

**STEVEN J. KUNKEL & ASSOCIATES, INC.**

**Professional Real Estate Services**

Steven J. Kunkel, MAI

Douglas W. Stewart

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March 2, 2015

Cynthia Ganotis  
City of McKinney  
Engineering Department  
P.O. Box 517  
McKinney, TX 75070

**Re: Amended Valuation Services Proposal -  
Virginia Parkway Project (15 Parcels)  
US-75 to Bellegrove Drive  
McKinney, Collin County, Texas**

Dear Ms. Ganotis:

I appreciate the opportunity to submit this amended proposal to prepare appraisals of the parcels to be acquired as part of the above-captioned project. The original valuation services proposal was dated October 7, 2014, and it contemplated 14 parcels. This amended proposal contemplates a total of 15 parcels, as well as condemnation support, including updated appraisals and expert testimony.

It is my understanding that the City of McKinney is the client in this assignment and the intended user of the appraisals. It is also my understanding that the intended use of each of the initial appraisals is to provide assistance to the City of McKinney in their negotiations for the purchase of each of the parcels, and that the initial appraisals will not be utilized for condemnation. However, updated appraisals will be prepared for each of the parcels which are acquired through condemnation.

It is my understanding that the purpose of each of the appraisals is to develop a current opinion of the total compensation for the purchase of the defined property rights in each of the acquired parcels. Our opinion of the total compensation will reflect the "market value" of the defined interests in each of the parcels, as well as all "compensable" damages to each remainder property. The value premise will be that of each property's "as is" condition as of the date of our inspection.

The scope of the assignment will include a complete identification of each whole property. If the acquisition parcels are part of an economic(s) unit that differs from the whole property, we will develop an opinion of the value of that economic unit(s), but will not develop an opinion of the value of the whole site or whole property.

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The scope of work will include a complete inspection and analysis of the subject area and each whole site or economic unit. Research will be conducted into the physical characteristics of each whole site or economic unit, including its size, availability of existing utilities, infrastructure and accessibility status, topographic and drainage characteristics, and easements and encumbrances. The scope of the assignment will also include an analysis of existing land use regulations and reasonably probable modifications of such land use regulations; economic demand; the physical adaptability of the real estate; and market area trends.

We will develop an opinion of the highest and best use of either the whole site or economic unit(s) as though vacant. Sales of property similar to each whole site or economic unit will be researched and analyzed, and an opinion of the value of each whole site or economic unit as though vacant will be developed utilizing a sales comparison method. The comparable sales will be analyzed utilizing a unit of comparison, and we will consider differences in the elements of comparison between each of the comparable properties and each whole site or economic unit(s) utilizing a qualitative analysis.

As part of the initial appraisals, the scope of the assignment will include a limited inspection and analysis of the improvements of each whole property or economic unit (if any). In addition, we will not develop an opinion of the highest and best use of each whole property or economic unit(s) as presently improved, and will not develop an opinion of the value of any whole property or economic unit(s) as presently improved, as part of the initial appraisals.

The scope of the assignment will also include a complete inspection and analysis of each of the acquisition parcels, including any improvements. We will develop an opinion of the highest and best use of each of the acquisition parcels, and will also develop an opinion of the value of the defined property rights in each of the acquisition parcels. In addition, we will develop an opinion of the value of any improvements included in any of the acquisition parcels that will not be replaced by the City of McKinney as part of the project. The value of these improvements will be developed utilizing only a cost approach, as part of the initial appraisals.

The scope of the assignment will also include a complete analysis of the effect of the acquisition of each of the parcels and their proposed use on the remainder site(s). However, we will include only a limited analysis of the effect of the acquisition of each of the parcels and their proposed use on the remainder property's improvements, as part of the initial appraisals.

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After completion of the initial appraisals, this amended proposal contemplates that update appraisals will be prepared for a maximum of two parcels. The scope of work for the update appraisals will include updating the data and analysis contained in the initial appraisals, as well as a complete inspection and analysis of the whole property or economic unit, including the whole property or economic unit improvements. In addition, we will develop an opinion of the highest and best use of each whole property or economic unit(s) as presently improved, and will develop an opinion of the value of each whole property or economic(s) as presently improved. The scope of the assignment will also include a complete analysis of the effect of the acquisition of each of the parcels and their proposed use on the remainder property(s), including each remainder property's improvements.

The data, total compensation conclusions and analyses of each of the initial appraisals and update appraisals will be presented in a written "**Appraisal Report**" utilizing a narrative format. Each appraisal will be completed in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation, and the Code of Professional Ethics of the Appraisal Institute.

The fee is based on the amount of time spent on the assignment, as well as the complexity of the assignment. In this instance, the fee will not exceed \$75,000 for a maximum of 15 initial appraisals and three update appraisals. This fee also includes condemnation support services, including preparation time, meetings, travel time, and expert witness testimony. Condemnation support services will be provided at a rate of \$200 per hour, with a maximum of 45 hours. Condemnation support services in excess of 45 hours are beyond the scope of this assignment.

The total fee includes all expenses incurred in the completion of this assignment. However, the fee is subject to change in the event that unexpected circumstances are encountered during the assignment that results in significant additional time and/or expenses required in completing the assignment. However, your written approval is required prior to commencement of additional services and/or modification of the fee.

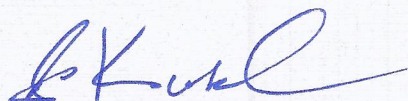
I anticipate completion of the assignment and delivery of two original copies of each written report of the initial appraisals within 30 days of your authorization to proceed with this amended proposal. However, if relevant information needed for the completion of the assignment is not received in a timely manner, the completion date may be delayed.

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If this proposal meets with your approval, please send to my office an approved purchase order or an authorized notice to proceed. Invoices will be submitted for each completed appraisal report, and all fees are due upon receipt of the invoice.

Please call me at (817) 261-6428 if you have any questions regarding this proposal. I look forward to working with you on this assignment.

Sincerely,



Steven J. Kunkel, MAI  
SJK/sjk

ACKNOWLEDGED AND AGREED:

BY: \_\_\_\_\_

DATE: \_\_\_\_\_