

October 15, 2010

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

Re: **Valuation Services Proposal -**  
US-75 Water & Sanitary Sewer Relocation Project  
SH-121 to White Avenue  
McKinney, Collin County, Texas

Dear Ms. Ganotis:

I appreciate the opportunity to submit this proposal to prepare appraisals of the properties that are part of the above-captioned project. 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 appraisal is to provide assistance to the City of McKinney in their negotiations for the purchase of each of the parcels that are part of the above-captioned project, and that the appraisals will not be utilized for 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 parcels that are part of the above-referenced project. 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. However, it is noted that the State of Texas has recently acquired right-of-way from each of the subject parcels for the expansion of US-75. Consequently, our conclusion of total compensation will be based upon the new right-of-way line, taking into consideration the effects of the acquisition of right-of-way for the expansion of US-75.

The scope of the assignment will include a complete inspection and analysis of each whole site, and a complete analysis of the effect of the acquisition of each parcel on each remainder site. The scope of the assignment will also include a limited inspection and analysis of each whole property's improvements, and a limited analysis of the effect of the acquisition of each parcel on each remainder property's improvements. If the remainder property improvements appear to suffer a loss in value as a result of the acquisition, the scope of the assignment will also include a complete inspection and analysis of the effect of the acquisition on the remainder property's improvements.

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

It is my understanding that the project affects approximately 25 different property owners, and the acquisition parcels include water line easements and sanitary sewer easements. It is also my understanding that the City of McKinney has adopted a policy regarding properties that have become non-conforming as a result of the acquisition of right-of-way by the State of Texas for the US-75 widening project, and this policy will be considered in this assignment. Also, the total compensation conclusions will not include any improvements that can be relocated and/or reconstructed by the City of McKinney as part of the project.

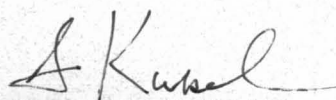
The data, value conclusions and analyses of each appraisal will be presented in a "**Summary Report**" utilizing a narrative format. Each appraisal will be completed in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation, and the Code 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 \$125,000 for a maximum of 25 properties. The 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.

Two original copies of each appraisal report will be completed and delivered within 90 days of receipt of each completed parcel survey, and progress reports will be provided on a monthly basis. Invoices will be submitted monthly for work completed to date, and all fees are due upon completion of each appraisal and 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