodway soils. The Class I and II soils have few limitations and are well suited to irrigated crops.

### Irrigation and Water Rights

Included in the sale was 702.80 acre feet, or 281.12 irrigatable acres of Class B water rights (Certificate of Adjudication 23-340, Rio Grande Basin, Hidalgo County, TX). In addition to the water rights, two irrigation wells were located on the farm, but both were abandoned due to poor quality and were inoperable on the date of sale. Therefore, only 281.12 acres of the property could be irrigated to full potential, which gives the farm an irrigation potential of 74%. Analysis of the farm indicates a surface value of \$1,874 per acre on the date of sale. Deducting this value yields a contribution for water rights of \$195,841, or \$279 per acre foot.

### Additional Comments

It is noted that 1/4th mineral interest conveyed in the sale to which the Grantee claimed he valued at \$100,000. In addition the grantor and grantee had been closely associated for 3 generations and the grantee had tenant farmed the property for many years adding nearly \$400 per tillable acre to the property (\$354 per gross acre) to the farm. Improvements made by the tenant included land leveling and the installation of an underground pipeline water delivery system along with sections of drip irrigation. Deducting these attributes (\$233 for mineral interest and \$354 for tenant improvements) yields a sale price of \$748,000, or \$1,743 per acre. This contribution rate of the surface and water rights is below the estimated value of the surface at the time of sale, thus the improvements to the farm are not considered to have been a major factor in the sale price. Deducting only the grantee's perception of mineral contribution (\$233 per acre) yields a net sale price of \$2,097 per acre for the surface and the water rights and further indicates a contribution for water rights of \$105 per acre foot. Based upon all analyses conducted with regard to the sale price, the full \$1,000,000 is allocated amongst the land and water rights. The discussion is presented here to alert any reader that they may wish to consider an alternate allocation of the price.

### Land Allocation Table

<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 2,828.25	\$ 0
Class I Soils Floodway	80%	172	\$ 2,262.6	\$ 389,167
Class II Soils	90%	0	\$ 2,545.43	\$ 0
Class II Soils Floodway	72%	168	\$ 2,036.34	\$ 342,105
Class III Soils	70%	0	\$ 1,979.78	\$ 0
Class III Soils Floodway	56%	15	\$ 1,583.82	\$ 23,757
Class IV - VIII Soils	50%	0	\$ 1,414.13	\$ 0
Class IV - VIII Soils Floodway	40%	25	\$ 1,131.3	\$ 28,283
Outage	15%	49.1384	\$ 424.24	\$ 20,846
Spec. Dev.	180%	0	\$ 5,090.85	\$ 0
<b>TOTALS</b>		<b>429.1384</b>	<b>\$ 1,873.89</b>	<b>\$ 804,158</b>
<b>Equiv. Rating</b>		<b>66%</b>		

#### TOTAL SALE PRICE ALLOCATION

Total Sale Price:	\$ 1,000,000
Less Est. Land Value:	\$ 804,158
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 195,841
Other Description:	Water Rights

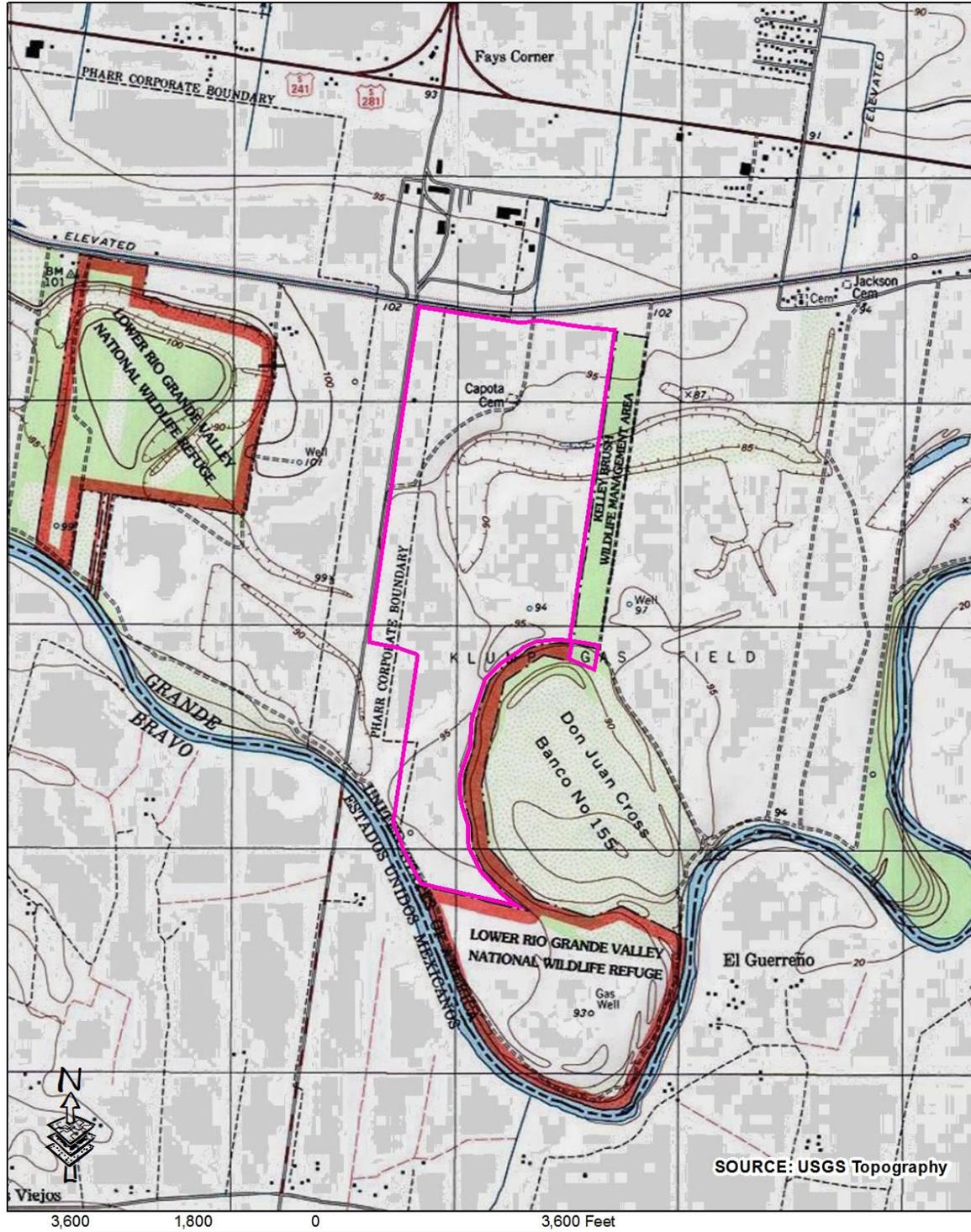
Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

# RGVH617 Aerial

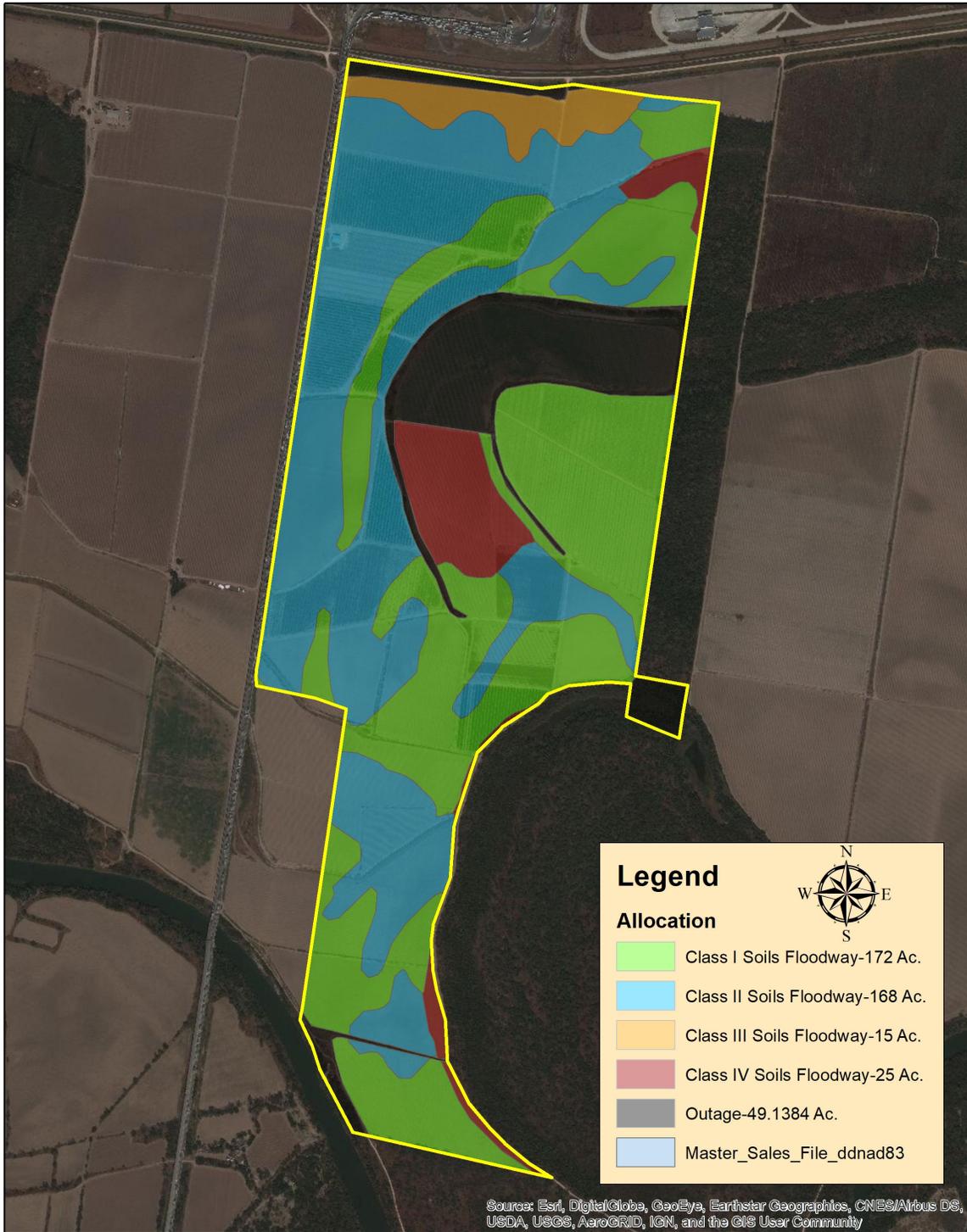


0 1,450 2,900 5,800 Feet

# RGVH617 USGS Topography



# RGVH617 Allocation



0 850 1,700 3,400 Feet

**Analysis of RGVH617**

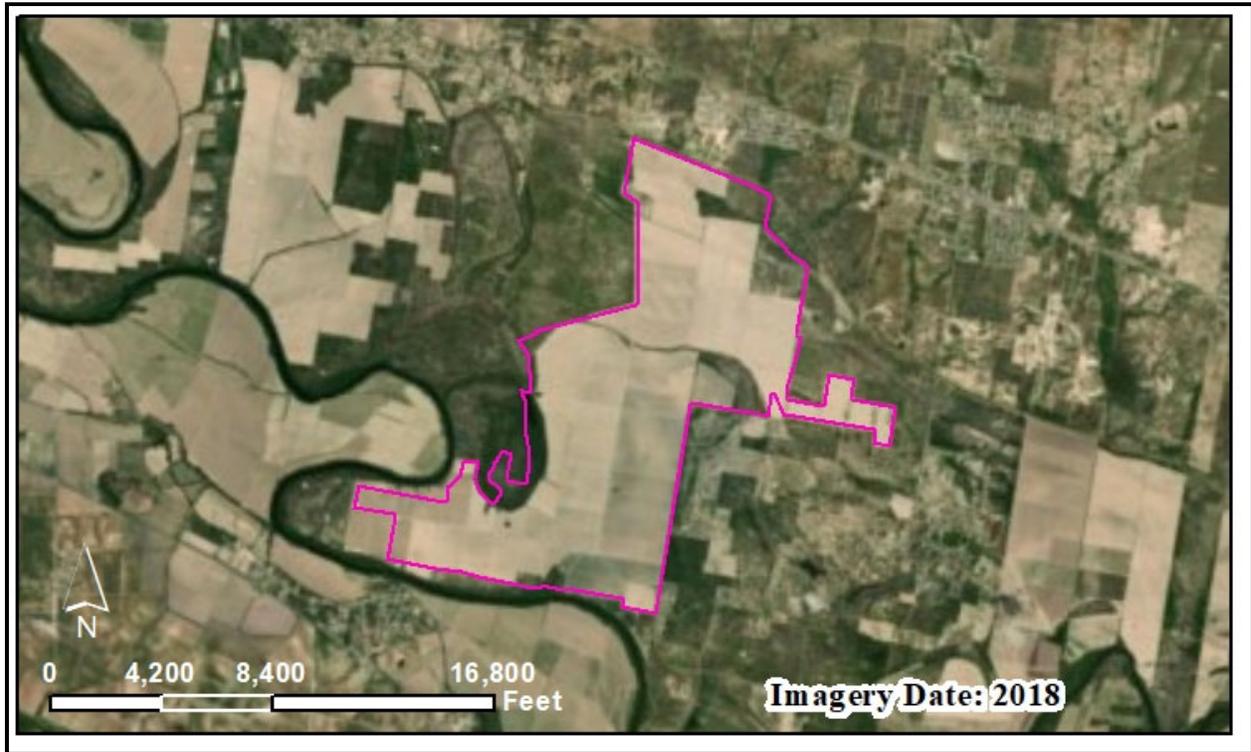
	RGVH617	Median Sale
Property Type	Irrigated Crop	Irrigated Crop
Date	10/23/2006	5/5/2013
Sale Price	\$1,000,000	\$1,414,665
Deeded Acres	429.1384	428.69
Price/Acre <sup>1</sup>	\$2,330	\$3,300
ER <sup>2</sup>	66%	89%
%? in ER <sup>3</sup>		-25.84%
Adjusted Price		\$2,447
Time Periods		-80
Rate		0.25%
Adjusted Price		\$2,004
Irrigation Potential	74%	100%
Adjustment <sup>4</sup>		-7%
Adjusted Price		\$1,874
Size Doubles		0.00
Rate <sup>5</sup>		0%
Adjusted Price	\$2,330	\$1,874

Residual Analysis	
Sale Price	\$1,000,000
Land \$/Ac.	\$1,874
Total Land Value <sup>6</sup>	\$804,159
Residual to Water <sup>7</sup>	\$195,841
AF of Water Rights	702.80
Cont. / AF of Water	\$279

Notes:

1.  $\$1,000,000 \div 429.1384$
2. ER utilizing ratios found in Table 3.12
3. %? from 89 to 66  $((89 - 66) \div 89)$
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)
5. + 12% per double large to small, -10% per double small to large
6.  $\$1,874/\text{Ac.} \times 429.1384 \text{ Acres} = \$804,159$
7.  $\$1,000,000 - 804,159 = \$195,841$
8.  $\$195,841 \div 702.8 \text{ Ac. Ft.} = \$279/\text{Ac.Ft.}$

**SALE ID: RGVS135**



Grantor:	Starr County Land Co., LLC	Sale Price:	\$5,113,251
Grantee:	State of Texas through General Land Office.	Deeded Acres:	3,098.91
County:	Starr	\$/Acre:	\$1,650
Date:	01/26/2006		
Recording:	V1081/P62	Property Type:	River Farm
		Land Use:	Irrigated Crop
Location:	Near Garciasville and La Grulla	Grid ID:	La Grulla

**Legal Description:** Tract I being a 3,071.47 acre parcel of land out of and forming a part or portion of "Los Fresnos Banco No. 145", "and a part or portion of Porcion Nos 90, 91, 92, 93 and a part or portion of Porcion No. 94, Ancient Jurisdiction of Camargo, Mexico, now Starr County, Texas. Tract II being a 27.47 acre parcel of land out of and forming a part or portion of Los Fresnos Banco No. 14, Ancient Jurisdiction of Camargo, Mexico, now Starr County, Texas.

Together with the right to divert and use a maximum of up to 760.5 acre feet per annum from the Rio Grande, allocated on a Class A priority basis, and the right to divert and use a maximum of up to 4,098.6 acre feet per annum of water from the Rio Grande on a Class B priority basis, being part of those rights evidenced by Amendment to Certificate of Adjudication No. 23-767B, issued by TNRCC recorded in Volume 791, Pages 625-626, Official Records, Starr County, Texas.

## COMMENTS

### Overview

This is a very irregularly shaped tract of mostly irrigated farmland containing 3,098.91 acres and is located east of Garciasville and just north of La Grulla in southern Starr County. (One tract of about 27 acres is non-contiguous and is on the west side of the main tract. The farm is known as StarrCo Farm and was under the ownership of Starr Produce Company, which also owned several tracts of farmland in the immediate area. The north portion of StarrCo Farm which was not conveyed is the site of the large packing and processing facilities of Starr Produce. In 2002, U.S. Fish and Wildlife Service purchased the Rio Grande River frontage of this farm, thus this tract does not have River frontage, but easements are in place for diversion points and access to the River.

Some small reservoirs are located in the east-central portion of the tract which were used for water storage since irrigation water has to be lifted twice in order to irrigate all of the tract. Three blocks or fields are in improved pasture and the remainder is under cultivation. Tillable land is about 82 percent of gross; therefore, outage is about 18 percent. 760.5-acre feet of Class A water rights and 4,098.6-acre feet of Class B water rights associated with Certificate of Adjudication Number 23-767B were conveyed which results in the farm having 76 percent irrigation potential. There are no operating wells on the farm. Improvements consist of a masonry residence in fair to average conditions with some out buildings that are located just south of the Old Military Road. The farm headquarters are located near the River and in the southwest corner and consist of old worker's houses, out buildings, two wood frame sheds or barns and one relatively new steel shed. Improvements are estimated to have minimal contribution and for the purposes of analysis, the sale is treated as an unimproved tract.

### Soils and Allocation

As stated, approximately 18% of the farm, or 554.91 acres is allocated as outage. Much of the outage is associated with the Los Fresnos Banco Number 145 in the western portions of the main tract, and the entirety of Tract II. The remainder of the outage is located in the northeastern corner and southeastern corner of the property and an old reservoir in the central portion of the tract. The tillable acreage accounting for 2,544 acres of the tract are comprised of Class I rated irrigated soils (1,475 acres), Class II rated irrigated soils (988 acres), and Class IV rated irrigated soils (81 acres).

### Water Rights

The sale included a total of 4,859.1-acre feet of water rights as outlined in the legal description. Analysis of the farm is done through an irrigated value lens. Given that the tract carries an irrigation efficiency of 76%, irrigated farm values are adjusted down by 5% to reflect the blended nature of the farm. Analysis indicates non-irrigated farms typically command approximately 80% of the price of irrigated farms, thus to move from fully irrigated values to fully non-irrigated values requires a -20% adjustment. The -5% adjustment is arrived at by multiplying 25% (rounded percent of the non-irrigated area of this farm) by 20% (full adjustment to go from irrigated to non-irrigated). The farm is also significantly larger than most irrigated farms in the Lower Rio Grande Valley. The analysis further adjusts the value indication for size at a rate of 10% per doubling based upon 2.81 doubles, or a total of 28.1%. The results indicate a land value of approximately \$1,350 per acre, or a total of approximately \$4,043,332 for the surface of the farm. The residual of the sale price after deducting the surface is \$1,069,919 which is allocated to the water rights. Dividing the water right contribution by 4,859.10-acre feet yields a contribution rate of \$220 per acre foot of water. This contribution rate is representative of other analysis of sales that transferred water rights.

**Land Allocation Table**

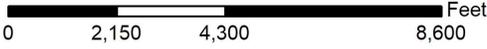
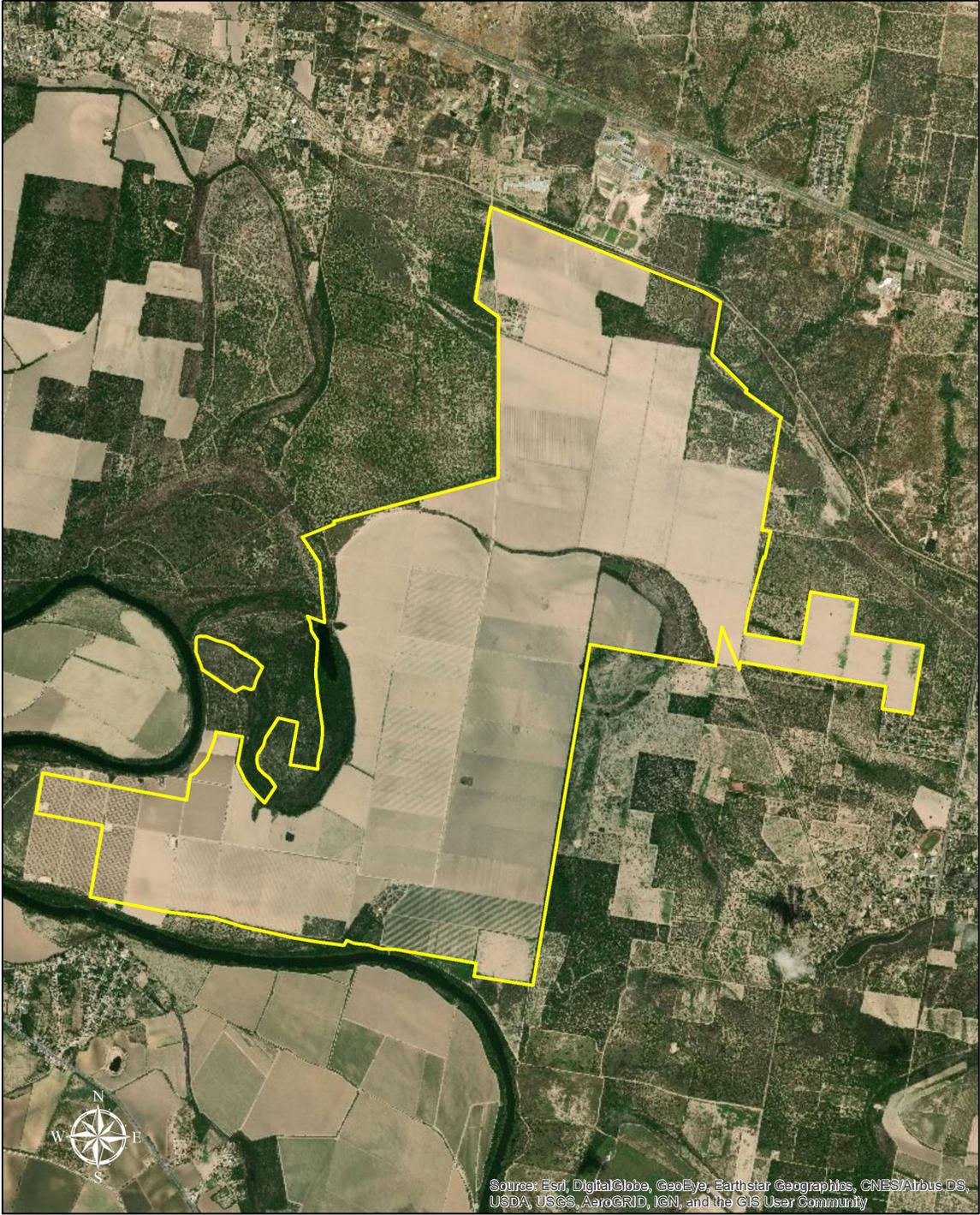
<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 2,014.62	\$ 0
Class I Soils Floodway	80%	1,475	\$ 1,611.69	\$ 2,377,243
Class II Soils	90%	0	\$ 1,813.16	\$ 0
Class II Soils Floodway	72%	988	\$ 1,450.53	\$ 1,433,124
Class III Soils	70%	0	\$ 1,410.23	\$ 0
Class III Soils Floodway	56%	0	\$ 1,128.19	\$ 0
Class IV - VIII Soils	50%	0	\$ 1,007.31	\$ 0
Class IV - VIII Soils Floodway	40%	81	\$ 805.85	\$ 65,274
Outage	15%	554.91	\$ 302.19	\$ 167,688
Spec. Dev.	180%	0	\$ 3,626.31	\$ 0
<b>TOTALS</b>		<b>3,098.91</b>	<b>\$ 1,304.76</b>	<b>\$ 4,043,329</b>
<b>Equiv. Rating</b>		<b>65%</b>		

**TOTAL SALE PRICE ALLOCATION**

Total Sale Price:	\$ 5,113,251
Less Est. Land Value:	\$ 4,043,329
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 1,069,919
Other Description:	Water Rights

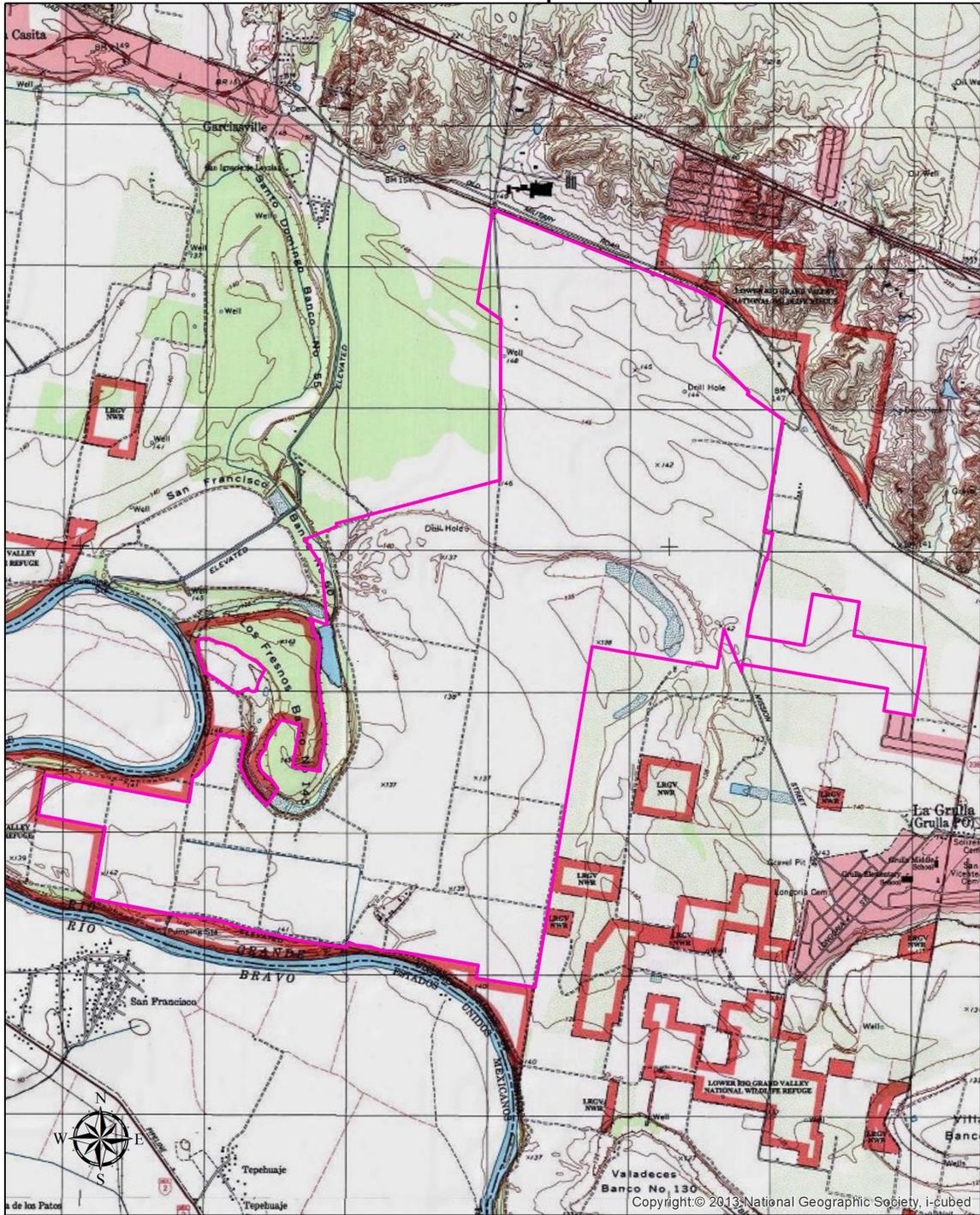
Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

# RGVS135 Aerial Map



Imagery Date: 2018

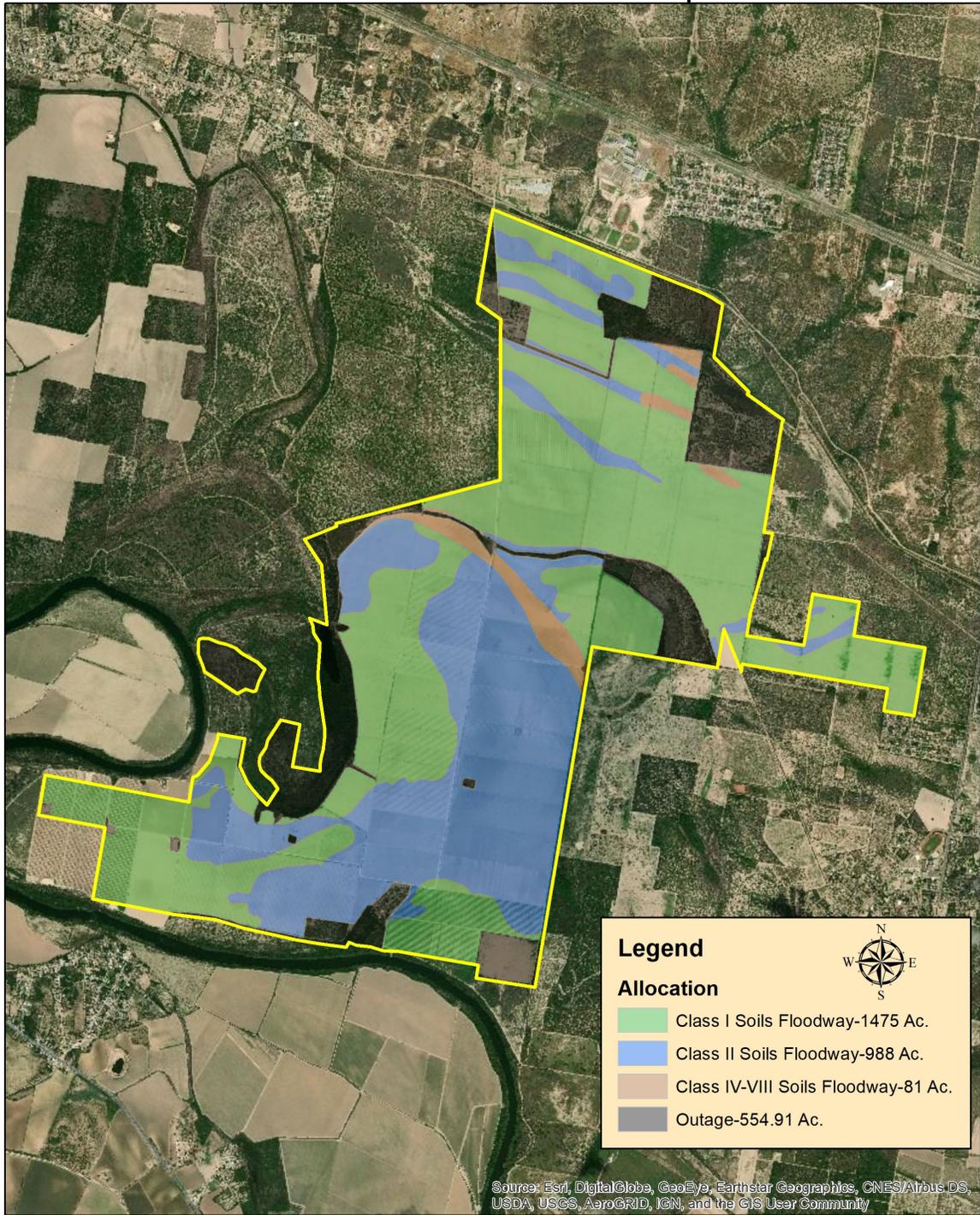
# RGVS135 Topo Map



0 2,150 4,300 8,600 Feet

USGS Topological Map

# RGVS135 Allocation Map



0 2,150 4,300 8,600 Feet

**Analysis of RGVS135**

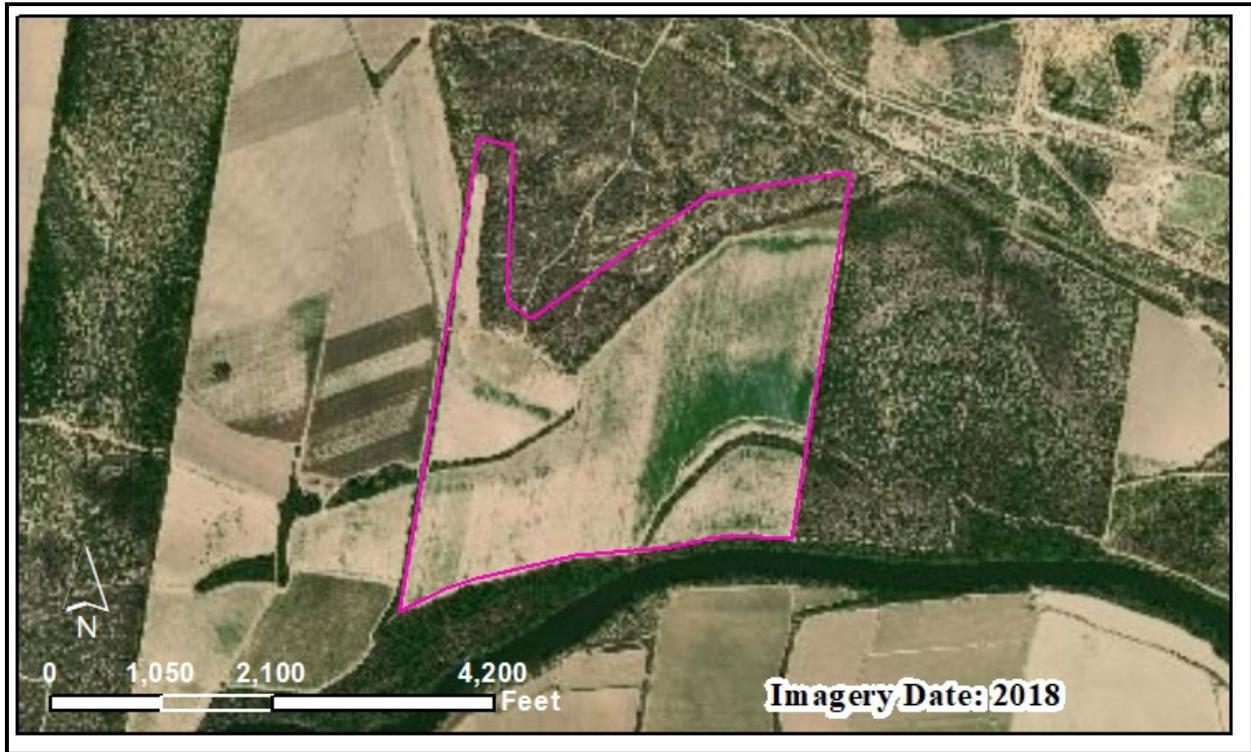
	RGVS135	Median Sale
Property Type	Irrigated Crop	Irrigated Crop
Date	1/26/2006	5/5/2013
Sale Price	\$5,113,251	\$1,414,665
Deeded Acres	3098.91	428.69
Price/Acre <sup>1</sup>	\$1,650	\$3,300
ER <sup>2</sup>	65%	89%
%? in ER <sup>3</sup>		-26.97%
Adjusted Price		\$2,410
Time Periods		-89
Rate		0.25%
Adjusted Price		\$1,930
Irrigation Potential	76%	100%
Adjustment <sup>4</sup>		-6%
Adjusted Price		\$1,814
Size Doubles		2.81
Rate <sup>5</sup>		-10%
Adjusted Price	\$1,650	\$1,305

Residual Analysis	
Sale Price	\$5,113,251
Land \$/Ac.	\$1,305
Total Land Value <sup>6</sup>	\$4,043,332
Residual to Water <sup>7</sup>	\$1,069,919
AF of Water Rights	4859.10
Cont. / AF of Water	\$220

Notes:

1.  $\$5,113,251 \div 3,098.91$
2. ER utilizing ratios found in Table 3.12
3. %? from 89 to 65  $((89 - 65) \div 89)$
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)
5. +12% per double large to small, -10% per double small to large
6.  $\$1,305/\text{Ac.} \times 3098.91 \text{ Acres} = \$4,043,332$
7.  $\$5,113,251 - 4,043,332 = \$1,069,919$
8.  $\$1,069,919 \div 4859.1 \text{ Ac. Ft.} = \$220/\text{Ac.Ft.}$

**SALE ID: RGVS118**



Grantor:	STARR PORCION 99, LLC	Sale Price:	\$480,000
Grantee:	LOZANO, DANILO	Deeded Acres:	271.51
County:	Starr	\$/Acre:	\$1,768
Date:	06/13/2019		
Recording:	2019-350420	Property Type:	River Farm
		Land Use:	Non-Irrigated Crop
Location:	2.5 miles SE of Sullivan City	Grid ID:	La Grulla

**Legal Description:** A tract of land containing 271.51 acres situated in Starr County, Texas, and also being a part of portion of Porcion 99, Ancient Jurisdiction of Camargo, Mexico, now Starr County, said 271.51 acres being more particularly described by metes and bounds in the deed of conveyance.

## COMMENTS

### Overview

This sale is located in Starr County, near the Hidalgo County line. It lies approximately 0.5 miles south of Old Military Road, which is a caliche-based road in the area of the sale. Total distance from the property's entrance to the nearest pavement is 2 miles to the east where Old Military Road enters the small community of Cuevitas, and approximately 3 miles to the west where Old Military Road intersects with FM 2360. The buyer indicated the 0.5-mile caliche-based road extending from Old Military Road to the property's northern boundary is a non-maintained county road. The farming history of the tract includes grain sorghum as the primary crop. The property was leased at the time of sale with the lease expiring in the fall of 2019. The buyer did not intend to extend the lease and intended to fence the property and utilize it for recreation and cattle grazing. He intended to utilize the tillable ground for hay production in the irrigated areas and buffel grass in the non-irrigated areas. The only irrigation equipment on the farm was a gator pump which transferred water from the river via poly pipe. The pump and pipe are personal property belonging to the tenant and did not transfer with the sale.

### Soils and Allocation

Based upon aerial photography, 69.51 acres of the tract are allocated as outage. This is primarily made up of the northern sections of the property, a small brush line in the western central portion of the tract, and an old Resaca bed of the Rio Grande in the southeastern portion of the property. Removing the outage from the total size results in an estimated 202 acres of tillable farmland. According to the buyer, +/-143 acres of the farm were irrigated at the time of purchase. This includes the central portion of the farm where the soils are of higher capability classes. The sale transferred 250 acre-feet of Class B water rights, which translates to 100 surface acres of irrigation potential. Thus, while water was being applied to 143 acres of the tract at the time of sale, it is viewed as having a 50% irrigation capacity when viewed through a standard lens with all other analysis throughout the LRGV (100 acres / 202 acres). Given that water may be applied at any portion of the property in any given year, the property is allocated utilizing a weighted average of irrigated capability class soils and non-irrigated capability class soils. Measured acreage for irrigated and non-irrigated capabilities are referenced in the attached allocation maps.

A factor of 50% is applied to each soil classification for both irrigated and non-irrigated capabilities. The two components are then added together for a final acreage allocation for a particular soil type. For example, 96 acres of Class II irrigated soils times 50% yields 48 acres. 84 acres of Class II non-irrigated soils yields 42 acres. Together, the sum of the two weighted conversions yields 90 acres of Class II soils which is allocated to the Class II soils ratings. Based on this weighted average system, the final allocation table includes 40 acres of Class I soils, 90 acres of Class II soils, 41.5 acres of Class III soils, 30.5 acres of Class IV-VIII soils, and 69.51 acres of outage. All of the soils are found within the Rio Grande's floodway, thus they are allocated as floodway acreage.

### Analysis

Analysis of irrigated farms vs non-irrigated farms indicates that non-irrigated land commands approximately 80% of irrigated land. This indicates that an appropriate adjustment when moving from irrigated ground to non-irrigated ground requires a -20% adjustment. When moving from non-irrigated ground to irrigated ground, the adjustment is +25%. This sale carries an irrigation efficiency of 50%, thus a fully irrigated farm sale would need to be adjusted down 10% (-20% x 50%) in order to yield an indication of value for this tract. Likewise, a non-irrigated farm would need to be adjusted up by 12.5% (25% x 50%) in order to yield an indication of value for this tract. These same adjustments are necessary to apply to this property's sale price when utilizing it to provide a value estimate for a fully irrigated tract, or a fully non-irrigated tract. When the median price of all farms in the LRGV are utilized to analyze the sale, the indicated price per acre is \$1,806 per acre. This indication is a result of adjusting the median price per acre for land mixture (equivalency ratings), market conditions, and irrigation efficiency. Such analysis indicates the property sold for approximately 2% less than market value and further indicates the water rights had no contribution to the sale. As outlined in the overview, the property is located in a very remote area and access is via an extensive caliche based roadway system. Other analysis in the area indicates properties with less than average access command 15% to 20% less than properties with good access. Applying a negative 20% adjustment to the median price yields a surface value of approximately \$1,445 per acre. This analysis indicates the surface commanded a price in line with the market, and the residual amount of the sale price (\$323 per acre) would indicate a water contribution of approximately \$351 per acre foot ( $\$323 \times 271.51 \text{ acres} / 250 \text{ acre feet}$ ). The contribution for the water in this version of the analysis is in line with other indications. Our final allocation of the sale includes \$351 per acre foot of water rights, or a total contribution of \$87,646. The remainder of the sale price is allocated over the various soil classifications and it is concluded that access had an impact to this sale price.

### Land Allocation Table

<u>Description</u>	<u>Ratio</u>	<u>Acres</u>	<u>Indicated \$/Ac.</u>	<u>Total Contribution</u>
Class I Soils	100%	0	\$ 3,031.48	\$ 0
Class I Soils Floodway	80%	0	\$ 2,425.19	\$ 0
Class II Soils	90%	0	\$ 2,728.33	\$ 0
Class II Soils Floodway	72%	80	\$ 2,182.67	\$ 174,614
Class III Soils	70%	0	\$ 2,122.04	\$ 0
Class III Soils Floodway	56%	85	\$ 1,697.63	\$ 144,299
Class IV - VIII Soils	50%	0	\$ 1,515.74	\$ 0
Class IV - VIII Soils Floodway	40%	33	\$ 1,212.59	\$ 40,015
Outage	15%	73.51	\$ 454.72	\$ 33,426
Spec. Dev.	180%	0	\$ 5,456.67	\$ 0
<b>TOTALS</b>		<b>271.51</b>	<b>\$ 1,445.08</b>	<b>\$ 392,354</b>
<b>Equiv. Rating</b>		<b>48%</b>		

#### TOTAL SALE PRICE ALLOCATION

Total Sale Price:	\$ 480,000
Less Est. Land Value:	\$ 392,354
Less Est. Improvements	\$
Residual to Other Contribution:	\$ 87,646
Other Description:	Water Rights

Note: All information contained herein is subject to rounding which may slightly alter total sale price and further allocations. Such small inefficiencies within the software do not materially impact the results of any analysis.

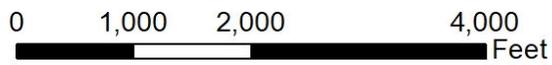
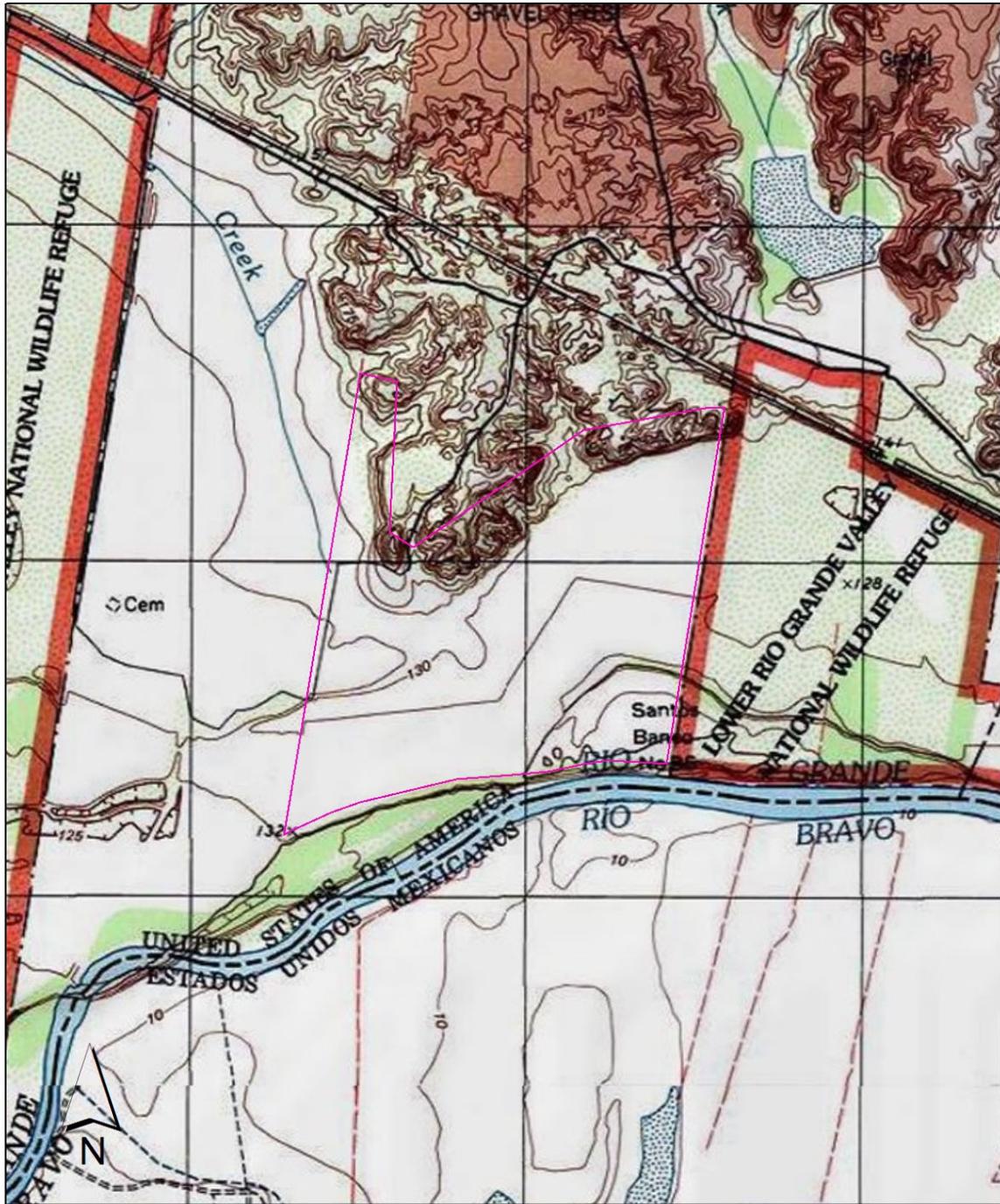
# RGVS118 Aerial Map



0 550 1,100 2,200  
Feet

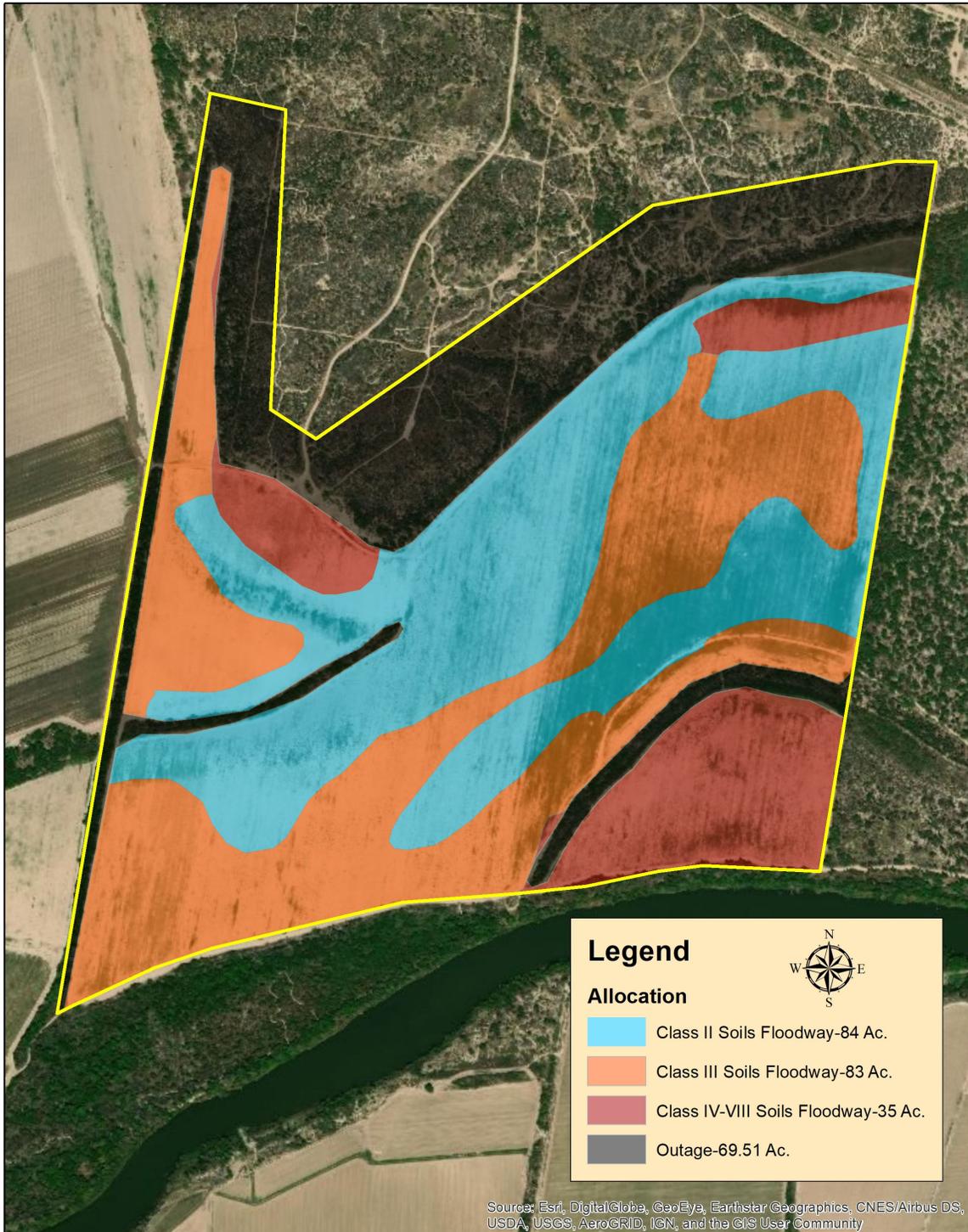
Imagery Date: 2018

# RGVS118 Topo Map



USGS Topological Map

# RGVS118 Allocation



0 500 1,000 2,000 Feet

Analysis of RGVS118		
	RGVS118	Median Sale
Property Type	Non-Irrigated Crop	Non-Irrigated Crop
Date	6/13/2019	5/5/2013
Sale Price	\$480,000	\$1,060,999
Deeded Acres	271.51	428.69
Price/Acre <sup>1</sup>	\$1,768	\$2,475
ER <sup>2</sup>	48%	89%
%? in ER <sup>3</sup>		-46.07%
Adjusted Price		\$1,335
Time Periods		74
Rate		0.25%
Adjusted Price		\$1,606
Irrigation Potential	50%	0%
Adjustment <sup>4</sup>		13%
Adjusted Price		\$1,806
Access Factor		1.00
Rate <sup>5</sup>		-20%
Adjusted Price	\$1,768	\$1,445
Residual Analysis		
Sale Price	\$480,000	
Land \$/Ac.	\$1,445	
Total Land Value <sup>6</sup>	\$392,354	
Residual to Water <sup>7</sup>	\$87,646	
AF of Water Rights	250.00	
Cont. / AF of Water	\$351	

Notes:

1.  $\$480,000 \div 271.51$
2. ER utilizing ratios found in Table 3.12
3. %? from 89 to 48  $((89 - 48) \div 89)$
4. %? in Irrigation Potential x 25% (Above 100% receives no adjustment)
5. +12% per double large to small, -10% per double small to large
6.  $\$1,445/\text{Ac.} \times 271.51 \text{ Acres} = \$392,354$
7.  $\$480,000 - 392,354 = \$87,646$
8.  $\$87,646 \div 250 \text{ Ac. Ft} = \$351/\text{Ac.Ft.}$