

Ben Campbell, President
Dan Bochsler, Vice President
Kim Willmott, Secretary/Treasurer
Suzanne Eiben, Director
Joseph Thompson, Director
Linda Dickens, Director
Charles Drane, Director

Christophe Trahan, EDC Director
Lisa Bowman, Admin. Assistant



**NOTICE OF MEETING
ECONOMIC DEVELOPMENT BOARD
November 20, 2023
10:00 A.M.
PEDC Office
100 Willow Creek Pkwy, Suite A
Palestine, TX**

Zoom Link:

<https://us06web.zoom.us/j/88194371341?pwd=UnyyRjDrhEW9aiKYDyTsafMh3q4h89.1>

Meeting ID: 881 9437 1341

Passcode: 791297

One tap mobile

+13462487799,,88194371341#,,,,*791297# US

Note: when you are joining a Zoom meeting by phone, you can use your phone's dial pad to enter the commands *6 for toggling mute/unmute and *9 to "raise your hand." [Learn more here.](#)

Follow us live at: [facebook.com/palestinety/](https://www.facebook.com/palestinety/)

A. CALL TO ORDER

B. PROPOSED CHANGES OF AGENDA ITEMS

C. PUBLIC COMMENTS

Any citizen wishing to speak during public comments regarding an item on or off the agenda may do so during this section of the agenda. All comments must be no more than five minutes in length. Any comments regarding items, not on the posted agenda may not be discussed or responded to by the Board. Members of the public may join via Zoom or in person.

D. CONFLICT OF INTEREST DISCLOSURES

E. ITEMS FROM BOARD

F. DIRECTOR'S REPORT

1. Review Monthly Director's Report.

G. DISCUSSION AND ACTION ITEMS

1. Consider approval of PEDC minutes from October 10, 2023.
2. Consider approval of PEDC minutes from October 23, 2023.
3. Consider approval of the October 2023 Financial Report.

4. Discussion and possible action regarding A&R Treasures Downtown Grant Application in the amount of \$26,200.00.
5. Discussion and possible action regarding the PEDC Performance Agreement with Texas Futura LLC. & Lonestar Oil Tech. LLC.
6. Discussion and possible action regarding the termination of the Purchase Option Agreement with Blue Cord Devgroup, LLC.
7. Discussion and possible action regarding budgetary amendments to PEDC's fiscal year 2023-2024 budget.

H. PUBLIC HEARINGS

1. Public Hearing regarding PEDC offering an economic development grant to incentivize LS Tractor USA, LLC.
 - a.) Open Public Hearing
 - b.) Receive Public Comments
 - c.) Close Public Hearing

I. CLOSED SESSION

The Board will go into Closed Session pursuant to Texas Government Code, Chapter 551, Subchapter D.

1. Section 551.087 deliberation regarding Economic Development negotiations; to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.
 - a.) Texas Futura, LLC/Lonestar Oil Tech, LLC.

J. RECONVENE IN REGULAR SESSION

1. Section 551.087 deliberation regarding Economic Development negotiations; to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.

Take any action regarding:

- a.) Texas Futura, LLC/Lonestar Oil Tech, LLC.

K. ADJOURNMENT

I certify that the above Notice of Meeting was posted at the main entrance of the Palestine Economic Development Corporation located at 100 Willow Creek Parkway, Suite A, Palestine, Texas, in compliance with Chapter 551 of the Texas Government Code on **Thursday, November 16, 2023, at 3:00 p.m.**





Lisa Bowman, EDC Admin. Assistant

IN ACCORDANCE WITH THE PROVISIONS OF THE AMERICANS WITH DISABILITIES ACT (ADA) PERSONS IN NEED OF SPECIAL ACCOMMODATION TO PARTICIPATE IN THIS PROCEEDING SHALL, CONTACT THE CITY SECRETARY'S OFFICE VIA EMAIL AT citysecretary@palestine-tx.org or 903-731-8414.



Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Review Monthly Director's Report.

SUMMARY:

Review Monthly Director's Report.

RECOMMENDED ACTION:

Staff recommends the board review the monthly Director's Report.

Attachments

Director's Report



Economic Development Activities- October/November 2023

New Business/Investment

- Coordinated a site visit on 11/2 of the Redtown Ranch property—a 7,500 acre site acquired by Conservation Equity Management. Participants included Anderson County Judge Carey McKinney, Houston County Judge Jim Lovell, and Elkhart Superintendent Lamont Smith.
- Introduction to new business prospect #1067 and began sharing information on potential sites in the Willow Creek Business Park.
- Met with new plant manager for Verdant Specialty Solutions and continued discussions regarding expansion of Verdant's facilities in Palestine.
- Met with local investor to discuss commercial development projects in Southside neighborhood.

Marketing

- Made presentations about ongoing PEDC projects to the Rotary Club of Palestine (10/25) and the Palestine Lion's Clubs (11/2).
- Published & circulated press release regarding progress and outcomes of PEDC/ETEX broadband infrastructure expansion project.
- Continued work with Golden Shovel Agency on re-design of PEDC Website (palestinetexas.net)

Administration

- Conducted interviews with Vice President Bochsler & City HR Director Lisa Cariker of 5 candidates for the role of PEDC Business Intelligence & Marketing Analyst.
- Attended the TEDC Annual Conference in Houston on October 11-13.
- Conducted full contract review and needed revisions for both ongoing EDC projects (LS Tractor USA & Texas Futura/Lonestar Oil Tech)

Prospects

PEDC October leads: 1

1 New

No. of projects by industry:

1 Manufacturing

Source of Leads:

1 Direct

No. of open leads

15

Economic Climate

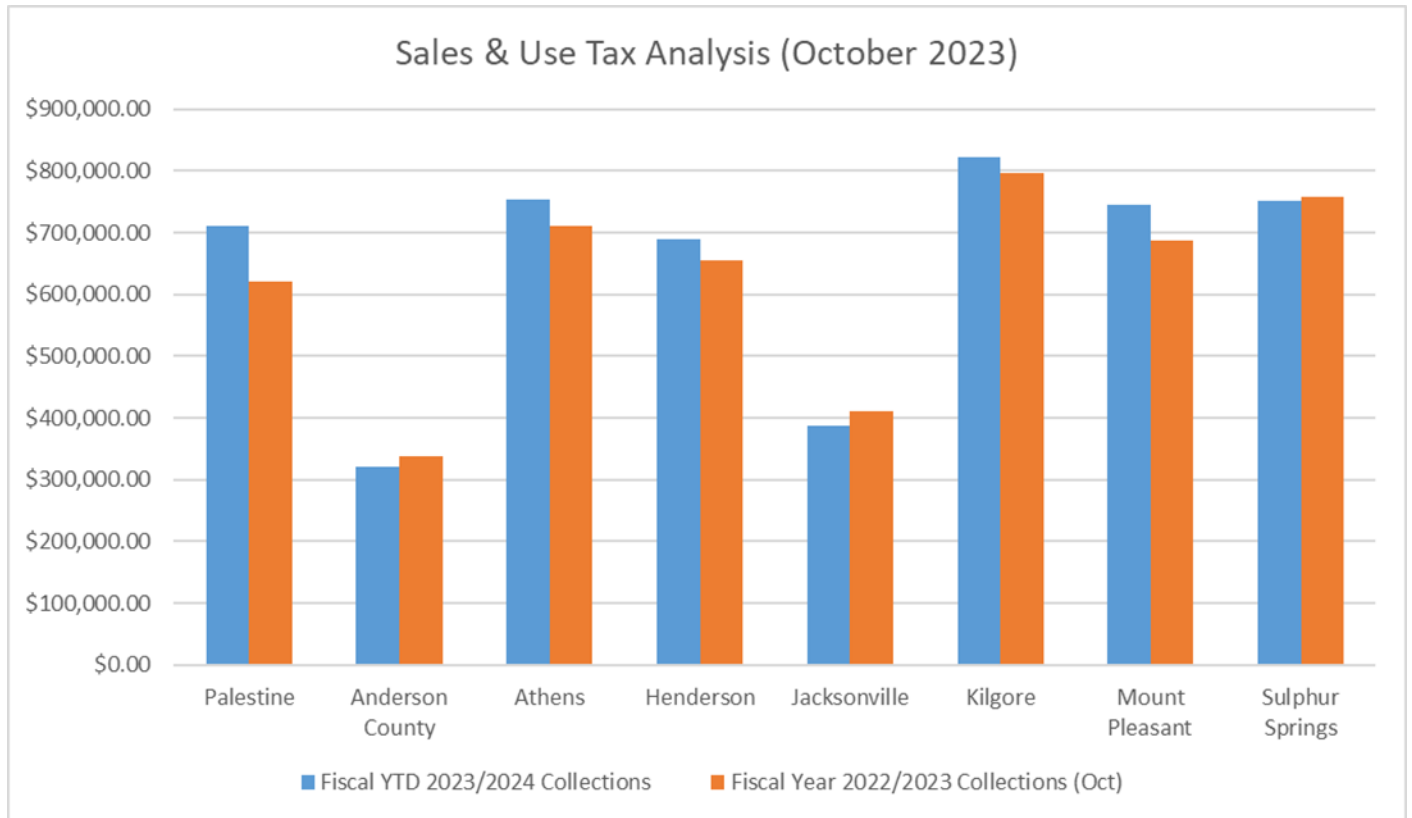
➤ Retail Sector

Local Sales & Use Tax Summary Palestine, Anderson County & Index Cities Fiscal Year Comparisons

Collection:	Period	Net Payment		Net Change
		Current Year 2023/2024	Prior Year 2022/2023	
Palestine	Oct	\$710,406.62	\$620,106.07	12.7%
	Fiscal YTD	\$710,406.62	\$620,106.07	12.7%
Anderson County	Oct	\$321,211.57	\$339,140.65	-5.6%
	Fiscal YTD	\$321,211.57	\$339,140.65	-5.6%
Athens	Oct	\$754,502.49	\$711,793.11	5.7%
	Fiscal YTD	\$754,502.49	\$711,793.11	5.7%
Henderson	Oct	\$688,441.36	\$654,916.36	4.9%
	Fiscal YTD	\$688,441.36	\$654,916.36	4.9%
Jacksonville	Oct	\$387,500.34	\$411,139.35	-6.1%
	Fiscal YTD	\$387,500.34	\$411,139.35	-6.1%
Kilgore	Oct	\$821,719.30	\$797,310.56	3.0%
	Fiscal YTD	\$821,719.30	\$797,310.56	3.0%
Mount Pleasant	Oct	\$743,988.03	\$687,931.44	7.5%
	Fiscal YTD	\$743,988.03	\$687,931.44	7.5%
Sulphur Springs	Oct	\$752,368.05	\$758,727.73	-0.8%
	Fiscal YTD	\$752,368.05	\$758,727.73	-0.8%

* Source: *Texas Comptroller of Public Accounts*

* Note: All Net Payments represent collections conducted approx. 2 months prior

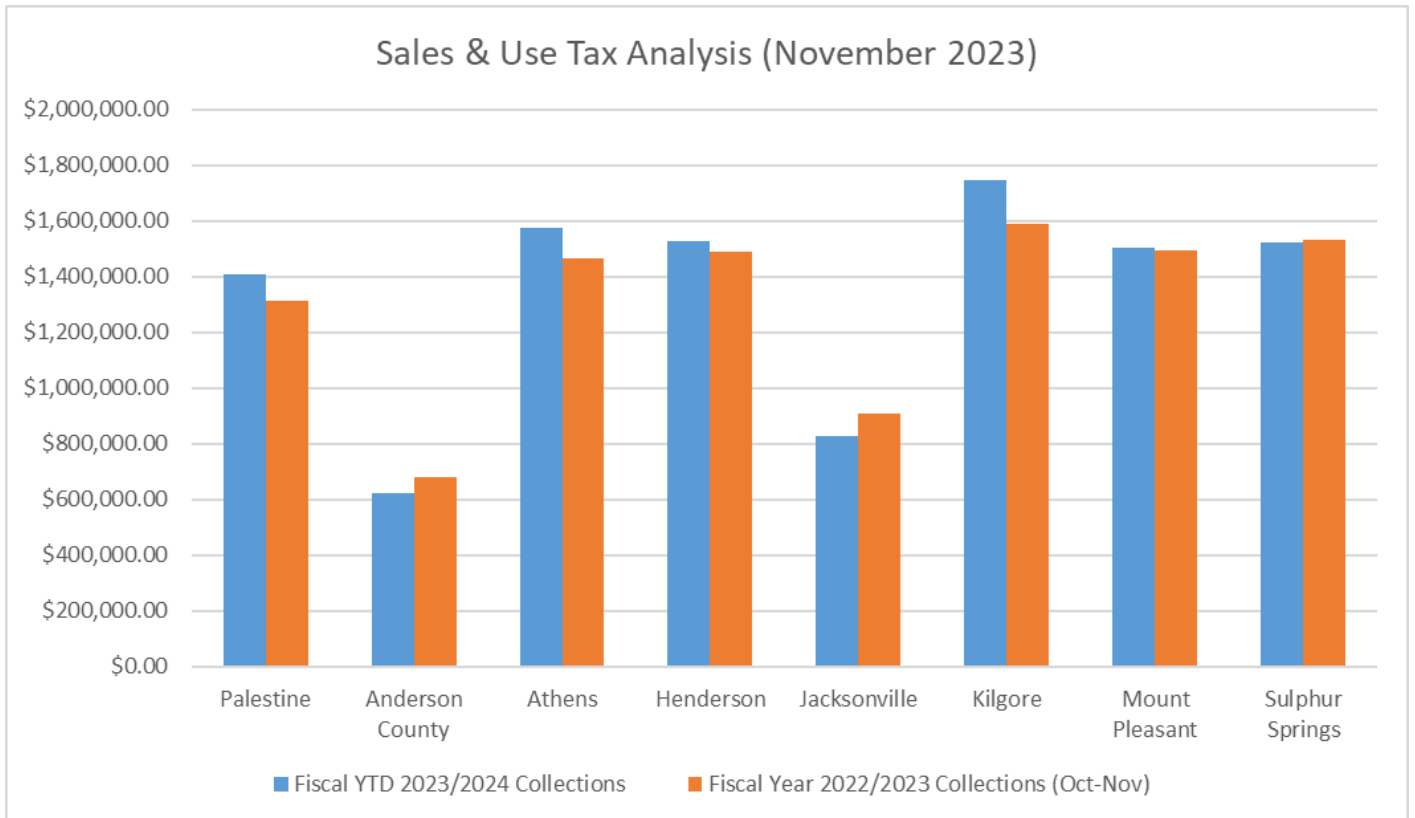


Local Sales & Use Tax Summary
Palestine, Anderson County & Index Cities
Fiscal Year Comparisons

Collection:	Period	Net Payment		Net Change
		Current Year 2023/2024	Prior Year 2022/2023	
Palestine	Nov	\$697,296.97	\$693,186.29	0.6%
	Fiscal YTD	\$1,407,703.59	\$1,313,292.36	6.7%
Anderson County	Nov	\$303,368.88	\$341,407.01	-12.5%
	Fiscal YTD	\$624,580.45	\$680,547.66	-9.0%
Athens	Nov	\$819,867.70	\$755,562.38	7.8%
	Fiscal YTD	\$1,574,370.19	\$1,467,355.49	6.8%
Henderson	Nov	\$840,677.07	\$833,181.55	0.9%
	Fiscal YTD	\$1,529,118.43	\$1,488,097.91	2.7%
Jacksonville	Nov	\$438,909.31	\$498,297.56	-13.5%
	Fiscal YTD	\$826,409.65	\$909,436.91	-10.0%
Kilgore	Nov	\$924,442.05	\$793,401.03	14.2%
	Fiscal YTD	\$1,746,161.35	\$1,590,711.59	8.9%
Mount Pleasant	Nov	\$761,066.90	\$804,220.99	-5.7%
	Fiscal YTD	\$1,505,054.93	\$1,492,152.43	0.9%
Sulphur Springs	Nov	\$769,934.61	\$771,505.30	-0.2%
	Fiscal YTD	\$1,522,302.66	\$1,530,233.03	-0.5%

* Source: *Texas Comptroller of Public Accounts*

* Note: All Net Payments represent collections conducted approx. 2 months prior



➤ **Workforce Data**

Unemployment Rates in Anderson & Index Counties – September 2023:

Anderson County – 3.7%

State of Texas – 4.1%

Henderson County – 4.0%

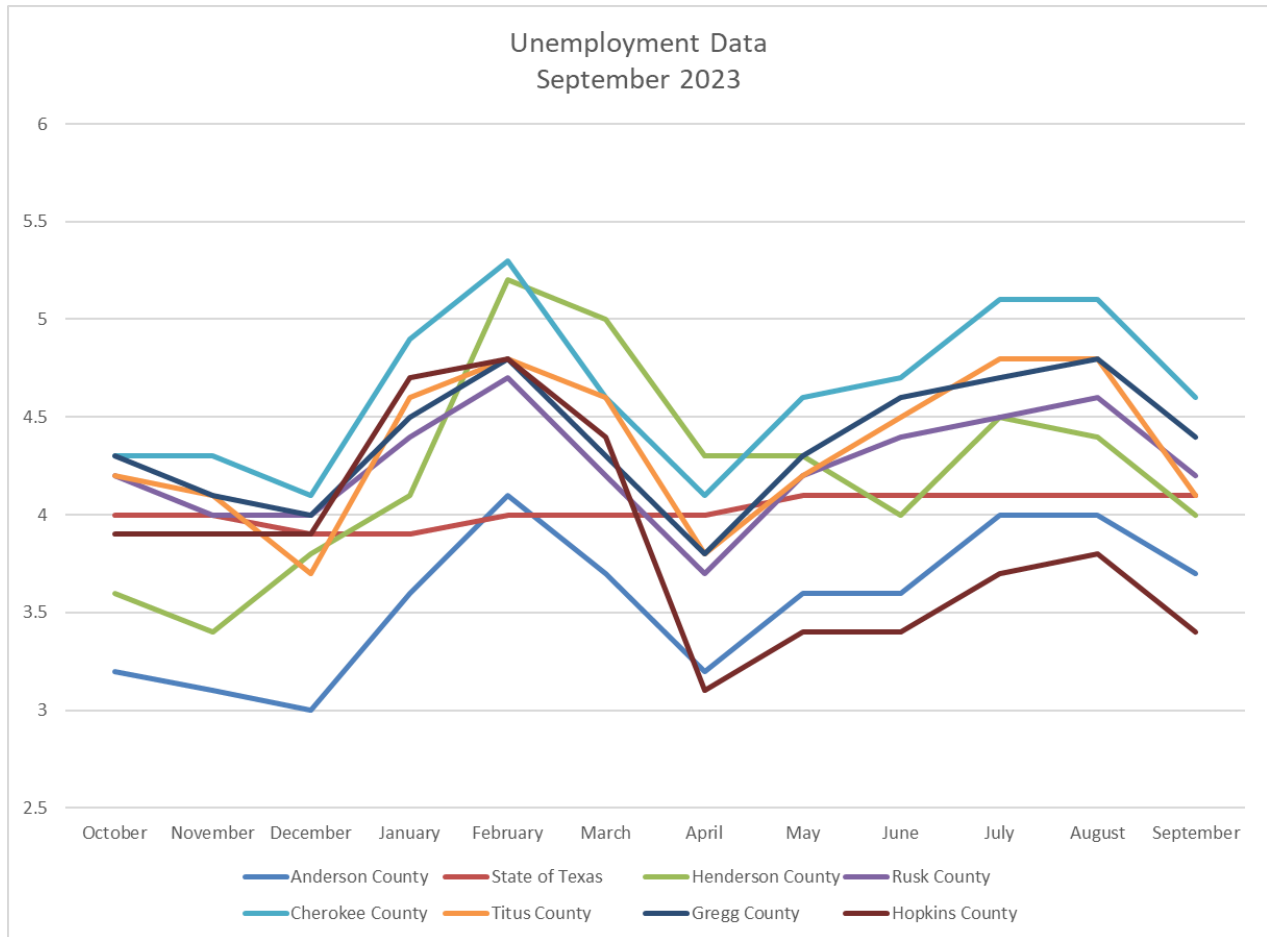
Rusk County – 4.2%

Cherokee County – 4.6%

Titus County – 4.1%

Gregg County – 4.4%

Hopkins County – 3.4%



Source: Texas Labor Market Information; Local Area Unemployment Statistics



Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Consider approval of PEDC minutes from October 10, 2023.

SUMMARY:

Consider approval of PEDC minutes from October 10, 2023.

RECOMMENDED ACTION:

Staff recommends approval of PEDC minutes from October 10, 2023.

Attachments

PEDC Minutes 10.10.23

THE STATE OF TEXAS §
COUNTY OF ANDERSON §
CITY OF PALESTINE §

The Economic Development Board of the City of Palestine convened in a regular meeting on Tuesday, October 10, 2023, at 10:00 a.m., at PEDC Office, 100 Willow Creek Pkwy, Suite A, Palestine, Texas, with the following people present: President Ben Campbell, Vice President Dan Bochsler; Secretary/Treasurer Kim Willmott; Directors: Joseph Thompson & Charles Drane.

Staff present: PEDC Director Christophe Trahan; Administrative Assistant Lisa Bowman

Others Present: Heather Cook of Randle Law Office Ltd., L.L.P. (via zoom), City Manager Teresa Herrera.

A. CALL TO ORDER

With a quorum present, President Campbell called the meeting to order at 10:00 a.m.

B. PROPOSED CHANGES OF AGENDA ITEMS

There were none.

C. PUBLIC COMMENTS

There were none.

D. CONFLICT OF INTEREST DISCLOSURES

President Campbell recused himself from all discussions regarding Texas Futura LLC. & project Short Line.

E. ITEMS FROM BOARD

There were none.

Director Linda Dickens & City of Palestine Finance Director Andrew Sibai entered the board meeting at 10:02 a.m.

F. DIRECTOR'S REPORT

PEDC Director Christophe Trahan presented the board with a monthly report with the following information:

- Suite B – Tenant is in the process of obtaining their Certificate of Occupancy & all improvements have been made to the suite.
- Cancellation of VA Project proposed to be located in the Willow Creek Business Park.
- Outcome and costs of Leadership Training Seminar held on September 28, 2023, & Smart Principles of Marketing Messaging on October 4, 2023.
- Meeting with Sanderson Farms Plant Manager regarding labor needs.
- Texas Labor Market Information Data – Regional Unemployment comparison.

G. DISCUSSION AND ACTION ITEMS

1. Consider approval of PEDC Minutes from September 12, 2023

Motion by Vice President Bochsler, seconded by Vice Director Drane to approve item as presented. Upon vote, the motion carried unanimously 6-0.

2. Consider approval of PEDC Minutes from September 18, 2023.

Motion by Vice President Bochsler, seconded by Director Thompson to approve item as presented. Upon vote, the motion carried unanimously 6-0.

3. Consider approval of the September 2023 Financial Report.

Board members discussed and reviewed the September 2023 Financial Report.

Motion by Vice President Bochsler, seconded by Director Dickens to approve item as presented. Upon vote, the motion carried unanimously 6-0.

4. Discussion and possible action regarding revisions to the PEDC Downtown Grant Guidelines.

Director Trahan briefly discussed the final revisions to the PEDC Downtown Grant Guidelines.

Motion by Vice President Bochsler, seconded by Director Thompson to approve item as presented. Upon vote, the motion carried unanimously 6-0.

5. Consideration of and possible action on Resolution No. R-06-23, a resolution of the PEDC declaring projects of the PEDC offering economic development grants to incentivize downtown and community development and authorizing and directing staff to publish notice of the same.

Motion by Director Thompson, seconded by Vice President Bochsler to approve item as presented. Upon vote, the motion carried unanimously 6-0.

6. Consideration of and possible action on Resolution No. R-07-23, a resolution of the PEDC declaring a project of the PEDC offering an economic development grant to incentivize LS Tractor USA. LLC. to expand its business operations to the City by granting certain incentives, those being direct cash incentives consisting of the expenditure of sales tax funds, in an amount not to exceed \$100,000.00 in exchange for the creation of fifty (50) full-time primary jobs and a capital investment of approximately \$14.8 million located at the facility at 2002 Tile Factory Rd in Palestine, TX; authorizing the execution of a nonbinding letter of intent; setting a public hearing; and authorizing and directing staff to publish notice of the same.

Motion by Director Dickens, seconded by Secretary/Treasurer Willmott to approve item as presented. Upon vote, the motion carried unanimously 6-0.

H. PUBLIC HEARINGS

1. Public Hearing to receive public comments regarding PEDC offering an economic development grant to incentivize Texas Futura, LLC.

President Campbell opened the public hearing at 10:26 a.m. to receive public comments regarding PEDC offering an economic development grant to incentivize Texas Futura, LLC.

There were none.

President Campbell closed the public hearing at 10:27 a.m.

I. CLOSED SESSION

President Campbell announced the Board would go into Closed Session pursuant to Texas Government Code, Chapter 551, Subchapter D. The time was 10:28 a.m.

1. Section 551.087 deliberation regarding economic development negotiations; to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.

- a.) ETEX Communications, LLC. – Revenue Sharing Agreement between PEDC and ETEX.
- b.) Project W-505.

President Campbell recused himself from the board meeting @ 10:41 a.m.

- c.) Texas Futura, LLC.

2. Section 551.072 deliberation regarding real property: the purchase, exchange, lease, or value of real property.

- a.) Project Short Line.

President Campbell re-entered the board meeting at 11:05 a.m.

- b.) Proposal for the possible sale of land acreage within the Willow Creek Business Park.

I. RECONVENE IN REGULAR SESSION

President Campbell reconvened the Board Meeting into open session at 11:12 a.m.

1. Section 551.087 deliberation regarding economic development negotiations; to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or

near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.

- a.) ETEX Communications, LLC. – Revenue Sharing Agreement between PEDC and ETEX. – NO ACTION TAKEN
- b.) Project W-505.- NO ACTION TAKEN
- c.) Texas Futura, LLC. – NO ACTION TAKEN

2. Section 551.072 deliberation regarding real property: the purchase, exchange, lease, or value of real property.

Take any action regarding:

- a.) Project Short Line. – NO ACTION TAKEN
- b.) Proposal for the possible sale of land acreage within the Willow Creek Business Park. – NO ACTION TAKEN

ADJOURN

With no other business to come before the Board, President Campbell adjourned the meeting at 11:14 a.m.

PASSED AND APPROVED THIS 15th DAY OF November 2023.

Ben Campbell, President

ATTEST:

Lisa Bowman, Administrative Assistant



Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Consider approval of PEDC minutes from October 23, 2023.

SUMMARY:

Consider approval of PEDC minutes from October 23, 2023.

RECOMMENDED ACTION:

Staff recommends approval of PEDC minutes from October 23, 2023.

Attachments

PEDC Minutes 10.23.23

THE STATE OF TEXAS §
COUNTY OF ANDERSON §
CITY OF PALESTINE §

The Economic Development Board of the City of Palestine convened in a special meeting on Monday, October 23, 2023, at 10:30 a.m., at PEDC Office, 100 Willow Creek Pkwy, Suite A, Palestine, Texas, with the following people present: Vice President Dan Bochsler; Directors: Joseph Thompson, Linda Dickens, Charles Drane & Suzanne Eiben.

Staff present: PEDC Director Christophe Trahan.

Others Present: City Manager Teresa Herrera.

A. CALL TO ORDER

With a quorum present, Vice President Bochsler called the meeting to order at 10:30 a.m.

B. PROPOSED CHANGES OF AGENDA ITEMS

There were none.

C. PUBLIC COMMENTS

There were none.

D. CONFLICT OF INTEREST DISCLOSURES

There were none.

E. ITEMS FROM BOARD

There were none.

F. CLOSED SESSION

Vice President Bochsler announced the Board would go into Closed Session pursuant to Texas Government Code, Chapter 551, Subchapter D. The time was 10:31 a.m.

1. Section 551.072 deliberation regarding real property: the purchase, exchange, lease, or value of real property.

a.) Project Short Line.

I. RECONVENE IN REGULAR SESSION

Vice President Bochsler reconvened the Board Meeting into open session at 10:41 a.m.

1. Section 551.072 deliberation regarding real property: the purchase, exchange, lease, or value of real property.

Take any action regarding:

a.) Project Short Line.

Motion by Director Thompson, seconded by Director Dickens to approve the Purchase and Sale Agreement for Project Short Line as presented. Upon vote, the motion carried unanimously 5-0.

ADJOURN

With no other business to come before the Board, Vice President Bochsler adjourned the meeting at 10:41 a.m.

PASSED AND APPROVED THIS 15th DAY OF November 2023.

Ben Campbell, President

ATTEST:

Lisa Bowman, Administrative Assistant

DRAFT



Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Consider approval of the October 2023 Financial Report.

SUMMARY:

Consider approval of the October 2023 Financial Report.

RECOMMENDED ACTION:

Staff recommends approval of the October 2023 Financial Report.

Attachments

October Financial Report



Palestine Economic Development Corporation
Financial Statement
As of October 31, 2023

		Current Budget	Current Period	Current Y-T-D	% of Budget	Budget Balance	Prior Year Y-T-D Actual	INC/(DEC) Prior Year
BEGINNING FUND BALANCE		<u>\$ 3,986,395</u>		<u>\$ 3,896,395</u>			<u>\$ 2,611,873</u>	
REVENUE								
41013	PEDC SALES TAX	1,250,055	118,401	118,401	9.5%	1,131,654	103,351	15,050
41609	RENT - CARTMELL SUITE B	36,000	3,000	3,000	8.3%	33,000	-	3,000
41610	RENT - RESULTS CO	161,583	17,954	17,954	11.1%	143,629	17,954	-
41807	ETEX FIBER RECAPTURE	380,000	99,381	99,381	26.2%	280,619	86,883	12,498
41901	INTEREST REVENUE	40,000	4,029	4,029	10.1%	35,971	(441)	4,470
41932	TAH LOAN PYMT	34,064	2,839	2,839	8.3%	31,225	33,269	(30,431)
	*** TOTAL REVENUE ***	<u>1,901,702</u>	<u>245,603</u>	<u>245,603</u>	12.9%	<u>1,656,099</u>	<u>241,016</u>	<u>4,587</u>
EXPENSE								
PERSONNEL								
51010	SALARIES & WAGES	185,555	5,005	5,005	2.7%	180,550	1,509	3,496
51030	LONGEVITY	144	6	6	4.5%	138	3	3
51036	CELL PHONE ALLOWANCE	600	27	27	4.5%	573	-	27
51040	SOCIAL SECURITY	13,817	385	385	2.8%	13,432	202	183
51050	HEALTH INSURANCE	24,976	684	684	2.7%	24,292	353	331
51061	WORKER'S COMPENSATION	619	21	21	3.3%	598	2	18
51070	RETIREMENT	25,981	714	714	2.7%	25,266	211	503
	*** EXPENSE CATEGORY TOTALS ***	<u>251,691</u>	<u>6,842</u>	<u>6,842</u>	<u>2.7%</u>	<u>244,849</u>	<u>2,281</u>	<u>4,561</u>
SUPPLIES AND MATERIALS								
52010	OFFICE SUPPLIES/EQUIPMENT	3,000	158	158	5.3%	2,842	903	(745)
52020	POSTAGE	250	-	-	0.0%	250	-	-
52091	FURNITURE & OFFICE EQUIPMENT	2,000	66	66	3.3%	1,934	-	66
	*** EXPENSE CATEGORY TOTALS ***	<u>5,250</u>	<u>158</u>	<u>224</u>	<u>4.3%</u>	<u>5,026</u>	<u>903</u>	<u>(745)</u>
PROF/CONTRACTUAL SERV								
53010	LEGAL SERVICES	55,000	-	-	0.0%	55,000	-	-
53020	AUDIT & ACCOUNTING SERVICES	5,000	436	436	8.7%	4,564	-	436
53030	PROFESSIONAL SERVICES	50,000	-	-	0.0%	50,000	-	-
53031	CONSULTANT SERVICES	20,000	-	-	0.0%	20,000	-	-
53090	IT SUPPORT	1,897	152	152	8.0%	1,745	305	(152)
53095	SOFTWARE MAINTENANCE	808	-	-	0.0%	808	132	(132)
53150	MARKETING SERVICES	50,000	-	-	0.0%	50,000	-	-
53500	LEGAL NOTICES	6,000	-	-	0.0%	6,000	-	-
53509	MEMBERSHIPS & SUBSCRIPTIONS	20,000	11,228	11,228	56.1%	8,772	1,417	9,811
53510	TRAVEL AND TRAINING	10,000	-	-	0.0%	10,000	20	(20)
53512	PRINTING SERVICES	3,000	-	-	0.0%	3,000	-	-
53514	TML INSURANCE	9,000	12,135	12,135	134.8%	(3,135)	6,827	5,308
53515	INSURANCE AND BONDS	1,000	-	-	0.0%	1,000	-	-
53520	JANITORIAL SERVICES	9,000	-	-	0.0%	9,000	-	-
53617	PROJECTS SUPPORT GRANTS	300,000	-	-	0.0%	300,000	-	-



Palestine Economic Development Corporation
Financial Statement
As of October 31, 2023

		Current Budget	Current Period	Current Y-T-D	% of Budget	Budget Balance	Prior Year Y-T-D Actual	INC/(DEC) Prior Year
53662	ATH COMPLEX IMPROVEMENTS GRANT	25,000	-	-	0.0%	25,000	-	-
53663	COM DEV GRANT-GENERAL PROGRAM	75,000	-	-	0.0%	75,000	-	-
53664	BLDG IMPROVEMENT GRANT PROG	150,000	-	-	0.0%	150,000	-	-
*** EXPENSE CATEGORY TOTALS ***		790,705	23,952	23,952	3.0%	766,753	8,701	15,251
MAINTENANCE & REPAIR								
54010	BLDG/STRUCTURE/GRNDS MAINTENANCE	100,000	1,059	1,059	1.1%	98,941	2,798	(1,739)
*** EXPENSE CATEGORY TOTALS ***		100,000	1,059	1,059	1.1%	98,941	2,798	(1,739)
UTILITIES								
54500	UTILITIES - ELECTRIC	7,500	509	509	6.8%	6,991	223	286
54501	UTILITIES - WATER/SEWER	4,000	-	-	0.0%	4,000	213	(213)
54503	PHONES/INTERNET	4,000	397	397	9.9%	3,603	230	167
*** EXPENSE CATEGORY TOTALS ***		15,500	905	905	5.8%	14,595	666	286
OTHER/MISC.								
55009	BUSINESS RETENTION/EXPANSION	15,000	308	308	2.1%	14,692	-	308
55200	MEETING MEALS	3,000	86	86	2.9%	2,914	287	(201)
*** EXPENSE CATEGORY TOTALS ***		18,000	395	395	2.2%	17,605	287	108
DEBT SERVICE								
56005	REVENUE BOND PRIN PAYMENT	455,481	-	-	0.0%	455,481	-	-
56050	INTEREST- BONDED DEBT	130,484	-	-	0.0%	130,484	(7,277)	7,277
56054	PAY/ESCROW AGENT FEES	30,000	25,340	25,340	84.5%	4,660	-	25,340
*** EXPENSE CATEGORY TOTALS ***		615,966	25,340	25,340	4.1%	590,626	(7,277)	32,617
CAPITAL OUTLAY								
58000	CAPITAL OUTLAY	55,936	-	-	0.0%	55,936	-	-
*** EXPENSE CATEGORY TOTALS ***		55,936	-	-	0.0%	55,936	-	-
INTERFUND ACTIVITY								
59010	TRANSFER TO/FROM GENERAL FUND	48,404	2,614	2,614	5.4%	45,790	2,614	-
59570	TRANSFER TO FLEET FUND	250	-	-	0.0%	250	-	-
*** EXPENSE CATEGORY TOTALS ***		48,404	2,614	2,614	5.4%	45,790	2,614	-
*** TOTAL EXPENSE ***		1,901,452	61,265	61,331	0	1,840,121	10,973	50,339
PROJECTED ENDING FUND BALANCE		\$ 3,986,645		\$ 4,080,667			\$ 2,841,917	

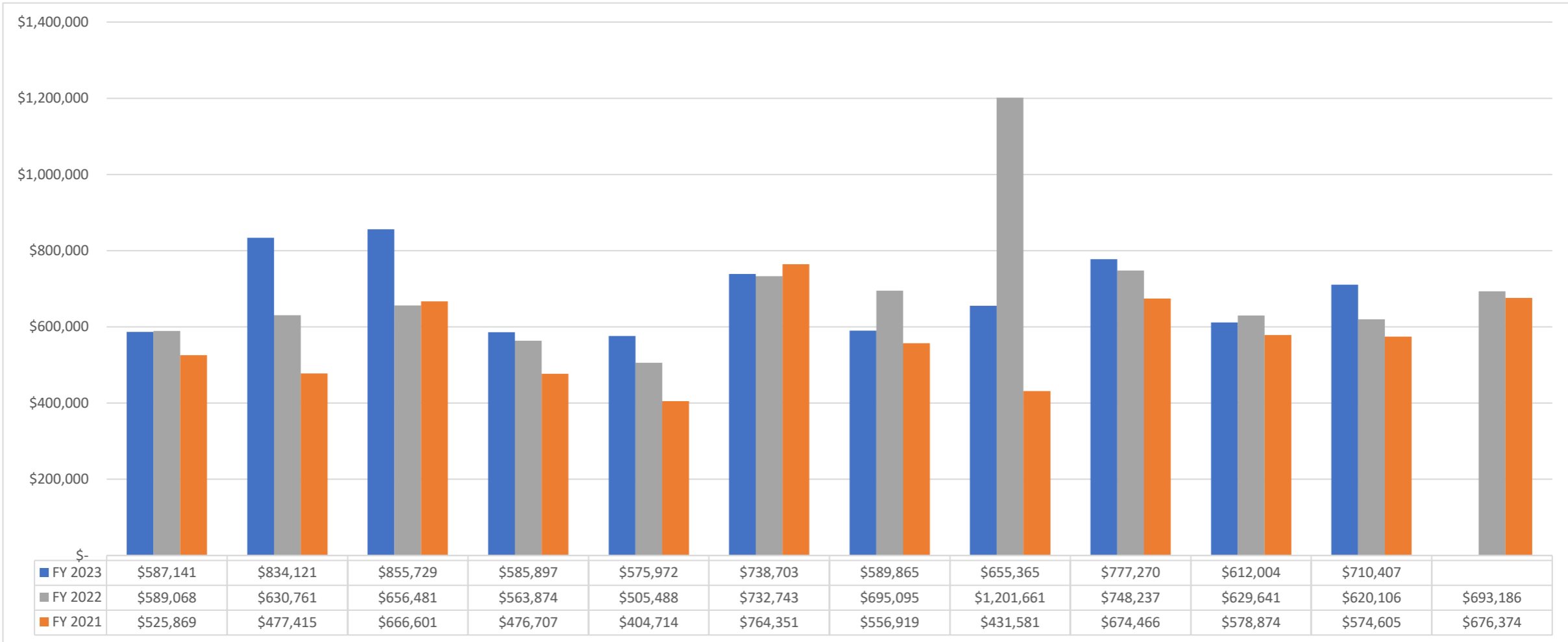


Sales Tax History: Fiscal Years 2020 - 2022

FY 2021				
	CITY 83.33%	PEDC 16.67%	TOTAL 100.00%	CUMULATIVE TOTAL
October	\$ 438,207	\$ 87,662	\$ 525,869	\$ 525,869
November	397,830	79,585	\$ 477,415	1,003,284
December	555,479	111,122	\$ 666,601	1,669,885
January	397,240	79,467	\$ 476,707	2,146,592
February	337,248	67,466	\$ 404,714	2,551,306
March	636,934	127,417	\$ 764,351	3,315,657
April	464,081	92,838	\$ 556,919	3,872,576
May	359,636	71,944	\$ 431,581	4,304,157
June	562,033	112,434	\$ 674,466	4,978,623
July	482,376	96,498	\$ 578,874	5,557,498
August	478,818	95,787	\$ 574,605	6,132,103
September	563,623	112,752	\$ 676,374	6,808,477
Total	\$ 5,673,504	\$ 1,134,973	\$ 6,808,477	

FY 2022				
	CITY 83.33%	PEDC 16.67%	TOTAL 100.00%	CUMULATIVE TOTAL
October	\$ 490,870	\$ 98,198	\$ 589,068	\$ 589,068
November	\$ 525,613	105,148	\$ 630,761	1,219,828
December	\$ 547,046	109,435	\$ 656,481	1,876,309
January	\$ 469,876	93,998	\$ 563,874	2,440,183
February	\$ 421,224	84,265	\$ 505,488	2,945,672
March	\$ 610,594	122,148	\$ 732,743	3,678,414
April	\$ 579,223	115,872	\$ 695,095	4,373,509
May	\$ 1,001,344	200,317	\$ 1,201,661	5,575,170
June	\$ 623,506	124,731	\$ 748,237	6,323,407
July	\$ 524,680	104,961	\$ 629,641	6,953,048
August	\$ 516,734	103,372	\$ 620,106	7,573,154
September	\$ 577,632	115,554	\$ 693,186	8,266,340
Total	\$ 6,888,341	\$ 1,377,999	\$ 8,266,340	

FY 2023				
	CITY 83.33%	PEDC 16.67%	TOTAL 100.00%	CUMULATIVE TOTAL
October	\$ 489,264	\$ 97,876	\$ 587,141	\$ 587,141
November	695,073	139,048	\$ 834,121	1,421,262
December	713,079	142,650	\$ 855,729	2,276,991
January	488,228	97,669	\$ 585,897	2,862,888
February	479,957	96,014	\$ 575,972	3,438,860
March	615,561	123,142	\$ 738,703	4,177,563
April	491,534	98,330	\$ 589,865	4,767,428
May	546,115	109,249	\$ 655,365	5,422,792
June	647,699	129,571	\$ 777,270	6,200,063
July	509,983	102,021	\$ 612,004	6,812,067
August	591,982	118,425	\$ 710,407	7,522,474
September	-	-	-	7,522,474
Total	\$ 6,268,477	\$ 1,253,996	\$ 7,522,474	





Palestine Economic Development Corporation
 Financial Statement
 As of October 31, 2023

Sales Tax FY 2023 - August - Period 10



	Palestine	Athens	Henderson	Jacksonville	Kilgore	Mount Pleasant	Sulphur Springs
\$ Sales Tax Received Oct-2023	710,406.62	754,502.49	688,441.36	387,500.34	821,719.30	743,988.03	752,368.05
% Inc(+) Dec(-) from prior year	14.56%	6.00%	5.12%	-5.75%	3.06%	8.15%	-0.84%



Palestine Economic Development Corporation

Summary of Cash and Investment Activity

For the Month Ending: October 31, 2023

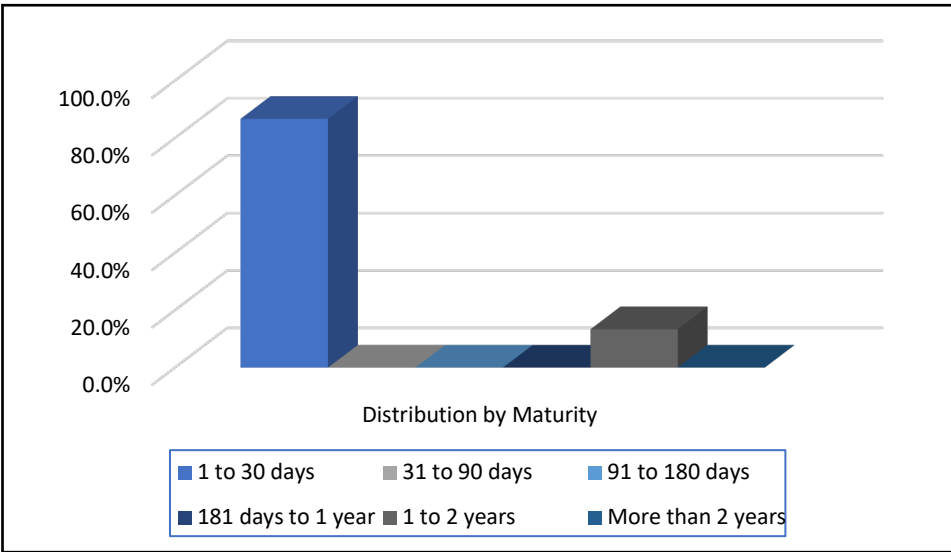
	Par Value	Market Value	Ratio Market-to-Book Value
Beginning Balances			
Cash	\$200,062.52	\$ 200,062.52	100.00%
Investments	\$3,339,281.70	\$3,339,281.70	100.00%
Total	3,539,344.22	\$3,539,344.22	100.00%
Activity			
Cash	\$49,357.07	\$49,357.07	
Investments	\$118,460.06	\$118,460.06	
Net Accretion & Amortization			
Purchases			
Maturities/Calls	-	-	
Changes to Market Value	-	(5,195.58)	
Net Monthly Activity	\$167,817.13	\$162,621.55	
Ending Balances			
Cash	\$249,419.59	249,419.59	100.00%
Investments	\$3,457,741.76	\$3,452,546.18	99.85%
Total	\$ 3,707,161.35	\$ 3,701,965.77	99.86%

Palestine Economic Development Corporation
Summary of Cash and Investment Activity
For the Month Ending: October 31, 2023

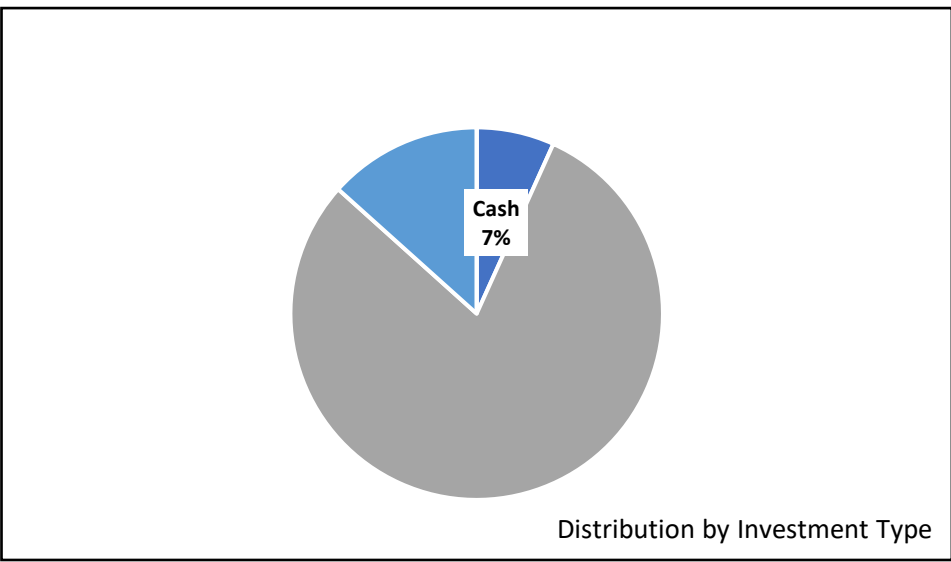
Purchase Date	Maturity Date	CUSIP / CD Number	Security Type	Par Value	Coupon	Purchase			Book Value	Market Value	Gain / (Loss)	Days to Maturity
						Price	Yield	Principal				
N/A	N/A	N/A	Cash In Bank	\$ 249,420		\$ 100.000	0.200%	\$ 249,420	\$ 249,420	\$ 249,420	\$ -	1
N/A	N/A	N/A	TEXSTAR Investment Pool	2,949,618		\$ 100.000	4.500%	\$ 2,949,618	\$ 2,949,618	\$ 2,949,618	-	1
12/23/2022	12/23/2024	9497634P8	Wells Fargo Bank	249,000	4.50%	100.000	4.500%	249,000	249,000	247,205	-	419
1/20/2023	7/22/2024	564759RU4	Manufacturers and Traders TR CO	244,000	4.60%	100.000	4.600%	244,000	244,000	243,114	-	265
Totals/Weighted Average				\$ 3,692,038			4.216%	\$ 3,692,038	\$ 3,692,038	\$ 3,689,357	\$ -	47
Benchmark - 4-Week Coupon Equivalent Treasury Bill Rate								4.020%				

Palestine Economic Development Corporation Summary of Cash and Investment Activity For the Month Ending: October 31, 2023

Distribution by Maturity		
	Par Value	Percent
1 to 30 days	\$ 3,199,038	86.6%
31 to 90 days	-	0.0%
91 to 180 days	-	0.0%
181 days to 1 year	-	0.0%
1 to 2 years	493,000	13.4%
More than 2 years	-	0.0%
	<u>\$ 3,692,038</u>	<u>100.0%</u>



Distribution by Investment Type		
	Book Value	Percent
Cash	\$ 249,420	6.8%
US Agencies & Instrumentalities	-	0.0%
Eligible Investment Pools	2,949,618	79.9%
Certificates of Deposit	493,000	13.4%
US Treasury Bills / Notes / Bonds	-	0.0%
Money Market Mutual Funds	-	0.0%
Repurchase Agreements	-	0.0%
	<u>\$ 3,692,038</u>	<u>100.0%</u>



**Palestine Economic Development Corporation
Monthly Interest
For the Month Ending: October 31, 2023**

Cash	\$69.59
Investment Pool	\$ 2,984.18
CDs	\$ 975.32

Total Monthly Interest **\$4,029.09**

This monthly report is in full compliance with the investment strategies as established in the City's Investment Policies and the Public Funds Investment Act, Chapter 2256, Texas Government Code.



Andrew Sibai
Finance Director



Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Discussion and possible action regarding A&R Treasures Downtown Grant Application in the amount of \$26,200.00.

SUMMARY:

Discussion and possible action regarding A&R Treasures Downtown Grant Application in the amount of \$26,200.00.

RECOMMENDED ACTION:

Staff recommends the PEDC Board discuss and take possible action regarding A&R Treasures Downtown Grant Application in the amount of \$26,200.00.

Attachments

AR Treasure Grant App

APPLICATION TO PALESTINE ECONOMIC DEVELOPMENT CORPORATION
DOWNTOWN GRANT PROGRAM

1. Applicant/Applicants name(s): Alejandro (Alex) Rodriguez

2. Type of grant(s) being requested: (First Time Applicant Recurring Applicant)

Façade

Sign (must be in conjunction with a façade improvement project)

Property Improvement

Demolition

3. Business name, if applicable AR TREASURES

4. Mailing address 115 W. Oak St. Palestine, TX. 75801

5. Applicant contact information

a. Phone 281-250-4154

b. Fax

c. Email eastendspacecity@gmail.com

6. Physical address of property for which grant is being requested.

115 W. Oak St. Palestine, TX. 75801

7. This business is a

Sole proprietorship

Partnership

Corporation

Other _____

Please provide applicable business documentation such as DBA, Partnership Agreement, Corporate Charter, etc....

8. Please provide a brief description of business activity.

Business is a resale/second hand store. Selling housewares, antiques, collectibles and home decor.

9. Is this property owned or leased by Applicant?

Owned, please provide proof of ownership

Leased, please provide a copy of lease agreement

Name of Lessor _____

Address of Lessor _____

Lessor Contact: phone _____ email _____

10. Date business established in Palestine, TX, if applicable August 05, 2019

11. Number of employees, if applicable _____ Number of new employees, if applicable _____

12. Please provide a description of the proposed project: (please attached detailed costs estimates)

Full replacement of HVAC system with installation of new complete system.

A. Please provide any additional information which would further help describe this project, including **paint color and chips, photographs, rendering of design**, specifications and other material to describe your project:

Service include the disconnect and disposal of existing equipment, installation of new complete system and start up of equipment. Programmable thermostat

13. Amount of grant funds requested \$26,200.32

14. Total projected cost of project \$34,933.77

15. Estimated start date of project _____

16. Estimated completion date of project _____

17. Please attach photos of existing conditions.

18. Please provide any additional information you believe to be important concerning this grant application.

19. I (we) the undersigned do hereby acknowledge, certify, and agree:

- A. Prior to the submission of this application, a copy of the Palestine Economic Development Corporation Downtown Grant Program Guidelines has been obtained, reviewed, and clearly understood and is incorporated as part of the Application.
- B. The submission of this Application does not create any property, contract or other legal rights in any person or entity that obligates the PEDC to provide grant funding.
- C. Applicant certifies that it, the company, its branches, divisions and departments do not and will not knowingly employ an “undocumented worker” as that term is defined by the Program Guidelines. Applicant will repay the total amount of the grant amounts received with interest if the company is convicted of a violation under 8 U.S.C. Section 1324a. Repayment will be due no later than the 120th day after the date PEDC notifies the Applicant of the violation or as otherwise provided in the Grant Agreement.
- D. Improvements will not commence prior to having received written approval for a grant from PEDC, execution of a Grant Agreement and approval of the City of Palestine City Council.**
- E. Applicant(s) do not currently have outstanding or otherwise delinquent financial obligations to PEDC or the City of Palestine such as liens, court fines, city utility bills, sales tax or property taxes. Further, applicant is not currently a party to a pending or active lawsuit against PEDC or the City of Palestine.
- F. Applicant(s) must obtain all applicable permits related to the improvement project prior to commencement.
- G. Applicant(s) certify that all attached estimates have been obtained from independent, qualified contractors, who are in no way affiliated or related to applicant or competing bidder.
- H. This Application and all statements therein are true and correct, and it is executed under penalties of perjury.

Signed this the 30 day of October, 2023


Applicant

Applicant

3/2

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

WARRANTY DEED WITH VENDOR'S LIEN

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THE STATE OF TEXAS §
 §
COUNTY OF ANDERSON §

KNOW ALL MEN BY THESE PRESENTS:

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Date:
July 22th, 2017

Grantors:
JOE ED JOHNSTON and wife, MARILYN JOHNSTON

Grantors' Mailing Address:
1212 Hilltop Drive
Palestine, Texas 75801

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Grantee:
ALEJANDRO RODRIGUEZ, JR. a single man

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Grantee's Mailing Address:
4406 Rusk Street
Houston, Texas 77023

Consideration:
Ten and No/100 (\$10.00) Dollars together with other good and valuable consideration, the receipt of which is hereby expressly confessed and recognized, with the execution and delivery by Grantee of his one certain promissory note of even date herewith, payable to the order of **JOE ED JOHNSTON and MARILYN JOHNSTON**, in the original principal sum of **SIXTY-FIVE THOUSAND and no/100 (\$65,000.00)** bearing interest and payable as therein provided; and being additionally secured by a Deed of Trust of even date herewith, from the Grantee herein to **Jackson Hanks, Trustee for JOE ED JOHNSTON and MARILYN JOHNSTON**.

Property:
Being all those certain lots, tracts or parcels of land located in Palestine, Anderson County, Texas and being described as the **SOUTH ½ of LOTS 6, 7, 8, 9 & 10, BLOCK 141, RAILROAD ADDITION (also called TEXAS LAND COMPANY ADDITION)** and being described in a Warranty Deed executed by Kwest Resources, Inc. to Anderson County Holiday House, Inc. dated 03-03-1999, of record in Volume 1581 at Page 244, Official Public Records of Real Property in Anderson County, Texas, reference to which deed and the record thereof is hereby made for all pertinent purposes.

Reservations from and Exceptions to Conveyance and Warranty: Easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances, and other instruments, other than liens and conveyances, that affect the property; rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts or shortages in area or boundary lines; any encroachments or overlapping of improvements; all rights, obligations, and other matters emanating from and existing by reason of the creation, establishment,

BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE CONDITION OF THE SUBJECT PROPERTY, INCLUDING, WITHOUT LIMITATION, WARRANTIES RELATED TO SUITABILITY FOR HABITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE; (ii) THE SOIL CONDITIONS, DRAINAGE, FITNESS OR SUITABILITY OF WATER WELL AND EQUIPMENT OR OTHER CONDITIONS EXISTING AT THE SUBJECT PROPERTY WITH RESPECT TO ANY PARTICULAR PURPOSE, DEVELOPMENT POTENTIAL OR OTHERWISE; (iii) QUANTITY OF ACREAGE, QUALITY, VALUE OR CONDITION; (iv) COMPLIANCE WITH ANY LAW, ORDINANCE, COUNTY OR CITY CODE; and (v) ALL OTHER WARRANTIES AND REPRESENTATIONS WHATSOEVER, EXCEPT THE WARRANTY OF TITLE EXPRESSLY SET FORTH HEREIN.

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Reservations from and Exceptions to Conveyance and Warranty: Easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances, and other instruments, other than liens and conveyances, that affect the property; rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts or shortages in area or boundary lines; any encroachments or overlapping of improvements; all rights, obligations, and other matters emanating from and existing by reason of the creation, establishment, maintenance and operation of any applicable governmental entities; and payment of taxes for this and subsequent years of ownership being the responsibility of Grantee.

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Grantors, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, grants, sells and conveys to Grantee the property, together with all and singular the rights and appurtenances thereto in anywise belonging, to have and hold it to Grantee and Grantee's heirs, executors, administrators, successors, or assigns forever. Grantors hereby bind Grantors and Grantors' heirs, executors, administrators, successors and assigns to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty, as may be herein contained.

A note of even date is in the principal amount of \$65,000.00 and is executed by Grantee, payable to the order of **JOE ED JOHNSTON and MARILYN JOHNSTON**. The vendor's lien against and superior title to the property are retained until the note described, being payable to **JOE ED JOHNSTON and MARILYN JOHNSTON** is fully paid according to its terms, at which time this deed shall become absolute.

When the context requires, singular nouns and pronouns include the plural.

EXECUTED this 13th day of July, 2017.
22th *h*

**THIS INSTRUMENT WAS RECORDED
EXACTLY AS CLERK RECEIVED.**



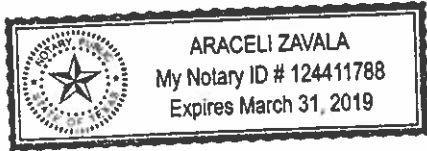
JOE ED JOHNSTON



MARILYN JOHNSTON

THE STATE OF TEXAS §
§
COUNTY OF ANDERSON §

This instrument was acknowledged before me on the 22th day of July, 2017, by JOE ED JOHNSTON.



Araceli Zavala

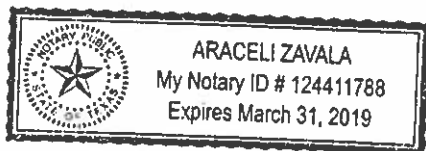
Notary Public in and for the State of Texas

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THE STATE OF TEXAS §
§
COUNTY OF ANDERSON §

This instrument was acknowledged before me on the 22th day of July, 2017, by MARILYN JOHNSTON.



Araceli Zavala

Notary Public in and for the State of Texas

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Warren Service Co. - HVAC

924 N Perry St
Palestine, TX 75801

ESTIMATE	#3607
ESTIMATE DATE	Sep 1, 2023
SERVICE DATE	Aug 16, 2023

TOTAL	\$34,933.77
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Alex Rodriguez
115 W Oak St
Palestine, TX 75801

CONTACT US

(903) 729-2323
office@thewarrenway.com

(281) 250-4154
artreasures115@gmail.com

ESTIMATE

Services	qty	unit price	amount
Custom Services - Fee Crane	1.0	\$3,800.00	\$3,800.00
Install Packages - * BRONZE * Installation Package Services include the disconnect and disposal of existing equipment, installation of new complete system, and start-up of equipment. *Programmable Thermostat 1 year labor warranty Customer is responsible for any electrical or plumbing that may be needed. Duct work, removal or installation of access to attic or closet, walk boards or any transitions are not included.	1.0	\$2,900.00	\$2,900.00
Custom Services - Material Carrier 12.5-ton 3 phase 208/230v package unit Economizer Hail Guard Misc Material needed to complete install Excluded is any plumbing or electrical that may be needed.	1.0	\$25,479.00	\$25,479.00
Custom Services - Permit Fee City of Palestine Permit	1.0	\$100.00	\$100.00
Services subtotal:			\$32,279.00

Subtotal	\$32,279.00
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Tax (Sales Tax -01 8.25%)	\$2,654.77
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Total	\$34,933.77
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Thank you for your business!

HVAC BID PROPOSAL

Rudy's Air Conditioning
 P.O. Box 802
 Elkhart, TX. 75839

903-764-1900
 LIC.#TACLB27086E

ALEX RODRIGUEZ
 115 W. OAK ST.
 PALESTINE, TX. 75801
 Date: 10/03/23
 Invoice Number:
 Terms:

Description	Quantity	Unit Price	Cost
To replace and install a 15 Ton Gas Heat and Air Package Unit that is ground mounted. Existing return and supply exposed metal duct will stay as is.			
The will project require us to hire a crane operator for the removal and installation of the HVAC equipment.			
Installing RHEEM product brand HVAC equipment. Model# -RGEG2T180ACG32BBACAO 208-230V 3 PHASE -RXRX LKG01 OUTDOOR COIL LOUVER KIT			
Bid includes all labor, material, city permits and equipment to complete the job.			
Please call, text or email us with any questions. Thanks.			
		TOTAL BID:	\$38,000.00

Regulated by The Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711, 1-800-803-9202, 512-463-6599, www.license.state.tx.us

Thank you for your business.











Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Discussion and possible action regarding the PEDC Performance Agreement with Texas Futura LLC. & Lonestar Oil Tech. LLC.

SUMMARY:

Discussion and possible action regarding the PEDC Performance Agreement with Texas Futura LLC. & Lonestar Oil Tech. LLC.

RECOMMENDED ACTION:

Staff recommends the PEDC Board discuss and take possible action regarding the PEDC Performance Agreement with Texas Futura LLC. & Lonestar Oil Tech. LLC.

Attachments

Performance Agreement
Exhibit A-H

ECONOMIC DEVELOPMENT PERFORMANCE INCENTIVE AGREEMENT
MADE PURSUANT TO
SECTION 501.158 OF THE TEXAS LOCAL GOVERNMENT CODE

This **Economic Development Performance Incentive Agreement Made Pursuant to Section 501.158 of the Texas Local Government Code** (the “**Agreement**”) is made and entered into by and between the **Palestine Economic Development Corporation**, a Texas non-profit Type B economic development corporation (the “**PEDC**”), created and operated pursuant to the provisions of Chapters 501 and 505, Local Government Code, as amended, **Texas Futura, LLC**, a Texas limited liability company with its principal offices located in Missouri City, Texas 77459 (“**Futura**”), and **Lonestar Oil Tech, LLC**, a Texas limited liability company with its principal offices located in Missouri City, Texas 77459 (“**Lonestar**”). Collectively, the PEDC, Futura, and Lonestar may be referred to herein as the “**Parties**” and, each separately, as a “**Party**.”

RECITALS

WHEREAS, the PEDC has established policies to adopt and provide for such reasonable projects, as are permitted by law, to attract industry, to create and retain primary jobs, and to promote or develop new or expanded business enterprises within the City of Palestine, Anderson County, Texas (the “**City**”), and, thereby, expand the growth and enhance the economic stability of the City; and,

WHEREAS, pursuant to Section 501.158, Local Government Code, the PEDC may execute performance agreements with certain business enterprises to provide funding or to make expenditures of public funds on behalf of a business enterprise in furtherance of permissive economic development projects; and,

WHEREAS, with certain capital investments and job creation, Futura and Lonestar desire and propose to invest in the City by constructing, operating, and maintaining a used oil re-refining facility on a three-acre (3-acre) parcel in the PEDC’s Willow Creek Business Park for, at least, ten (10) consecutive years; and,

WHEREAS, on September 12, 2023, the PEDC passed and approved PEDC Resolution No. R-05-23, declaring its desire and intent to grant Futura certain economic development incentives, those being land and other direct cash incentives consisting of the expenditure of sales tax funds, in exchange for Futura’s creation of thirty-three (33) full-time primary jobs and a capital investment of approximately \$2.15 million within the boundaries of the PEDC’s Willow Creek Business Park in Palestine, Anderson County, Texas (the “**Project**”); and,

WHEREAS, the PEDC and Futura entered into a *Non-Binding Letter of Intent*, approved by the PEDC’s Board of Directors on September 12, 2023, which has been attached hereto as **Exhibit A**, whereby PEDC and Futura negotiated and informally captured the intent and agreement of PEDC and Futura as pertaining to the Project, which the Parties now intend to formally translate into this Agreement; and,

WHEREAS, Futura, formed Lonestar as a real estate holding company with the same ownership and corporate structure as Futura, for the specific purpose of effectuating this Project with Futura; and,

WHEREAS, Futura will function as the operating company under this Agreement, and Lonestar will facilitate the capital improvements under this Agreement and serve as the recipient of the incentives under this Agreement; and,

WHEREAS, the PEDC's Board of Directors has found that the expenditures proposed hereunder are an economic investment in the City and are required, suitable, and necessary to promote and develop new and expanding business enterprise and to maintain a higher level of employment, economic activity, and stability; and,

WHEREAS, the PEDC's Board of Directors has determined that the financial incentives and expenditures proposed pursuant to this Agreement are consistent with and meet the definition of "project," as that term is defined in Sections 501.101, 505.155, and 505.158, Local Government Code, and meet the definitions of "cost" as that term is defined in Section 501.152, Local Government Code; and,

WHEREAS, Futura and Lonestar agree and understand that Section 501.073(a), Local Government Code, requires that the City Council of the City of Palestine, Texas, (**the "City Council"**) approve all programs and expenditures of the PEDC and, accordingly, this Agreement is not effective until the City Council has approved this Agreement; and

WHEREAS, the PEDC, Futura, and Lonestar have agreed, in exchange for and as consideration of this Agreement and the funding provided herein, to satisfy and comply with certain terms and conditions; and,

WHEREAS, the PEDC finds that it is duly authorized to enter into this Agreement and that the commitments contained in this Agreement shall become legally binding obligations, enforceable against the Parties, upon the PEDC, Futura, and Lonestar, respectively, approving and executing this Agreement;

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the PEDC, Futura, and Lonestar each agree to as follows:

AGREEMENT

ARTICLE 1 Authorization and Findings

1.01 Recitals. The foregoing Recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, representations, consideration, and promises that bind the Parties.

- 1.02 Performance Agreement.** The PEDC, Futura, and Lonestar enter into this Agreement so that the PEDC may provide a direct incentive to and make expenditures on behalf of Futura and Lonestar under the Project. In accordance with Section 501.158, Local Government Code, this Agreement contains a schedule of additional payroll or jobs to be created or retained through the Project that being found in Section 4.01(e) of this Agreement, a description of the capital investment to be made as consideration for any direct incentives provided or expenditures made by the PEDC under this Agreement that being found in Section 4.01(d) of this Agreement, and the terms under which repayment must be made if Futura and Lonestar do not meet the performance requirements as specified in Section 7.06 of this Agreement.
- 1.03 New or Expanded Business Development.** The PEDC is a Type B economic development corporation created and operated by the City pursuant to the provisions of Chapters 501 and 505, Local Government Code, as amended, with an estimated population of 18,750. Pursuant to Section 505.158, Local Government Code, the PEDC declared a project to include land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the PEDC to promote new or expanded business development under PEDC Resolution No. R-05-23.
- 1.04 Manufacturing and Industrial Facilities.** Under Section 501.101, Local Government Code, the PEDC may participate in this Project. The Project consists of land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that have been found by the PEDC's Board of Directors, by and through PEDC Resolution No. R-05-23 to be (1) for the creation of primary jobs and (2) required or suitable for the development, retention, or expansion of manufacturing and industrial facilities.
- 1.05 Creation and Retention of Primary Jobs.** The PEDC may participate in this Project under Section 505.155, Local Government Code. The Project consists of land, buildings, equipment, facilities, and improvements that have been found by the PEDC's Board of Directors, by and through PEDC Resolution No. R-05-23 to be for the promotion or development of new or expanded business enterprises that create or retain primary jobs.
- 1.06 Sale of Property.** The PEDC is not subject to the requirements for the sale of property contained in Chapter 272, Local Government Code. Tex. Op. Att'y Gen. JC-0109. This Agreement provides for the sale of the Project Property from the PEDC to Lonestar and, as authorized by Section 501.153, Local Government Code, the PEDC may sell any part of the Project, that being the Project Property, to Lonestar for the Project Property's purchase price and on terms the PEDC's Board of Directors considers advisable and not in conflict with the Development Corporation Act, Chapter 501, Local Government Code.
- 1.07 Authority of Parties.** Each Party represents and warrants to the other Party that:
- (a) it has all requisite power and authority to execute, deliver, and to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement; and,

- (b) the execution and delivery of this Agreement, the performance of its obligations, and the consummation by each party of the transactions contemplated by this Agreement have been duly authorized by all requisite corporate authority on the part of Futura and Lonestar, and by all requisite governmental authority on the part of the PEDC; and,
- (c) upon execution and delivery of this Agreement, this Agreement will constitute valid and binding legal obligations of such party.

ARTICLE II Definitions

2.01 Definitions. As used in this Agreement, the following terms shall have the meaning set forth below:

- (a) The “**Abatement Agreement**” is that agreement that may be entered into by and between Futura, Lonestar, and the City, to be considered by the City on December 11, 2023, whereby the City – in consideration of the representations, promises, and covenants of Futura and Lonestar – may agree to abate a percentage of those *ad valorem* taxes on the Project Property for a specified period.
- (b) “**Additional Notice Period**” shall mean that additional thirty (30) days in which, if upon expiration of the Cure Period, Futura or Lonestar has not corrected or cured the failure detailed in the PEDC’s written notice, Lonestar may exercise its Option to purchase the Project Property from the PEDC at a price of either (1) the appraised value of the Project Property on the Effective Date of this Agreement, or (2) the fair market value of the Project Property at the time of Futura’s and Lonestar’s written notice, whichever amount is greater. The Additional Notice Period shall begin upon the expiration date of the Cure Period and end at 11:59 p.m. on the 29th day from the date of the expiration of the Cure Period.
- (c) “**Ancillary Agreement**” includes the *Abatement Agreement*.
- (d) The “**Board**,” also known as the PEDC’s “**Board of Directors**,” is the governing body of the PEDC, appointed by the City Council, with the power and authority to exercise all such powers of the PEDC and to do all lawful acts and things allowable and not otherwise prohibited by law, the City’s Home Rule Charter or Code of Ordinances, or the PEDC’s Articles of Incorporation, Certificate of Formation, or Bylaws, as those all may be amended from time-to-time.
- (e) “**Capital Investment**” shall mean the \$2.15 million capital investment Futura shall make in consideration of the economic development incentives provided by the PEDC pursuant to this Agreement as well as abatement of *ad valorem* taxes provided by the City pursuant to the *Abatement Agreement*. Such capital investment shall consist of approximately \$500,000 in real estate property improvements and an investment of \$1.65 million in personal property.

- (f) **“Certificate of Occupancy”** shall mean that final document issued by the City entitled “Certificate of Occupancy” indicating that all building codes, regulations, and ordinances have been unconditionally, fully, and completely complied with in all respects and shall specifically not include any temporary or conditional document authorizing temporary or conditional occupancy.
- (g) The **“City”** is the City of Palestine, home-rule municipality located in Anderson County, Texas, and created, organized, and authorized pursuant to the provisions and subject only to the limitations imposed by the Texas Constitution, the laws of the State of Texas, and by the City’s Home Rule Charter and Code of Ordinances. As of the Effective Date of this Agreement, the City has an estimated population of 18,756.
- (h) The **“City Council”** is the legislative and governing body of the City of Palestine, Anderson County, Texas.
- (i) **“Construction Period”** or **“Period of Construction”** means that period of time that Lonestar is required to construct the Re-Refining Facility and install the Step-Down Transformer. The **“Construction Period”** or **“Period of Construction”** shall begin on the Effective Date of this Agreement and shall continue for a period of twelve (12) consecutive months, ending on the last day of the twelfth (12th) month following the Effective Date of this Agreement.
- (j) The **“County”** is Anderson County, Texas.
- (k) The **“Cure Period”** is that period during which, upon receipt of written notice from the PEDC of its default, Futura and Lonestar must correct and cure its failure to perform under this Agreement. The Cure Period shall begin upon the date of written notice of the PEDC, to Futura and Lonestar, of Futura’s or Lonestar’s failure to meet its representations, promises, and covenants as contained in this Agreement. The Cure Period shall then last for a period of one-hundred and twenty (120) days thereafter.
- (l) A **“Default”** is a material breach of this Agreement – that allows for the termination of this Agreement – that occurs if Futura or Lonestar (i) fail to complete construction of and obtain a Certificate of Occupancy for the Re-Refining Facility within one (1) year from the Effective Date of this Agreement and in no case later than November 13, 2024; (ii) fail to construct the Re-Refining Facility; (iii) fail to comply with any of the material terms of this Agreement; (iv) fail to meet their responsibilities, representations, promises, covenants, and obligations as required by Article IV of this Agreement; (v) fail to comply with any of the terms of the *Abatement Agreement*; or, (vi) if any representation by Futura or Lonestar in this Agreement is found to be false or misleading in any respect.

- (m) The “**Development Corporation Act**” means Chapter 501 of the Texas Local Government Code, as amended.
- (n) The “**Effective Date**” of this Agreement as used herein shall mean the date on which this Agreement is last executed by Futura, Lonestar or the PEDC..
- (o) The “**Estimated Value**” is the fair market value of the Project Property – as evidenced by the appraisal attached hereto as **Exhibit H** – that being approximately \$134,454.00 (based upon an independent appraisal of \$44,818.00 per acre).
- (p) An “**Event of Bankruptcy or Insolvency**” means the dissolution or termination of Futura’s or Lonestar’s existence as an ongoing business, insolvency, the appointment of a receiver for any of Futura’s or Lonestar’s property or inventory and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of or any proceeding under any bankruptcy or insolvency laws by or against Futura or Lonestar and such proceeding is not dismissed within ninety (90) days after the filing thereof.
- (q) “**Exhibits**” to this Agreement shall include those documents attached as **Exhibit A** through **Exhibit H** as indexed in the “Exhibit Index” at the end of this Agreement.
- (r) An “**FTE**” is a full-time employee, which means any individual who works at least thirty-two (32) hours a week as a full-time worker for Futura and that employee’s schedule is comparable to other full-time workers working for Futura or Lonestar or other workers in the area who are designated as full-time.
- (s) The “**Incentive Documents**” are those documents known as the *Bill of Sale*, and the *Promissory Note*. Incentive Documents may also include any other document as may be required by the PEDC to be executed and completed by Futura or Lonestar to effectuate the terms of this Agreement.
- (t) “**Incentives**” are those exclusive economic development benefits received by Futura and Lonestar, from the PEDC, as provided for in Article V of this Agreement, in consideration for the representations, promises, and covenants of Futura and Lonestar.
- (u) During the Additional Notice Period, Lonestar shall have the “**Option**,” after notifying the PEDC in writing, to purchase the Project Property from the PEDC at a price of either (1) the appraised value of the Project Property on the Effective Date of this Agreement, or (2) the fair market value of the Project Property at the time of Lonestar’s written notice, whichever amount is greater

- (v) The “**Palestine Economic Development Corporation**” is a Texas non-profit Type B economic development corporation, created and operated pursuant to the provisions of Chapters 501 and 505, Local Government Code, as amended, by the City of Palestine, Anderson County, Texas.
- (w) Futura’s and Lonestar’s “**Performance Obligations**” are those representations, promises, and covenants made by Futura and Lonestar in consideration of the Incentives Futura and Lonestar shall receive by the PEDC under this Agreement. Futura’s and Lonestar’s Performance Obligations shall include all those responsibilities, representations, promises, covenants, and obligations of Futura and Lonestar appearing in Article IV of this Agreement.
- (x) “**Period of Construction**” or “**Construction Period**” means that period of time that Lonestar is required to construct its Re-Refining Facility and install the Step-Down Transformer. The “**Period of Construction**” or “**Construction Period**” shall begin on the Effective Date of this Agreement and shall continue for a period of twelve (12) consecutive months, ending on the last day of the twelfth (12th) month following the Effective Date of this Agreement.
- (y) The “**Period of Performance**” is the period of time during which Futura shall establish and maintain ongoing and uninterrupted business operations at the Project Property for a period of at least ten (10) years, beginning upon the issuance of a Certificate of Occupancy for the Re-Refining Facility and in no case later than November 13, 2024.
- (z) “**Project**” means certain economic development incentives, those being land and other direct cash incentives consisting of the expenditure of sales tax funds, in exchange for Futura’s creation of thirty-three (33) fulltime primary jobs, a capital investment of approximately \$2.15 million within the boundaries of the PEDC’s Willow Creek Business Park in Palestine, Anderson County, Texas, and all other responsibilities of Futura and Lonestar as contained in this Agreement, including those specifically appearing herein Article IV.
- (aa) The “**Project Property**” is a three-acre (3-acre) parcel, within the limits of the City, located in the Willow Creek Business Park, defined and depicted more specifically in **Exhibit B**.
- (bb) The “**Purchase Price**” is that price paid by Lonestar for the purchase of the Project Property, that being Ten Dollars and No Cents (\$10.00) and other valuable consideration, that being Lonestar’s representations, promises, and covenants contained in Article IV of this Agreement.
- (cc) The “**Re-Refining Facility**” means that facility to be constructed by Lonestar on the Project Property for the purpose of re-refining used oil and related services which return the used base oil to a usable condition or state.

- (dd) The “**Step-Down Transformer**” is that certain electrical device used to reduce the voltage of a power supply that Lonestar shall install on the Project Property during the Construction Period.
- (ee) “**Transformer Costs**” is that payment of Ten Thousand Dollars and No Cents (\$10,000.00) from the PEDC to Lonestar, in consideration for Lonestar’s representations, promises, and covenants in this Agreement, for the purchase and installation of a Step-Down Transformer on the Project Property. The Transformer Costs are to act as a reimbursement to Lonestar for its initial payment for the purchase and installation of the Step-Down Transformer.
- (ff) The “**Willow Creek Business Park**” is a 352-acre business park owned by the PEDC, located in the City of Palestine, Anderson County, Texas, and designed to attract businesses to the City and the East Texas region.

2.02 Terms Not Listed. There may be terms not listed herein this Article that appear in this Agreement. Those terms not listed herein this Article shall be provided those meanings assigned herein this Agreement or as is otherwise obvious or stated.

ARTICLE III Project

3.01 Project Property. Lonestar shall construct and Futura shall maintain, and operate a used oil re-refining facility on a three-acre (3-acre) parcel, within the limits of the City, located in the Willow Creek Business Park, defined and depicted more specifically as Lot 5RA, Block No. 2, Phase 1 and Phase 2 in William S. McDonal Survey Abstract No. 43 in **Exhibit B (the “Project Property”)**.

3.02 Project Purpose. The land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements contemplated for and made a part of the Project are intended to (i) promote new or expanded business development in the City; (ii) create primary jobs through the development, retention, or expansion of manufacturing and industrial facilities in the City; and, (iii) promote or develop new or expanded business enterprises in the City that create or retain primary jobs.

ARTICLE IV Futura’s and Lonestar’s Responsibilities

4.01 Responsibilities of Futura and Lonestar. In consideration of receiving those economic development incentives provided to Futura and Lonestar by the PEDC and as described herein this Agreement, Futura and Lonestar agree that:

- (a) **Construction of Re-Refining Facility.** Lonestar shall construct its Re-Refining Facility and install the Step-Down Transformer during the Period of Construction. The “**Period of Construction**” (or, “**Construction Period**”) shall begin on the Effective Date of this Agreement and shall continue for a period of twelve (12)

consecutive months, ending on the last day of the twelfth (12th) month following the Effective Date of this Agreement. During the Construction Period, Lonestar shall provide the PEDC a copy of all documents submitted to the City in furtherance of and as required for the construction of the Re-Refining Facility and installation of the Step-Down Transformer. During the Period of Construction, Lonestar shall submit a quarterly report, in writing, to the PEDC detailing the progress of the construction of the Re-Refining Facility and the installation of the Step-Down Transformer.

- (b) **Occupancy Required.** Futura shall fully occupy and use the Project Property for the purposes set forth herein with Futura’s primary operations being located and conducted on or at the Project Property.
- (c) **Ongoing and Uninterrupted Business Operations.** Futura shall establish and maintain ongoing and uninterrupted business operations at the Project Property for a period of at least ten (10) years, beginning upon the issuance of a Certificate of Occupancy for the Re-Refining Facility (**the “Period of Performance”**). Operations at the Re-Refining Facility shall begin no later than November 13, 2024.
- (d) **Capital Investment.** Lonestar shall make an approximate capital investment of \$2.15 million, with such capital investment consisting of approximately \$500,000 in real estate property improvements and an investment of \$1.65 million in personal property, including the installation of the Step-Down Transformer (**Lonestar’s “Capital Investment”**). An estimated \$950,000.00 in inventory shall also be maintained on the Project Property. At the PEDC’s request, Lonestar shall provide evidence that Lonestar has expended not less than \$500,000 in real estate property improvements and not less than \$1.65 million in personal property improvements on or at the Project Property, with such improvements being on or at the Project Property and being in conformity with the City’s Home Rule Charter and Code of Ordinances.
- (e) **Payroll Jobs to be Created.** On or before November 13, 2029, Futura shall employ at least thirty-three (33) Full-Time Employees (**“FTEs”**) with a gross annual payroll of approximately \$493,044.00 in accordance with the schedule below. On or before December 15 of each year of Project operations during the Period of Performance, beginning December 15, 2023, Futura shall provide verification of employment for each FTE employed by Futura and engaged in Project operations during the immediately preceding year using the “Employment Verification Form” attached and incorporated hereto as **Exhibit C.**
 - (i) **Year One.** Within the first year of Project operations, Futura shall employ a minimum of twenty-one (21) FTEs.
 - (ii) **Year Three.** In the third year of Project operations, Futura shall employ a minimum of an additional five (5) FTEs.

- (iii) **By Year Five.** By the fifth year of Project operations, Futura shall employ a minimum of an additional seven (7) FTEs.

SCHEDULE OF PAYROLL JOBS TO BE CREATED		
Year of Project Operations		Number of FTEs Created
Year 1		21 FTEs
Year 3		5 FTEs
Years 5		7 FTEs

- (f) ***Installation of Step-Down Transformer.*** Lonestar covenants and agrees that it will install a step-down transformer on the Project Property during the Construction Period.
- (g) ***Payment of All Future Utility and Permitting Fees.*** Notwithstanding the Incentives provided by the PEDC to Lonestar in accordance with Article V of this Agreement, Lonestar covenants and agrees that it will timely pay all other required and applicable permitting and utility costs and fees associated with the construction, operation, and maintenance of the Re-Refining Facility and Project Property as those costs and fees become due.
- (h) ***Payment of Sales, Use, and Applicable Franchise Taxes.*** Futura covenants and agrees that it shall timely pay all sales, use, and franchise taxes to the Texas Comptroller during the Period of Performance.
- (i) ***Payment of Ad Valorem Taxes.*** Notwithstanding the terms and conditions of the **Abatement Agreement**, as made a part of this Agreement, Lonestar covenants and agrees that, it shall timely pay all *ad valorem* tax assessed by those applicable taxing entities assessing *ad valorem* tax on the Project Property.
- (j) ***Environmental Protection.*** Futura covenants and agrees to take all reasonable steps to protect the environment of and surrounding the Project Property and to limit damage and nuisance to people and property located within the City and surrounding communities resulting from pollution and other results of its operations. Futura shall make available for inspection, by the PEDC, proof of compliance with applicable environmental laws, rules, regulations, and standards when so requested. Futura's covenant to abide by and adhere to this **Section 4.01(j)** of the Agreement shall survive expiration of the Period of Performance and the termination of this Agreement.
- (k) ***Adherence to Applicable Law.*** Futura and Lonestar covenant and agree that they shall be in compliance with all controlling Federal, State, and local statutes, laws, standards, regulations, ordinances, and administrative rules and orders (that have the effect of law) applicable to this Agreement, Futura and Lonestar, their operations, the Project, and the Project Property, including but not limited to those declarations and acknowledgments contained in **Exhibit D** that has been attached and incorporated hereto. Futura and Lonestar shall bear the sole responsibility and

liability for such compliance or any non-compliance with respect thereto. Futura's and Lonestar's covenants to abide by and adhere to this **Section 4.01(k)** of the Agreement shall survive expiration of the Period of Performance and the termination of this Agreement.

- (l) ***Certification, Reports, and Inspection.*** During the Period of Performance, on or before May 1 of each year of this Agreement, Futura and Lonestar shall certify, in writing, to the PEDC that Futura and Lonestar are in compliance with this Agreement and that Futura and Lonestar will provide, upon the PEDC's request, any information reasonably necessary for the PEDC to determine if Futura and Lonestar are in compliance with this Agreement. Provided, however, that such information shall not include Futura's or Lonestar's sales or revenue information, nor shall it include Futura's or Lonestar's income statement or balance sheet. The first of such certifications by Futura and Lonestar shall be due to the PEDC on or before May 1, 2024.

Futura and Lonestar agree to provide access to and authorize inspection of the Re-Refining Facility and the Project Property by City employees to ensure that Futura and Lonestar have fulfilled their representations, promises, and covenants contained herein this Article IV of this Agreement.

ARTICLE V Direct Incentives and Expenditures

- 5.01 Purchase of Project Property.** Upon execution and delivery of the Incentive Documents and in accordance with the terms and provisions of this Agreement, the PEDC shall transfer to Lonestar the Project Property which – by appraisal – has been determined to have an appraised fair market value of approximately \$134,454.00 (at an estimated \$44,818.00 per acre) (the “**Estimated Value**”), for a purchase price of **Ten Dollars and No Cents (\$10.00)** (the “**Purchase Price**”), that Purchase price being concurrently due upon execution of this Agreement.

By and through this Agreement, the Board accepts, as consideration of Lonestar's purchase of the Project Property, that Capital Investment provided by Lonestar and considers the sale of the Project Property to Lonestar, in accordance with the terms and conditions of this Agreement, to be advisable and not in conflict with the Development Corporation Act.

Through Lonestar's purchase of the Project Property, the Project Property shall no longer be exempt from the assessment of *ad valorem* and related taxes as provided for under Chapter 11, Tax Code.

- (a) ***Closing Costs.*** The PEDC shall pay all those necessary and reasonable closing costs for the purchase and sale of the Project Property.
- (b) ***Documents to be Executed.***

(i) **Special Warranty Deed.** Upon PEDC's receipt of the Incentive Documents, the PEDC shall transfer the Project Property to Lonestar by *Special Warranty Deed*, a copy of which has been attached and incorporated hereto as **Exhibit E** (the "**Special Warranty Deed**"). The Project Property shall not be transferred to Lonestar by the PEDC prior to the PEDC's receipt of the Incentive Documents from Lonestar. The PEDC shall file this Special Warranty Deed with the Anderson County Clerk's Office to cause this Special Warranty Deed to be recorded in those records for the Project Property as a part of the Real Property Records of Anderson County, Texas.

(1) **Reverter.** The Special Warranty Deed shall contain a reverter clause, which – if exercised pursuant to **Article VII** of this Agreement - shall cause this Agreement to terminate and the Project Property, including any and all improvements existing thereon at the time, including but not limited to the Step-Down Transformer, to automatically revert and return back to the PEDC without further notice by or affirmative action of the PEDC.

5.02 Transformer Costs. In consideration of the Lonestar's representations, promises, and covenants, particularly those found in **Section 4.01(f)** of this Agreement, the PEDC agrees, subject to the terms and conditions of this Agreement, to make one payment of **Ten Thousand Dollars and No Cents (\$10,000.00)** to Lonestar upon the PEDC's acceptance of the installation of a Step-Down Transformer on the Project Property, with such payment acting to reimburse Lonestar for payment(s) made by Lonestar for the installation of the Step-Down Transformer ("**Transformer Costs**"). Lonestar shall submit a written invoice to the PEDC requesting payment and provide proof of expenditures and payment(s) made for the cost of the step-down transformer for which reimbursement is being requested. The PEDC shall tender payment within thirty (30) days after receipt of a written invoice. Lonestar covenants and agrees that it is solely responsible for any costs, fees, and expenses for the installation of the Step-Down Transformer that exceed the maximum financial obligation of the PEDC, that amount being the Transformer Costs, and that it will not seek or make claim for additional reimbursement from the PEDC.

5.03 Promissory Note and Bill of Sale. To secure Futura's performance under this Agreement, Futura shall execute, and cause to be delivered to the PEDC, a *Promissory Note*, made payable to and enforceable by the PEDC, in the combined amount of the Transformer Costs, and the Estimated Value of the Project Property, that being **One-Hundred Thirty-Four Thousand Four Hundred Fifty-Four Dollars and No Cents (\$134,454.00)** to be secured by a Bill of Sale against Futura's business personal property directly associated with the Project and physically located on the Project Property and more specifically defined in the *Promissory Note* (Futura's "**Personal Property**"). A copy of the *Promissory Note* has been attached and incorporated hereto as **Exhibit F** (the "**Promissory Note**"). The PEDC shall file this Promissory Note with the Anderson County Clerk's Office to cause this Promissory Note to be recorded in those records for the Project Property as a part of the Real Property Records of Anderson County, Texas.

The “**Prime Rate**” shall be fixed as upon the Effective Date of this Agreement and shall be determined by utilizing The Wall Street Journal’s Money Rates Tables (<https://www.wsj.com/market-data/bonds/moneyrates>), with the Prime Rate being the “Latest” International Rate for the United States. If The Wall Street Journal shall ever cease to exist or cease to announce a prime rate, then the “**Prime Rate**” shall come to mean the annual rate of interest from time-to-time as announced by Citibank, N.A. (or by any other New York money center bank selected by the PEDC) as its prime or base commercial lending rate. The Promissory Note shall carry an “**Interest Rate**” of that Prime Rate to be paid by Futura to the PEDC. The Interest Rate shall be calculated using the original principal balance amount of the Promissory Note and shall be compounded and applied on an annual basis, with the Interest Rate being calculated using the resulting amount accrued from the immediately preceding year.

Upon the execution of this Agreement, Futura shall concurrently execute and cause to be delivered to the PEDC, a **Bill of Sale**, a copy of which has been attached and incorporated hereto as **Exhibit G (the “Bill of Sale”)**. This Bill of Sale shall convey Futura’s Personal Property to the PEDC upon Futura’s failure to meet its responsibilities, representations, promises, covenants, and obligations as required in **Article IV** of this Agreement. The PEDC shall file this Bill of Sale with the Anderson County Clerk’s Office to cause this Bill of Sale to be recorded in those records for the Project Property as a part of the Real Property Records of Anderson County, Texas.

5.04 Release of Security Interest. The PEDC covenants and agrees to release its security interest in Futura’s Personal Property, as secured by the Promissory Note and Bill of Sale, upon Futura completely satisfying both (1) those responsibilities, representations, promises, covenants, and obligations in **Article IV** of this Agreement and (2) all other obligations imposed by this Agreement.

5.05 Covenants Running with the Land. Futura’s rights, covenants, restrictions, burdens, privileges, and charges, set forth in this Agreement, shall exist at all times as long as this Agreement is in effect, among all parties having any right, title, or interest in any portion or all of Futura’s Property, but which covenant shall absolutely expire without further action by any party upon the completion of all conditions imposed under this Agreement.

ARTICLE VI

Term

6.01 This Agreement shall be effective as of the date of execution by all Parties (**the “Effective Date”**). This Agreement shall terminate at the end of the ten (10) year period following the issuance of a Certificate of Occupancy for the Project, if not terminated earlier as provided herein.

ARTICLE VII

Events of Default; Termination

7.01 Declaration of Default. During the period which this Agreement is effective, the PEDC may declare a default by Futura or Lonestar, respectively if: (i) Lonestar fails to complete construction of, and Futura fails to obtain a Certificate of Occupancy for, the Re-Refining Facility within one (1) year from the Effective Date of this Agreement and in no case later than **November 13, 2024**; (ii) Lonestar fails to construct the Re-Refining Facility; (iii) Futura or Lonestar fail to comply with any of the material terms of this Agreement; (iv) Futura or Lonestar fail to meet their responsibilities, representations, promises, covenants, and obligations as required by **Article IV** of this Agreement; (v) Futura or Lonestar fail to comply with any of the terms of the **Abatement Agreement**; or, (vi) if any representation by Futura or Lonestar in this Agreement is found to be false or misleading in any respect (**“Default”**).

7.02 Notice and Opportunity to Cure. Unless otherwise stated herein this Agreement, if Futura or Lonestar fail to meet their respective Performance Obligations under this Agreement during the Period of Performance, the PEDC may terminate this Agreement. Prior to such termination, the PEDC shall provide Futura and Lonestar written notice notifying Futura and Lonestar of Futura’s or Lonestar’s default and the PEDC’s intent to terminate this Agreement. Upon receipt of written notice from the PEDC of its default, Futura or Lonestar shall be allowed a period of one-hundred and twenty (120) days to correct and cure such failure (**the “Cure Period”**).

7.03 Option to Purchase. If, upon expiration of the Cure Period, Lonestar has not corrected or cured the failure detailed in the PEDC’s written notice, Lonestar shall have thirty (30) additional days – beginning upon the expiration date of the Cure Period and ending at 11:59 p.m. on the 29th day from the date of the expiration of the Cure Period (**“Additional Notice Period”**) – to notify the PEDC, in writing, of its desire and intent to purchase the Project Property from the PEDC at a price of either (1) the appraised value of the Project Property on the Effective Date of this Agreement, that being evidenced by the attached **Exhibit H** or (2) the fair market value of the Project Property at the time of Futura’s written notice, whichever amount is greater (**Lonestar’s “Option”**). Upon Lonestar exercising its Option, the purchase and sale of the Project Property shall be completed within ninety (90) days from the date of the Option unless otherwise agreed to, in writing, by the Parties.

Lonestar may not exercise its Option if Futura or Lonestar (i) allows the *ad valorem* taxes on the Re-Refining Facility to become delinquent or fails to timely and properly follow the legal procedures for the protest and appeal of the *ad valorem* taxes on the Re-Refining Facility or (ii) defaults under the **Abatement Agreement** as provided for in **Section 7.05(b)** of this Agreement.

7.04 Reverter. Lonestar’s failure to either (1) correct its failure to cure its Default within the Cure Period or (2) provide the PEDC with written notice of its intent to exercise its Option within the Additional Notice Period prescribed herein shall cause the Project Property, including any and all improvements existing thereon at the time, including but not limited to the Step-Down Transformer, to automatically revert and return back to the PEDC without further notice by or affirmative action of the PEDC.

7.05 Termination.

- (a) **Default.** In the event Futura or Lonestar defaults on or causes a default of this Agreement as provided in **Section 7.01** of this Agreement, this Agreement may then be terminated by the PEDC.
- (b) **Ad Valorem Taxes.** In the event Futura or Lonestar (i) allows the *ad valorem* taxes on the Re-Refining Facility to become delinquent or fails to timely and properly follow the legal procedures for the protest and appeal of the *ad valorem* taxes on the Re-Refining Facility or (ii) defaults under the *Abatement Agreement*, and fails to cure within the Cure Period, this Agreement may then be terminated by the PEDC.
- (c) **Discontinuation of Operations.** In the event the Facility is completed and Futura discontinues the oil re-refining process or related services for any reason excepting fire, explosion, or other casualty, accident, natural disaster, or governmental mandate for a period of more than one (1) year during the Period of Performance, then this Agreement shall terminate.
- (d) **Bankruptcy or Insolvency.** Futura or Lonestar shall be deemed in default under this Agreement, which shall be deemed a breach hereunder, if either Futura or Lonestar experiences an Event of Bankruptcy or Insolvency. In any bankruptcy proceeding resulting from an Event of Bankruptcy or Insolvency, Futura and Lonestar agree to identify, on all bankruptcy schedules, the PEDC as a secured creditor of Futura or Lonestar, whichever entity experiences the Event of Bankruptcy or Insolvency, to the greatest extent allowed by law.

7.06 Failure to Perform.

- (a) **Clawback.** If Futura or Lonestar fail to meet their Performance Obligations as specified in this Agreement, then this Agreement shall terminate in accordance with the terms and provisions of **Article VII** of this Agreement. Lonestar shall then repay the PEDC the total amount of the Transformer Costs, as provided by the PEDC to Lonestar pursuant to this Agreement, within thirty (30) days of Futura's and Lonestar's receipt of the PEDC's written notice of termination of this Agreement.
- (b) **Reverter.** Futura's or Lonestar's failure either (1) to correct and cure its failure to meet its Performance Obligations as specified in **Section 7.02** of this Agreement or (2) Lonestar's failure to provide the PEDC with written notice of its intent to exercise its Option within the Additional Notice Period, as described in **Section 7.03**, shall cause this Agreement to terminate and the Project Property, including any and all improvements existing thereon at the time, including but not limited to the Step-Down Transformer, to automatically revert and return back to the PEDC without further notice by or affirmative action of the PEDC.

ARTICLE VIII
Liability

- 8.01 Assumption.** By executing this Agreement, Futura and Lonestar assume no obligation, duty, or other responsibility with regard to any governmental function or service for which the PEDC is responsible that is not otherwise addressed by this Agreement. In addition, Futura and Lonestar assume no legal liability for the actions of the PEDC from the PEDC's execution of this Agreement. By executing this Agreement, the PEDC assumes no obligation, duty, or other responsibility with regard to any duty, right, obligation, liability, or responsibility associated with the Project for which Futura or Lonestar is responsible. In addition, the PEDC assumes no legal liability for any action, duty, right, obligation, or responsibility of Futura, Lonestar, or their successors or assigns by virtue of Futura's and Lonestar's execution of this Agreement.
- 8.02 Sole Responsibility.** Each Party to this Agreement agrees that it shall have no liability for the actions or omissions of the employees, agents, directors, officers, members, or trustees of any other Party. Each Party to this Agreement is solely responsible for the actions and omissions of its own employees, agents, directors, officers, members, or trustees to the extent allowed or otherwise required by law.

ARTICLE IX
Indemnification

FUTURA, AND LONESTAR, IN PERFORMING THEIR OBLIGATIONS UNDER THIS AGREEMENT, ARE ACTING INDEPENDENTLY, AND THE PEDC ASSUMES NO RESPONSIBILITIES OR LIABILITIES TO THIRD PARTIES IN CONNECTION WITH FUTURA'S OR LONESTAR'S PROPERTY, THE PREMISES, TENANT IMPROVEMENTS, OR ANY OTHER IMPROVEMENTS TO FUTURA'S OR LONESTAR'S PROPERTY. FUTURA AND LONESTAR AGREE TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE PEDC, ITS OFFICERS, AGENTS, EMPLOYEES, AND VOLUNTEERS IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES FROM AND AGAINST CLAIMS, SUITS, DEMANDS, LOSSES, DAMAGES, CAUSES OF ACTION, AND LIABILITY OF EVERY KIND, INCLUDING BUT NOT LIMITED TO EXPENSES OF LITIGATION OR SETTLEMENT, COURT COSTS, AND ATTORNEY'S FEES WHICH MAY ARISE DUE TO ANY DEATH OR INJURY TO A PERSON OR THE LOSS OF, LOSS OF USE OF, OR DAMAGE TO PROPERTY ARISING OUT OF OR OCCURRING AS A CONSEQUENCE OF THE PERFORMANCE OF THIS AGREEMENT, INCLUDING ANY ERRORS OR OMISSIONS, OR NEGLIGENT ACT OR OMISSION OF THE PEDC, ITS OFFICERS, AGENTS, OR EMPLOYEES.

ARTICLE X
Access to Information

10.01 Access to Information. Futura and Lonestar agree to allow the PEDC, upon request, access to information necessary to ensure compliance with this Agreement.

ARTICLE XI Miscellaneous Provisions

11.01 Mutual Assistance. Futura, Lonestar, and the PEDC shall do all things necessary or appropriate to carry out the terms and provisions of this Agreement to aid and assist each other in carrying out those terms and provisions.

11.02 Representation and Warranties. Futura and Lonestar represent and warrant to the PEDC that they each have the requisite authority to enter into this Agreement. Futura and Lonestar represent and warrant to the PEDC that they will not violate any Federal, State, or local laws in completing the Project and that all proposed improvements shall conform to all applicable building codes and all other applicable ordinances and regulations.

11.03 Section or Other Headings. Section or other headings contained in this Agreement are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this Agreement.

11.04 Attorney's Fees. Unless otherwise specified herein, in the event any legal action or proceeding is commenced to enforce or interpret provisions of this Agreement, the prevailing Party in any such legal action shall be entitled to recover its reasonable attorney's fees and expenses incurred by reason of such action.

11.05 Entire Agreement. This Agreement, along with the Ancillary Agreements, Incentive Documents, and Exhibits attached hereto, embody the entire agreement between the Parties relative to the subject matter hereof, and there are no oral or written agreements between the Parties, nor any representations made by either Party relative to the subject matter hereof, which are not expressly set forth herein.

11.06 Amendment. Except as otherwise provided in this Agreement, this Agreement shall be subject to changes, amendments, or modifications only in writing with the signatures and mutual consent of all Parties hereto.

11.07 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the PEDC, Futura, and Lonestar, and upon any successors and assigns, affiliates, and subsidiaries, and shall remain in full force and effect whether Futura or Lonestar sells, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or part of Futura's or Lonestar's Property. The agreements herein contained shall be held to be covenants running with the Property for so long as this Agreement, or any extension hereof, remains in effect; provided however, notwithstanding any contrary provision contained in this Agreement, the obligations of Futura and Lonestar contained herein and any remedies for breach hereof, shall become obligations of any subsequent owner of the

Property in the event of a sale of said Property by Futura or Lonestar. Upon this Agreement being effectively assigned to such subsequent owner, Futura and Lonestar shall thereafter be relieved of any further obligation hereunder.

Any assignment of all or part of any rights or obligations hereunder by Futura or Lonestar shall only be upon collective action and written approval of the Board of Directors of the PEDC, which such approval may not be unreasonably withheld or delayed. Such approval may be contingent upon or constrained by the statutory limits of authority or other legal implications required to be considered by the PEDC, with such considerations to be deemed reasonable reasons for withholding or delaying consent of assignment. In addition to certain legal constraints and requirements, the PEDC may also withhold or delay approval of any assignment of this Agreement should the Board of Directors of the PEDC find that such assignment would not benefit the public, would not promote or develop new or expanded business enterprises, or not mirror the intent of the Parties as expressed in this Agreement.

Nothing in this Agreement shall confer upon any person, firm, or other entity other than the Parties hereto any benefit or any legal or equitable right, remedy, or claim under this Agreement. All obligations hereunder of the Parties hereto shall be binding upon their respective successors and assigns unless otherwise provided by law.

11.08 Force Majeure. In the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such Party, to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term “**Force Majeure**,” as used herein, shall include without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, floods, washouts, drought, arrests, restraint of government, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply resulting in an inability to provide water necessary for operation of the water and wastewater systems hereunder, if any, and any other incapacities of any Party, whether similar to those enumerated or otherwise, which are not within the control or the Party claiming such inability, which such Party could not have avoided by the exercise of due diligence and care.

A Force Majeure event does not include the COVID-19 pandemic, including those virus variants of COVID-19, or any supply chain disruptions that may be caused by the COVID-19 pandemic. As of the Effective Date of this Agreement, the COVID-19 pandemic and

any associated supply chain disruptions are foreseeable events and have been considered throughout the negotiations of this Agreement.

11.09 Notice. Any notice provided or permitted to be given under this Agreement must be in writing and may be served by (i) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid, registered or certified mail, return receipt requested; or (ii) delivering the same in person to such party; or (iii) utilizing an overnight or messenger delivery service that retains regular records of delivery and receipt. The initial addresses of the parties for the purpose of notice under this Agreement are as follows:

If to the PEDC: **Palestine Economic Development Corporation**
Attn: President
100 Willow Creek Parkway, Ste. A
Palestine, Texas 75801

With a copy to: **Randle Law Office Ltd., L.L.P.**
Attn: Heather N. Cook
820 Gessner Road
Suite 1570
Houston, Texas 77024

If to Futura: **Texas Futura, LLC**
Attn: Nelson Varughese, President
5814 Creek Crossing Court
Missouri City, Texas 77459

With a copy to: **Texas Futura, LLC**
Attn: Karthik Sundaram
5814 Creek Crossing Court
Missouri City, Texas 77459

If to Lonestar: **Lonestar Oil Tech, LLC**
Attn: Nelson Varughese, President
5814 Creek Crossing Court
Missouri City, Texas 77459

With a copy to: **Lonestar Oil Tech, LLC**
Attn: Karthik Sundaram
5814 Creek Crossing Court
Missouri City, Texas 77459

11.10 Interpretation. Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against any Party.

11.11 Applicable Law. This Agreement and any amendment thereof shall be performable and enforceable in Anderson County, Texas, and shall be construed in accordance with the laws of the State of Texas in effect and as later amended, if applicable. Nothing in this Agreement shall constitute a waiver by the PEDC of its governmental or sovereign immunity, to the extent applicable, nor shall the PEDC's enforcement of any legal right or assertion of any affirmative defense arising out of this Agreement constitute a waiver of the PEDC's governmental or sovereign immunity, to the extent applicable. Nothing in this Agreement shall be construed at the PEDC's express or implied consent to being sued, to the extent said consent is required by law.

11.12 Severability. In the event of any one or more words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement, or the application thereof to any person, firm, corporations, or circumstance, shall be held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity, or unconstitutionality of such words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement shall be deemed to be independent of and severable from the remainder of this Agreement, and the application, validity, or constitutionality of the remaining parts of this Agreement shall not be affected thereby.

It is then the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the Parties to this Agreement that, in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid, and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid, or unenforceable.

11.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

11.14 No Joint Venture. Nothing contained in this Agreement is intended by the Parties to create a joint venture or any other joint partnership between the Parties.

11.15 Effective Date. The term "**Effective Date**" as used herein shall mean the date on which this Agreement is last executed by Futura, Lonestar or the PEDC.

[EXHIBIT INDEX]

Exhibit A – *Non-Binding Letter of Intent*

Exhibit B – Final Plat of Project Property

Exhibit C – Employment Verification Form

Exhibit D – *Additional Declarations and Acknowledgments*

Exhibit E – *Special Warranty Deed*

Exhibit F – *Promissory Note*

Exhibit G – *Bill of Sale*

Exhibit H – Appraisal of Project Property

IN WITNESS WHEREOF, and in acknowledgment that the Parties hereto have read and understood each and every provision hereof, the Parties have executed this Agreement on the dates subscribed below:

PEDC:

PALESTINE ECONOMIC DEVELOPMENT CORPORATION

By: _____
DAN BOCHSLER, Vice President

Date of Execution by the PALESTINE ECONOMIC DEVELOPMENT CORPORATION:
_____, 2023

ATTEST:

By: _____
Kim Willmott, PEDC Secretary

STATE OF TEXAS §
§
ANDERSON COUNTY §

This instrument was acknowledged before me on the _____ day of _____ 2023, by **Dan Bochsler, Vice President, Palestine Economic Development Corporation**, on behalf of said municipal corporation.

NOTARY PUBLIC, State of Texas

FUTURA:

TEXAS FUTURA, LLC

By: _____
NELSON VARUGHESE, President

Date of Execution by TEXAS FUTURA, LLC:

_____, 2023

STATE OF TEXAS §
ANDERSON COUNTY §

This instrument was acknowledged before me on the _____ day of _____ 2023, by **Nelson Varughese, *President*, Texas Futura, LLC**, on behalf of said business entity.

NOTARY PUBLIC, State of Texas

LONESTAR:
LONESTAR OIL TECH, LLC

By: _____
NELSON VARUGHESE, *President*

Date of Execution by LONESTAR OIL TECH, LLC:
_____, 2023

STATE OF TEXAS §
ANDERSON COUNTY §

This instrument was acknowledged before me on the _____ day of _____ 2023, by **Nelson Varughese, *President*, Lonestar Oil Tech, LLC**, on behalf of said business entity.

NOTARY PUBLIC, State of Texas



September 12, 2023

Via Email Correspondence to karthik@welltrust.us

Texas Futura, LLC

Attn: Karthik Sundaram

5814 Creek Crossing Court

Missouri City, Texas 77459

NON-BINDING LETTER OF INTENT

Dear Mr. Sundaram,

Thank you for your interest in the economic development incentives offered by the **Palestine Economic Development Corporation (the "PEDC")** of the City of Palestine, Texas (the "**City**"). In response to our recent conversations, the PEDC convened on September 12, 2023, at its regular meeting to consider and approve the proposed terms of this "Non-Binding Letter of Intent," which the PEDC – in turn – authorized me to propose to **Texas Futura, LLC ("Futura")**, under which the PEDC is willing to negotiate an Economic Development Performance Incentive Agreement for the incentives described below. For purposes of this "Non-Binding Letter of Intent" (the "LOI"), Futura and the PEDC may be referred to herein collectively as the "**Parties**" and individually as a "**Party**."

The terms proposed herein are preliminary, non-binding, and for negotiation purposes only. Please execute this LOI, where indicated, and return either the original signed or scanned copy before 5 p.m. on September 15, 2023, at which point this LOI shall expire. If returning the original signed copy, it must be received by the PEDC before 5 p.m. on September 15, 2023.

To reiterate, this LOI is non-binding and is for discussion and negotiation purposes only. The terms and conditions, outlined below, represent the current understanding of the state of negotiations between the Parties and may change upon the Parties' mutual written agreement or through formal amendment of this LOI. The Parties understand that changes to the terms and conditions outlined below may result in statutorily required variations to the economic development incentives currently offered and available herein.

The Parties will only be bound by the terms of a written Economic Development Performance Incentive Agreement, acceptable in form and substance, satisfactory to both Parties and the City Council for the City of Palestine, Texas, and effective only upon approval by all governing bodies and full execution and delivery by same.

Background

Futura has expressed an interest in constructing, maintaining, and operating a used oil re-refining facility within the limits of the City, constituting a capital investment of approximately \$2.15 million within the City and surrounding Anderson County, Texas (the "**Project**"). To incentivize this investment, the PEDC has authorized certain economic development incentives the terms of which have been preliminarily captured in this non-binding LOI. The PEDC does not have power or authority to bind the City or Anderson County, Texas (the "**County**").

100 Willow Creek Parkway Suite A · Palestine, Texas · 75801

Office 903-729-4100 · Fax 903-729-4500

www.PalestineTexas.net

Respective negotiations continue between Futura, the City, and the County.

Conditions Precedent:

- It is the understanding of the Parties that an agreement between Futura and the City and an agreement between Futura and the County for further economic development incentives will need to be reached prior to the final agreement of the Parties and execution, as between the PEDC and Futura, of the Economic Development Performance Incentive Agreement.
- Prior to entering into the Economic Development Performance Incentive Agreement, an appropriate and applicable survey of that portion of the Willow Creek Business Park, wherein the Project Property is located, has been performed so as to be able to more specifically define the boundaries of the Project Property, as defined herein. Those distinct portions of the Willow Creek Business Park and the proposed Project Property have been resubdivided so as to better and more accurately effectuate the transfer of the Project Property from the PEDC to Futura, as contemplated herein.
- Futura shall begin construction of its used oil re-refining facility on the Project Property upon execution of the Economic Development Performance Incentive Agreement. The Project's period of construction shall be for a period of twelve (12) months, beginning upon the execution of the Economic Development Performance Incentive Agreement. Primary operations and related facilities shall be located on the three-acre (3-acre) parcel of the Project Property, as that term is defined herein.
- Futura agrees to an approximate capital investment of approximately \$2.15 million, with that capital investment consisting of approximately \$500,000 in real property improvements and \$1.65 million in personal property. An estimated \$950,000.00 in inventory shall be maintained on the Project Property.
- Futura must establish and maintain ongoing and uninterrupted business operations for a period of **at least ten (10) years**, beginning upon the issuance of a Certificate of Occupancy for the Project. Project operations shall begin no later than November 13, 2024.
 - Note: The proposed Project Property is located within Census Tract 9509.01, a designated Opportunity Zone, located in the State of Texas. Corporations and partnerships making capital investments within the Opportunity Zone may be eligible for the self-certification of such investments as Qualified Opportunity Funds, providing tax benefits to investors.
- Within the first year of Project operations, Futura shall employ twenty-one (21) Full-Time Employees ("FTEs") with a gross annual payroll of approximately \$493,044.00. In the third year of Project operations, Futura shall employ five (5) FTEs and, in the fifth year of Project operations, seven (7) FTEs.

Proposed PEDC Land Incentive:

- The PEDC will transfer to Futura one (1) parcel of property, with a combined value of approximately \$134,454.00 (based on an independent appraisal that provided a value of \$44,818 per acre), for a purchase price of Ten-Dollars and No Cents (\$10.00), that purchase price being concurrently due upon execution of the Economic Development Performance Incentive Agreement.
 - The "Project Property" is located in the Willow Creek Business Park and shall include an approximate three-acre (3-acre) parcel defined as WILLOW CREEK BUSINESS PARK PHASE 2 BLOCK 2 LOT 5RA..
- The PEDC agrees to pay those necessary and reasonable closing costs for the purchase and sale of the Project Property.
- The PEDC will transfer the Project Property to Futura by Special Warranty Deed upon concurrent execution of the Economic Development Performance Incentive Agreement.

Proposed PEDC Economic Development Cash Incentive:



100 Willow Creek Parkway Suite A · Palestine, Texas · 75801
Office 903-729-4100 · Fax 903-729-4500
www.PalestineTexas.net

- The PEDC shall pay directly to Futura a cash payment, in a value not to exceed of \$10,000.00, to assist with the installation costs of a step-down transformer on the Project Property.

Performance Incentives:

- Futura's failure to meet its performance obligations under the Economic Development Performance Incentive Agreement during the period of performance prescribed therein will result in a reverter of the Project Property, including any improvements existing thereon at the time of the reverter, back to the PEDC, provided that such reverter shall only occur if Futura does not correct and cure such failure within one-hundred and twenty (120) days of receipt of written notice from the PEDC notifying Futura of such default (the "Cure Period"). Upon expiration of the Cure Period, if Futura has not corrected or cured such failure, Futura shall have thirty (30) additional days, to begin upon the expiration date of the Cure Period and to end at 11:59 p.m. on the 29th day from the day of the expiration of the Cure Period, to notify the PEDC of its desire and intent to purchase the Project Property from the PEDC at a price of either (1) the appraised value of the Project Property on the date of the Economic Development Performance Agreement or (2) the fair market value of the Project Property at the time of Futura's written notice, whichever amount is greater (Futura's "Option"). The purchase and sale of the Project Property shall be completed within ninety (90) days from the date of Futura's written notice of its intent to exercise the Option (unless otherwise agreed to, in writing, by the Parties). Futura's failure to either (1) correct and cure its failure to meet its performance obligations under the Economic Development Performance Incentive Agreement within the Cure Period or (2) provide the PEDC with written notice of its intent to exercise its Option within the time period prescribed herein shall cause the Project Property, including any improvements existing thereon at the time of the reverter, to automatically revert and return back to the PEDC without further notice by or affirmative action of the PEDC.
- The Economic Development Performance Incentive Agreement may terminate upon the end of the Incentive Period, as provided for therein, with no further effect to the Project.

The above terms and conditions are subject to amendment based upon a Party's receipt of new information concerning the Project, information received from that Party's advisors, or changes in any circumstances (actual or perceived) affecting a Party or the Project.

The Parties agree not to voluntarily disclose the terms of this LOI to any third parties, provided, however, that the foregoing shall not apply to disclosures which may be required by applicable law.

This LOI is non-binding and is for discussion and negotiation purposes only. It will be superseded by, and the Parties will only be bound by, the terms of a written Economic Development Performance Incentive Agreement, acceptable in form and substance satisfactory to both Parties and the City Council for the City of Palestine, Texas, and effective only upon approval by all governing bodies and full execution and delivery by same.

Until and unless the Parties mutually approve and execute the agreements identified herein, either Party may terminate the negotiations contemplated herein at any time, for any reason, without any liability or further obligation (except in regard to its confidentiality obligation) to the other Party, by providing written notice of termination to the other Party at the addresses provided below.

Sincerely,



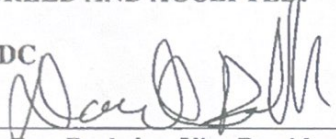
100 Willow Creek Parkway Suite A · Palestine, Texas · 75801
Office 903-729-4100 · Fax 903-729-4500
www.PalestineTexas.net

PEDC

Christophe Trahan
Executive Director

AGREED AND ACCEPTED:

PEDC



By: Dan Bochsler, Vice President
(executing in lieu due to conflict of interest)

Date: 9/12/23

Palestine Economic Development Corp.
Attn: Executive Director
Willow Creek Parkway
Suite A
Palestine, Texas 75801

AGREED AND ACCEPTED:

TEXAS FUTURA, LLC



By: Nelson Varughese, President

Date: 9/12/2023

Texas Futura, LLC
Attn: Karthik Sundaram
5814 Creek Crossing Court
Missouri City, Texas 77459

Final Plat
Creating Lot 1RA of Block No. 3 & Lot 5RA
of Block No. 2 of Willow Creek Business
Park, Phase 1 and 2
in William S. McDonald Survey
Abstract No. 43
City of Palestine
Anderson County, Texas

A re-subdivision of 7.00 acres being a part of Lot 1, Block No. 3 of Willow Creek Business Park, Phase 1 and part of Lot 3R and Lot 5 of Block 2 of Willow Creek Business Park, Phase 1 and 2 in the William S. McDonald Survey, Abstract No. 43, City of Palestine, Anderson County, Texas

Willow Creek Business Park, Phase 1
Envelope 300-A
Map Records of Anderson County, Texas

Owner:
 Palestine Economic Development Corporation
 100 Willow Creek Parkway, Suite A
 Palestine, Texas 75801
 Ph: (903) 729-4100

Surveyor:
 Kristopher Morgan
 Affiliated Surveyors
 P.O. Box 838
 200 W. 5th Street
 Rusk, Texas 75785
 Ph: (903) 683-2504

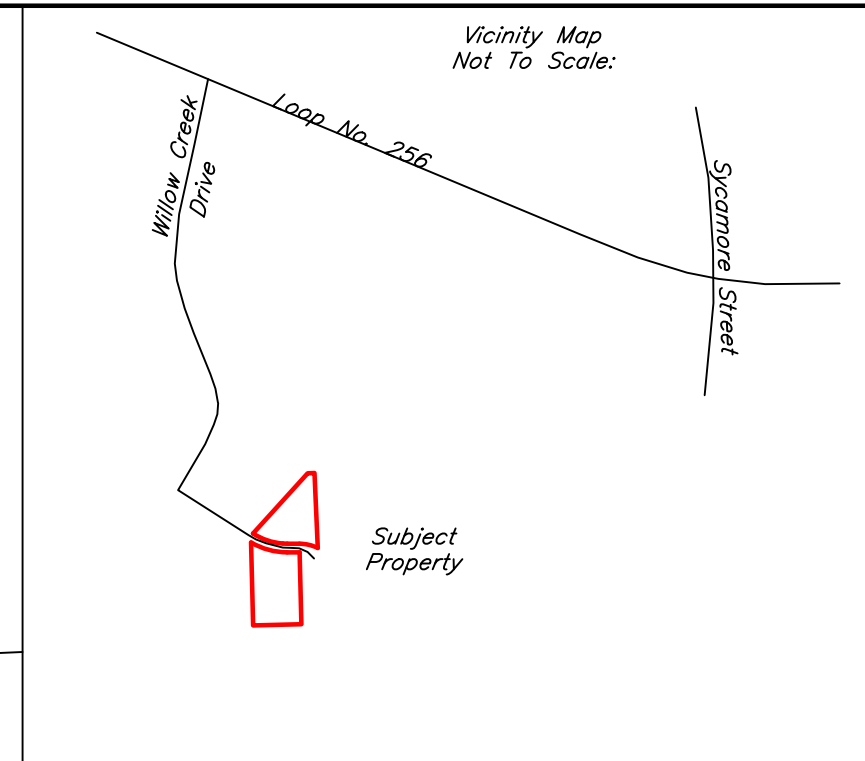
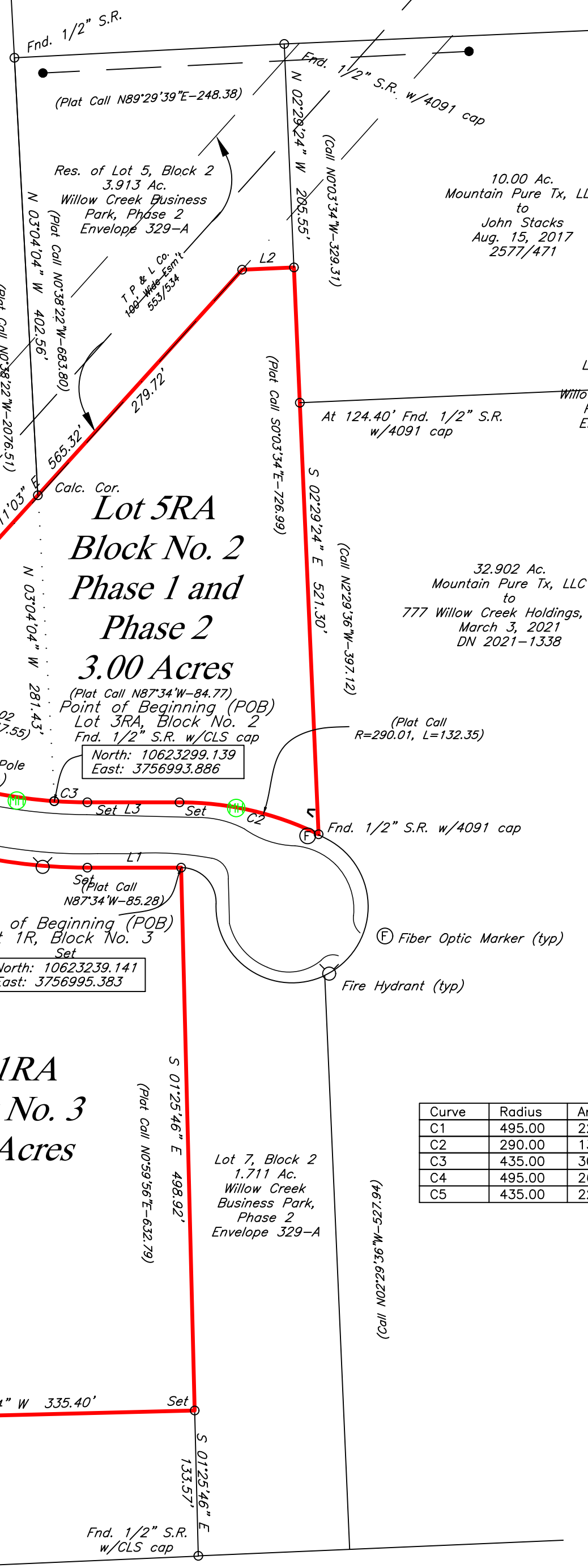
2.063 Ac. Channel ROW
 Willow Creek Business Park, Phase 1
 Envelope 300-A

2.790 Ac. Channel ROW
 Willow Creek Business Park, Phase 1
 Envelope 300-A

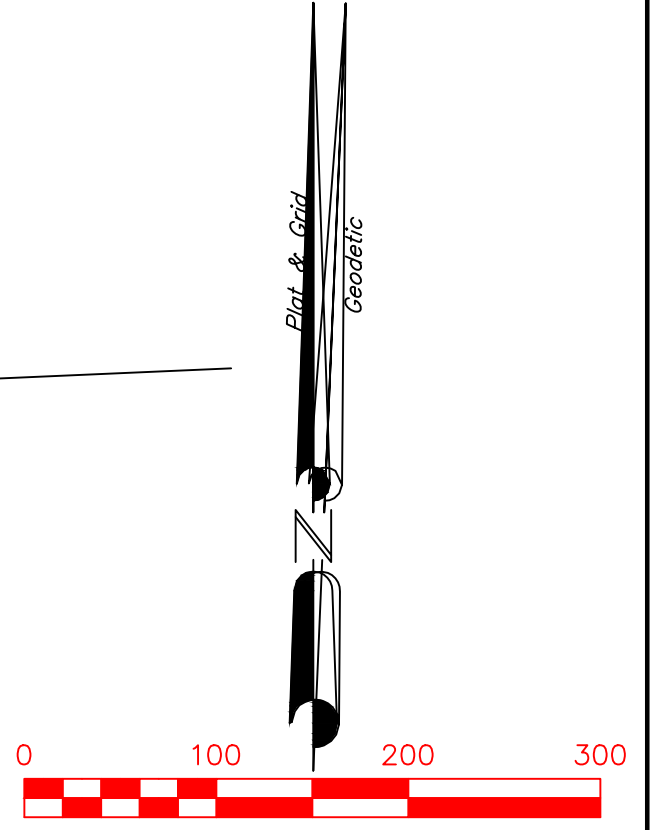
352.226 Ac.
 R. J. Horn Properties, Inc.
 to
 Palestine Economic Development Corporation
 July 19, 2002
 1733/221

Lot 1, Block 3
 14.041 Ac.
 Willow Creek Business Park, Phase 1
 Envelope 300-A

Map Records of Lots 2&3
 Willow Creek Business Park, Phase 1
 Envelope 316-A
 Anderson County, Texas



At Point of Beginning (POB) for Each Lot
 Angle of Convergence: 02°25'12"
 Combined Scale Factor: 0.999944



Willow Creek Business Park, Phase 2
Envelope 329-A
Map Records of Anderson County, Texas

LINE	BEARING	DISTANCE
L1	S 89°59'32" E	86.26'
L2	N 87°30'36" E	47.65'
L3	N 89°59'23" W	84.75'

Curve	Radius	Arc Length	Delta	Chord Bearing	Chord Length
C1	495.00	22.43	2°35'45"	N 58°13'42" W	22.42
C2	290.00	132.31	26°08'27"	N 77°04'01" W	131.17
C3	435.00	30.47	4°00'47"	N 87°59'03" W	30.46
C4	495.00	263.19	30°27'52"	S 74°45'30" E	260.10
C5	435.00	220.53	29°02'50"	N 71°27'15" W	218.18

Public Easements
 All public easements denoted on this plat are hereby dedicated to the use of the public forever. Any public utility, including the City of Palestine, shall have the right at all times of ingress and egress to and from and upon said easements for the purpose of construction, reconstruction, inspection, patrolling, maintaining and adding to or removing all of parts of its respective systems without the necessity at any time of procuring the permission of the property owner. Any public utility, including the City of Palestine shall have the right to move and keep moved all or part of any building, fences, trees, shrubs, other growths improvements that in any way endanger or interfere with the construction, maintenance or efficiency of its respective systems on any of the easements shown on this plat. Neither the City of Palestine or any public utility shall be responsible for replacing or reimbursing the property owner due to removal or relocation of any obstructions in the public easements.

Notes:
 Surveyor did not abstract tracts for easements or ownership. Bearings are based on the Texas Coordinate System of 1983, Texas Central Zone. All coordinates are U.S. Survey Feet, NAD83 (2011) Epoch 2010.0000 per OPUS solutions. To get geodetic bearings, rotate the bearings shown hereon, clockwise, 02°25'12". All distances are grid and to get surface distances, divide the distances shown hereon by 0.999944. Note the utility lines. There are buried utilities along the margins of Willow Creek Drive. S.R. = Steel Rod. w/cap = a plastic cap marked Affiliated Surveyors. w/CLS cap = a plastic cap marked CL Smith 4181. w/4091 cap = a plastic cap marked RPLS 4091.

I, Kristopher Morgan do hereby state that this plat represents a boundary survey and subdivision, made during the month of March of 2023, of 7.00 acres of land in Block No. 2 & 3 of the Willow Creek Business Park Estates, Phase 1 & 2, into Lot 1RA, Block No. 3, of Willow Creek Business Park, Phase 1, and Lot 5RA of Block No. 2 of Willow Creek Business Park, Phase 1 & 2, and in accordance with the information and the instructions furnished me, same correctly represents the facts as found at the time of the field survey.

I, Christophe Trahan, an authorized agent for Palestine Economic Development Corporation, do hereby certify that Palestine Economic Development Corporation is the owner of that 352.226 acres from R. J. Horn Properties, Inc. to Palestine Economic Development Corporation on July 19, 2002 and recorded in Volume 1733, Page 221 of the Deed Records of Anderson County, Texas, and further divided into lots and blocks for Willow Creek Business Park, Phases 1 and 2, and shown on Envelope 300-A, 316-A & 329-A of the Map Records of Anderson County, Texas, and that Palestine Economic Development Corporation does, by this plat, replat Lot 1, Block No. 3 of Phase 1 into Lot 1RA, Block No. 3, Willow Creek Business Park, Phase 1 and replat part of Lot 3R of Block No. 2 of Phase 1 and part of Lot No. 5, Block No. 2 of Phase 2 into Lot 5RA of Block No. 2, Phase 1 and 2 of Willow Creek Business Park, and that I further state that there are no lien holders to this property.

I, the undersigned, owner(s) of the land shown on this plat, and a replat of Willow Creek Business Park, in the City of Palestine, Anderson County, Texas, and whose name is subscribed hereto, hereby dedicate to the use of the public forever all streets, parks, watercourses, drains, easements and public places thereon shown for the purpose and consideration therein expressed.

Christophe Trahan
 Authorized Agent for
 Palestine Economic Development Corporation

Before me, the undersigned Notary Public, on this the _____ day of _____, A.D., 2023 personally appeared Christophe Trahan to acknowledge which witness my hand and seal of office.

Notary Public
 in and for the
 State of Texas

We, the undersigned, director of public works and director of development services of the City of Palestine, Texas, certify that the plat conforms to the city comprehensive plan, and all applicable design criteria and standards of the City of Palestine, Texas.

Dated this _____ day of _____, 2023.

Public Works Director
 Interim Director of Development Services

I, _____, Anderson County Clerk, certify that this plat was filed for record in my office on the _____ day of _____, 2023.

County Clerk, Anderson County, Texas

Kristopher Morgan
 Registered Professional Land Surveyor No. 5655

State of Texas:
 County of Cherokee:
 Before me the undersigned Notary Public in and for the State of Texas, on this the _____ day of _____, A.D. 2023, personally appeared Kristopher Morgan to acknowledge which witness my hand and seal of office.



Prepared By:
 Affiliated Surveyors, Inc.
 P.O. Box 838
 Rusk, Texas 75785
 Firm No. 10018300
 Ph: (903) 683-2504
 Fax: (903) 683-6632
 www.affiliatedsurveyors.com

Employment Verification Form

Proof of employment to be filled out by the employer.

Company or Employer	Address (Street, City, State, ZIP code)
---------------------	---

Employee Name (as shown on your records)	Employee Address (Street, City, State, ZIP Code – as shown on your records)
--	---

Is (or was) this person employed by you? If yes, what type of job?
 Yes No Full Time Part Time Permanent Temporary

Rate of Pay \$ _____ <input type="radio"/> Per Hour <input type="radio"/> Per Day <input type="radio"/> Per Week <input type="radio"/> Per Month <input type="radio"/> Per Job	How Often Paid?	Average Hours Per Pay Period
---	-----------------	------------------------------

Commissions Tips Bonuses <input type="radio"/> Yes <input type="radio"/> No	Overtime Pay <input type="radio"/> Frequently <input type="radio"/> Rarely <input type="radio"/> Never	FICA or FIT Withheld <input type="radio"/> Yes <input type="radio"/> No	Profit Sharing or Pension Plan <input type="radio"/> Yes <input type="radio"/> No If yes, current value?
--	---	--	---

Health insurance available? <input type="radio"/> Yes <input type="radio"/> No	If yes, employee is: <input type="radio"/> Not Enrolled <input type="radio"/> Enrolled with Family Member <input type="radio"/> Enrolled for Self Only	Name of Insurance Company
---	---	---------------------------

Date Hired	Date First Check Received	Average Hours Per Week	If Employee is or was on Leave Without Pay: Start Date: _____ End Date: _____
------------	---------------------------	------------------------	--

Do you expect any changes to the above information within the next few months? Yes No
 If yes, explain: _____

On the chart below, list all wages received by this employee during the month(s) of: _____

Date Pay Period Ended	Date Employee Received Paycheck	Actual Hours	Gross Pay	Other Pay* <i>(tips, commissions, bonuses)</i>	EITC Advance	Total Pretax Contributions

* Please explain (in comments section below) when and how often tips, commissions, or bonuses are received.

Comments

If this person is no longer in your employ.

Date Separated	Reason for Separation	Date Final Check Received	Gross Amount of Final Check
----------------	-----------------------	---------------------------	-----------------------------

Employer – Read, Sign and Date

I confirm that this information is true and correct to the best of my knowledge:

Employer Signature	Date	Title	Area Code and Phone No.
--------------------	------	-------	-------------------------

ADDITIONAL DECLARATIONS AND ACKNOWLEDGEMENTS

THESE ADDITIONAL DECLARATIONS AND ACKNOWLEDGMENTS (the “Addendum”) are made and entered into, on the Effective Date of the Agreement to which it is attached, by and between the PALESTINE ECONOMIC DEVELOPMENT CORPORATION, a Texas non-profit Type B economic development corporation (the “PEDC”), created and operated pursuant to the provisions of Chapters 501 and 505, Local Government Code, as amended, in Palestine, Anderson County, Texas, (the “City”), TEXAS FUTURA, LLC, a limited liability company with its principal offices located in Missouri City, Texas 77459 (“Futura”), and LONESTAR OIL TECH, LLC, a limited liability company with its principal offices located in Missouri City, Texas 77459 (“Lonestar”). Collectively, the PEDC, Futura, and Lonestar may be referred to herein as the “Parties” and, each separately, as a “Party.”

WHEREAS, the PEDC, Futura, and Lonestar entered into the Economic Development Performance Incentive Agreement Made Pursuant to Section 501.158 of the Local Government Code, dated November 14, 2023, which granted Futura and Lonestar certain economic development incentives, those being land and other direct cash incentives consisting of the expenditure of sales tax funds, in exchange for Futura’s creation of thirty-three (33) fulltime primary jobs and a capital investment of approximately \$2.15 million within the boundaries of the PEDC’s Willow Creek Business Park in Palestine, Anderson County, Texas (the “Project”); and,

WHEREAS, the PEDC, as a Texas non-profit Type B economic development corporation, created and operated pursuant to the provisions of Chapters 501 and 505, Local Government Code, as amended, may only act in accordance with its “Amended and Restated By-Laws of the Palestine Economic Development Corporation,” as amended, and the Texas Constitution, State, and Federal law; and,

WHEREAS, Futura and Lonestar, wishing to receive those economic development incentives granted by the PEDC by and through the Project, agrees that certain legal restrictions have been placed on the PEDC, which the Parties now wish to acknowledge through these Additional Declarations and Acknowledgements; and,

NOW, THEREFORE, for and in consideration of those economic development incentives and other valuable consideration contained in these Additional Declarations and Acknowledgements and the Agreement, as amended, the Parties agree to the following terms, covenants, and conditions:

- a. **No Israel Boycott.** Futura and Lonestar hereby verify that they do not boycott Israel and will not boycott Israel through this Agreement. For purposes of this verification, “boycott Israel” means refusing to deal with, termination of business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.
- b. **Foreign Terrorist Organizations.** Futura and Lonestar represent and warrant that they are not engaged in business with Iran, Sudan, or a foreign terrorist organization, as prohibited by Section 2252.152 of the Government Code.

WITHOUT LIMITATION, THOSE PERTAINING TO SOLID WASTE, AS DEFINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY, REGULATIONS AT 40 C.F.R., PART 261, OR THE DISPOSAL OR EXISTENCE IN OR ONE THE PROPERTY OF ANY HAZARDOUS SUBSTANCES, AS DEFINED BY THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, AND THE REGULATIONS PROMULGATED THEREUNDER. GRANTEE SHALL RELY SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY GRANTOR OR ITS AGENT. GRANTEE ACKNOWLEDGES THAT IT IS PURCHASING AND ACCEPTING THE PROPERTY ON AN “AS IS,” “WHERE IS,” AND “WITH ALL FAULTS” BASIS. GRANTOR SHALL NOT BE LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS, OR INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF FURNISHED BY ANY PERSON PURPORTING TO ACT ON BEHALF OF GRANTOR, INCLUDING GRANTOR’S AGENTS.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, and any right, title, and interest of Grantor in and to adjacent streets, alleys, and rights-of-way, unto Grantee, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns to **WARRANTY AND FOREVER DEFEND**, all and singular the title to the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through, or under Grantor, but not otherwise, subject only to the Permitted Encumbrances.

Grantor grants all of the real property described above to Grantee and Grantee’s successors and assigns, **SO LONG AS** the *Economic Development Performance Incentive Agreement Made Pursuant to Section 501.158 of the Local Government Code*, made and entered into on **November 14, 2023**, by and between the Grantor and Grantee to this *Special Warranty Deed*, and which has been attached and incorporated hereto as **Exhibit E** and as made a part hereof, (the **“Performance Agreement”**) is not terminated pursuant to Article VII of that Performance Agreement. If this Performance Agreement is breached by Grantee or Grantee’s successors or assigns, the real property, including any and all improvements existing thereon at the time, shall **AUTOMATICALLY REVERT** to Grantor, without the necessity of Grantor giving any notice or taking any affirmative action to effectuate such reverter.

If the current ad valorem taxes on the Property have not been prorated and paid at the time of conveyance, Grantor and Grantee shall each be responsible for payment of its respective share thereof based on the period of ownership.

Grantee’s address is: **LONESTAR OIL TECH, LLC**
Attn: Nelson Varughese, President
5814 Creek Crossing Court
Missouri City, Texas 77459

[SIGNATURE PAGES FOLLOW. REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EXECUTED on this _____ day of _____, 2023.

GRANTOR:

PALESTINE ECONOMIC DEVELOPMENT CORPORATION

By: _____
DAN BOCHSLER, Vice President

ATTEST:

By: _____
Kim Willmott, *PEDC Secretary*

STATE OF TEXAS §
 §
ANDERSON COUNTY §

Before me, on this _____ day of _____, 2023, personally appeared **DAN BOCHSLER, Vice President, *Palestine Economic Development Corporation***, who has been provided signatory authority due to a potential conflict of interest, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the instrument was the act of the Palestine Economic Development Corporation, and that he executed the instrument as the act of the Palestine Economic Development Corporation, for the purposes and consideration expressed therein, by proper authority, and in the capacity stated in the instrument.

Notary Public, State of Texas

AGREED AND ACCEPTED this _____ day of _____, 2023.

GRANTEE:

LONESTAR OIL TECH, LLC

By: _____
NELSON VARUGHESE, *President*

STATE OF TEXAS §

§

ANDERSON COUNTY §

Before me, on this _____ day of _____, 2023, personally appeared **NELSON VARUGHESE, President, *Lonestar Oil Tech, LLC***, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the instrument was the act of Lonestar Oil Tech, LLC, and that he executed the instrument as the act of Lonestar Oil Tech, LLC, for the purposes and consideration expressed therein, by property authority, and in the capacity stated in the instrument.

Notary Public, State of Texas

- c. **Immigration.** Futura and Lonestar represent and warrant that they shall comply with the requirements of the Immigration and Nationality Act (8 U.S.C. § 1101 et seq.) and all subsequent immigration laws and amendments.
- d. **Undocumented Workers.** Futura and Lonestar certify that they do not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. “**Undocumented Worker**” means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in that manner in the United States.
- e. **Nondiscrimination Against Firearm and Ammunition Industries.** Futura and Lonestar verify that they do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association, as those terms are defined by Chapter 2274, Government Code, as enacted by S.B. 19, 87th Legislature, Regular Session.
- f. **Anti-Boycott of Energy Companies.** Futura and Lonestar verify that they do not boycott energy companies and will not boycott energy companies, as those terms are defined by Chapter 2274, Government Code, as enacted by S.B. 13, 87th Legislature, Regular Session.
- g. **Public Information Act.** Information, documentation, and other material in connection with the Agreement may be subject to public disclosure pursuant to Chapter 552 of the Government Code (the “**Public Information Act**”). To the extent, if any, that any provision of the Agreement is in conflict with the Public Information Act, such provision shall be void and have no force or effect.

In accordance with Section 2252.907 of the Government Code, Futura and Lonestar are required to make any information created or exchanged with the PEDC pursuant to the Agreement, regardless of contrary provisions contained herein, and not otherwise excepted from disclosure under the Public Information Act, available in a format that is accessible by the public at no additional charge to the PEDC.

- h. **Prohibited Access to Critical Infrastructure.** Futura and Lonestar verify that they do not contract with certain foreign-owned companies in connection with critical infrastructure and will not contract with certain foreign-owned companies in connection with critical infrastructure, as those terms are defined Chapter 113, Subtitle C, Title 5 of the Business & Commerce Code, as enacted by S.B. 2116, 87th Legislature, Regular Session.
- i. **No Indemnification by the PEDC.** Futura, Lonestar, and the PEDC expressly acknowledge that the PEDC’s authority to indemnify and hold harmless any third party may be governed by Article XI, Section 7, of the Texas Constitution, and any provision that purports to require indemnification by the PEDC is invalid. Nothing in this Agreement requires that the PEDC incur debt, assess or collect funds, or create a sinking fund.

IN WITNESS WHEREOF, and in acknowledgment that the Parties hereto have read and understood each and every provision hereof, the Parties have executed these *Additional Declarations and Acknowledgments* on the date first set forth above.

PEDC:

PALESTINE ECONOMIC DEVELOPMENT CORPORATION

By: _____
DAN BOCHSLER, Vice President

ATTEST:

By: _____
Kim Willmott, *PEDC Secretary*

FUTURA:

TEXAS FUTURA, LLC

By: _____
NELSON VARUGHESE, *President*

LONESTAR:

LONESTAR OIL TECH, LLC

By: _____
NELSON VARUGHESE, *President*

STATE OF TEXAS

§

§

COUNTY OF ANDERSON

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BILL OF SALE AND ASSIGNMENT

WHEREAS, by *Promissory Note*, which was executed in conjunction with this *Bill of Sale and Assignment*, **Texas Futura, LLC**, a limited liability company with its principal offices located in Missouri City, Texas 77459 (“**Assignor**”), pledged to the **Palestine Economic Development Corporation**, a Texas non-profit Type B economic development corporation (**the “Assignee”**), created and operated pursuant to the provisions of Chapters 501 and 505, Local Government Code, as amended, as security and in consideration for those economic development incentives provided for by Assignee to Assignor in the *Economic Development Performance Incentive Agreement Made Pursuant to Section 501.158 of the Local Government Code*, executed in conjunction herewith, certain business tangible personal property located at the Project Property, that being more particularly described as:

Personal Property: The business furniture, fixtures and equipment, including any step-down transformers, located on the Project Property with a declared value of approximately \$1.65 million.

Project Property: A 3.000-acre tract, more or less, of land situated in the Willow Creek Business Park of the City of Palestine, Anderson County, Texas, consisting of Lot 5RA of Block 2 of Willow Creek Business Park, Phase 1 and Phase 2, in William S. McDonald Survey Abstract No. 43.

NOW THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, Assignor has **ASSIGNED, TRANSFERRED, and SET OVER**, and by these presents does **ASSIGN, TRANSFER, and SET OVER** unto Assignee:

1. All of Assignor’s right, title, and interest in and to the business tangible personal property listed in the Asset Disclosure in **Exhibit A**, which Assignor agrees to amend immediately upon procurement of any asset not currently in Assignor’s physical possession to provide more specificity for all assets, including manufacturer, make, model, VIN number, and any other identifying information, but in any event no later than August 1, 2024; and
2. All of Assignor’s right, title, and interest in and to all (1) maintenance and service contracts (to the extent assignable and which affect the Personal Property) (**the “Property Agreements”**), excluding utility contracts and leases; (2) warranties and guarantees; and, (3) licenses, permits, or similar documents as they affect the Personal Property.

All such properties and assets are collectively called the “**Assigned Properties.**”

TO HAVE AND TO HOLD the Assigned Properties unto Assignee, its successors and assigns, forever, all and singular, the Assigned Properties unto Assignee, its successors and assigns, without warranty of any kind.

Upon the Effective Date (as defined below) this Bill of Sale and Assignment, Assignee assumes the obligations of Assignor under the Property Agreements and agrees to indemnify, defend, and hold Assignor harmless, from any loss, cost, claim, liability, expense or demand of any nature under the Property Agreements (including reasonable attorneys' fees) arising or accruing on or after the date upon which Assignee accelerates the maturity date of the Promissory Note, declaring its entire unpaid principal balance amount, with any interest, to be immediately due and payable, thereby requiring the exercise of this Bill of Sale and Assignment.

This Assignment is made subject to the Performance Agreement Made Pursuant to Section 501.158 of the Local Government Code and the Abatement Agreement made by and between the Assignor and Assignee.

Assignee shall file this Bill of Sale and Assignment in the Real Property Records of Anderson County, Texas, but this Bill of Sale and Assignment shall only become effective upon Assignee's acceleration of the maturity date of the Promissory Note, declaring the unpaid principal balance amount, along with any interest, of the Promissory Note, to be immediately due and payable (the "**Effective Date**").

This document may be executed in duplicate counterparts, each of which is deemed to be an original and both of which – together – are deemed to be one document.

ASSIGNOR:

TEXAS FUTURA, LLC

By: _____
NELSON VARUGHESE, President

Date of Execution by TEXAS FUTURA, LLC:
_____, 2023

ASSIGNEE:

PALESTINE ECONOMIC DEVELOPMENT CORPORATION

By: _____
DAN BOCHSLER, Vice President

**Date of Execution by the PALESTINE ECONOMIC
DEVELOPMENT CORPORATION:**

_____ , 2023

resulting amount accrued from the immediately preceding year (“**Interest**”). Interest shall be applied as follows:

Year	Start Principal	Start Balance	Interest	End Balance	End Principal
1	\$134,454.00	\$134,454.00	\$10,756.32	\$145,210.32	\$134,454.00
2	\$134,454.00	\$145,210.32	\$11,616.83	\$156,827.15	\$134,454.00
3	\$134,454.00	\$156,827.15	\$12,546.17	\$169,373.32	\$134,454.00
4	\$134,454.00	\$169,373.32	\$13,549.87	\$182,923.19	\$134,454.00
5	\$134,454.00	\$182,923.19	\$14,633.85	\$197,557.04	\$134,454.00
6	\$134,454.00	\$197,557.04	\$15,804.56	\$213,361.60	\$134,454.00
7	\$134,454.00	\$213,361.60	\$17,068.93	\$230,430.53	\$134,454.00
8	\$134,454.00	\$230,430.53	\$18,434.44	\$248,864.97	\$134,454.00
9	\$134,454.00	\$248,864.97	\$19,909.20	\$268,774.17	\$134,454.00
10	\$134,454.00	\$268,774.17	\$21,501.93	\$290,276.10	\$134,454.00

The “**Prime Rate**” was fixed upon the date of the Performance Agreement, dated **November 14, 2023**, that being Eight Percent (8.0%), as determined and defined by The Wall Street Journal’s Money Rates Tables, with the Prime Rate being that “Latest” International Rate for the United States. As such, the Interest Rate applied is **Eight Percent (8%)**, as reflected in the table above, with the total Principal and Interest to be paid being **\$290,276.10**.

III. Security for Payment

Payment of all sums that may become due under this *Promissory Note* is secured by a Bill of Sale executed of even date herewith and filed of public record and covering that part of Maker’s personal property directly associated with the Project and physically located at that certain tract of real property depicted in the attached and incorporated **Exhibit A** and more particularly described as:

Legal Description: A 3.000-acre tract, more or less, of land situated in the Willow Creek Business Park of the City of Palestine, Anderson County, Texas, consisting of Lot 5RA of Block 2 of Willow Creek Business Park, Phase 1 and Phase 2, in William S. McDonald Survey Abstract No. 43

IV. Forgiveness

Upon the Maker successfully satisfying the terms and conditions of the underlying Performance Agreement secured by this *Promissory Note*, the Holder shall execute a “Release of Promissory Note” within forty-five (45) days of its receipt of Maker’s written request for a release. The Maker shall be responsible for submitting its request for the “Release of Promissory Note” upon Maker’s complete and total compliance with the Performance Agreement.

V. Default

Upon Maker's default in the operation of the Project, as that term is defined in the Performance Agreement, according to the terms of the Performance Agreement, or its making of the payment due under this Promissory Note or its failure to cure any default of Maker within one-hundred and twenty (120) days after receipt by the Maker of written notice of default, Holder may – at Holder's election – accelerate the maturity date of this Promissory Note by declaring the entire unpaid balance of Principal Amount, with Interest, to be immediately due and payable.

VI. Waivers

Maker, every surety, and every endorser of this Promissory Note severally waive demand, presentment, notice of dishonor, diligence in collection, grace, and notice of protest, and agree to all renewals, extensions, and partial payments both before and after maturity without prejudice to Holder.

VII. Attorney's Fees

If this Promissory Note is not paid at maturity and is placed in the hands of an attorney for collection, or if it is collected through a court of bankruptcy, probate, or other court after maturity, then the Holder shall be entitled to reasonable attorney's fees for collection.

XIII. Usury Exclusion

All agreements between Maker and Holder are expressly limited so that in no contingency or event shall the amount paid or agreed to be paid to Holder for the use, forbearance, or detention of the money to be loaned under this Promissory Note exceed the maximum amount permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Promissory Note at the time the performance is due would exceed the usury limited prescribed by law, then the obligation to be fulfilled shall be reduced to that limit. If, from any circumstances, Holder shall receive as interest an amount that would exceed the highest lawful rate, the amount that would be excessive interest shall be applied to the reduction of the Principal Amount owing under this Promissory Note, or shall be refunded, but shall not be applied to payment of interest.

THE MAKER MUST REPAY THE ENTIRE PRINCIPAL AMOUNT OF THIS PROMISSORY NOTE OUTSTANDING AND UNPAID INTEREST THEN DUE. THIS WRITTEN LOAN AGREEMENT, ALONG WITH THE PERFORMANCE AGREEMENT AND BILL OF SALE, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

MAKER:

TEXAS FUTURA, LLC

By: _____
NELSON VARUGHESE, President

Date of Execution by TEXAS FUTURA, LLC:
_____, 2023

STATE OF TEXAS

§

ANDERSON COUNTY

§

§

This instrument was acknowledged before me on the _____ day of _____ 2023, by **Nelson Varughese, President, Texas Futura, LLC**, on behalf of said business entity.

NOTARY PUBLIC, State of Texas



Appraisal Report

*R843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres),
Willow Creek Drive
Palestine, Texas
Effective Date: February 6, 2023*

Prepared For

Christophe Trahan
Executive Director
Palestine Economic Development Corporation

Prepared By

Adam Payn, MAI
Certified General Real Estate Appraiser
East 45 Appraisal Services



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

February 7, 2023

Christophe Trahan
Palestine Economic Development Corporation
100 Willow Creek Parkway, Suite A
Palestine, Texas 75801

**RE: Appraisal Report
Vacant Land / R843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres)
Willow Creek Drive, Palestine, Texas
East 45 Appraisal Services File: PAL-23-006**

Dear Mr. Trahan,

At your request, I have appraised the above captioned property. The appraisal report on the facts, findings, and conclusions is attached for your review.

The appraisal report is intended to comply with the appraisal guidelines of the Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Foundation and the Code of Ethics and Standards of Professional Practice of the Appraisal Institute. My opinions of the Market Value of the subject properties as of February 6, 2023, subject to the definition of Market Value, the Certification of the Appraiser and the Assumptions and Limiting Conditions, is:

SIX HUNDRED THIRTY-TWO THOUSAND DOLLARS

\$632,000

(AS IS / R0843451 – 14.041 Acres)

FIVE HUNDRED NINETY-SEVEN THOUSAND DOLLARS

\$597,000

(AS IS / R0843449 – 12.707 Acres)

ONE HUNDRED SEVENTY-TWO THOUSAND DOLLARS

\$172,000

(AS IS / R0015837 – 3.913 Acres)

I appreciate the opportunity to be of service to you and trust you will call on me should you have any questions concerning the appraisal report.

Yours very truly,

EAST 45 APPRAISAL SERVICES

A blue ink handwritten signature, appearing to read "Adam M. Payn", written over a light blue circular stamp.

Adam M. Payn, MBA, MAI
Texas State Certified General Appraiser TX 1380514 G

File Reference: PAL-23-006

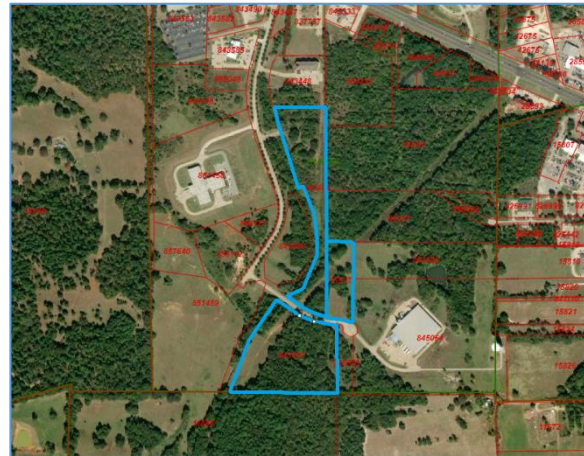


TABLE OF CONTENTS

EXECUTIVE SUMMARY	I
TERMS OF REFERENCE	1
PROPERTY DATA	9
Site Descriptions	12
Neighborhood Data	14
Land Use / Zoning	16
Flood Conditions	17
MARKET OVERVIEW	18
Economic Overview – United States - 2022	18
Economic Overview – Texas - 2022	19
Economic Overview Anderson County & Palestine – 2022	20
VALUATION	21
Highest and Best Use	21
Land Valuation	24
Direct Comparison Approach – R0843451 (14.041 Acres)	25
Direct Comparison Approach – R0843449 (12.707 Acres)	36
Direct Comparison Approach – R0015837 (3.913 Acres)	43
Reconciliation of Value	50
APPENDICES	53



Executive Summary



14.041 Acres, 12.707 Acres & 3.913 Acres
TBD Willow Creek Drive
Palestine, Texas

Final Value Opinions	
As Is (Land Only) R0843451	\$632,000
As Is (Land Only) R0843449	\$597,000
As Is (Land Only) R0015837	\$172,000

Property Information

Property Type	Land	Land Use/Zoning	County / No Zoning
Property Sub Type	Agricultural-Recreational	Current Use	Agricultural - Recreational
Tract Count	3	Topography	Variable / Rolling
Site Area (Acres) R0843451	14.041	Configuration	Irregular
Site Area (Acres) R0843449	12.707	Site Access	Average - Good
Site Area (Acres) R0015837	3.913	Site Exposure	Average - Good
Flood Zone	No	Servicing	Fully Serviced

Value Conclusion (R0843451)

Final Value Estimate	\$632,000
Effective Date	6-Feb-23
Value per Acre	\$45,011

Valuation Summary (R0843451)

Direct Comparison Approach (Land Only)	\$632,000
Cost Approach	Omitted
Income Approach	Omitted

Value Conclusion (R0843449)

Final Value Estimate	\$597,000
Effective Date	6-Feb-23
Value per Acre	\$46,982

Valuation Summary (R0843449)

Direct Comparison Approach (Land Only)	\$597,000
Cost Approach	Omitted
Income Approach	Omitted

Value Conclusion (R0015837)

Final Value Estimate	\$172,000
Effective Date	6-Feb-23
Value per Acre	\$43,956

Valuation Summary (R0015837)

Direct Comparison Approach (Land Only)	\$172,000
Cost Approach	Omitted
Income Approach	Omitted

Direct Comparison Approach - Land Only (R0843451)

Concluded Unit Value Range (\$/Acre)	\$3,000 - \$3,200
Size (Acres)	14.041
Initial Value - Land Only	\$632,000
Adjustments	<u>\$0</u>
Adjusted Value - Land Only	\$632,000
Value per Acre	\$45,011

Direct Comparison Approach - Land Only (R0843449)

Concluded Unit Value Range (\$/Acre)	\$3,000 - \$3,200
Size (Acres)	12.707
Initial Value - Land Only	\$597,000
Adjustments	<u>\$0</u>
Adjusted Value - Land Only	\$597,000
Value per Acre	\$46,982

Direct Comparison Approach - Land Only (R0015837)

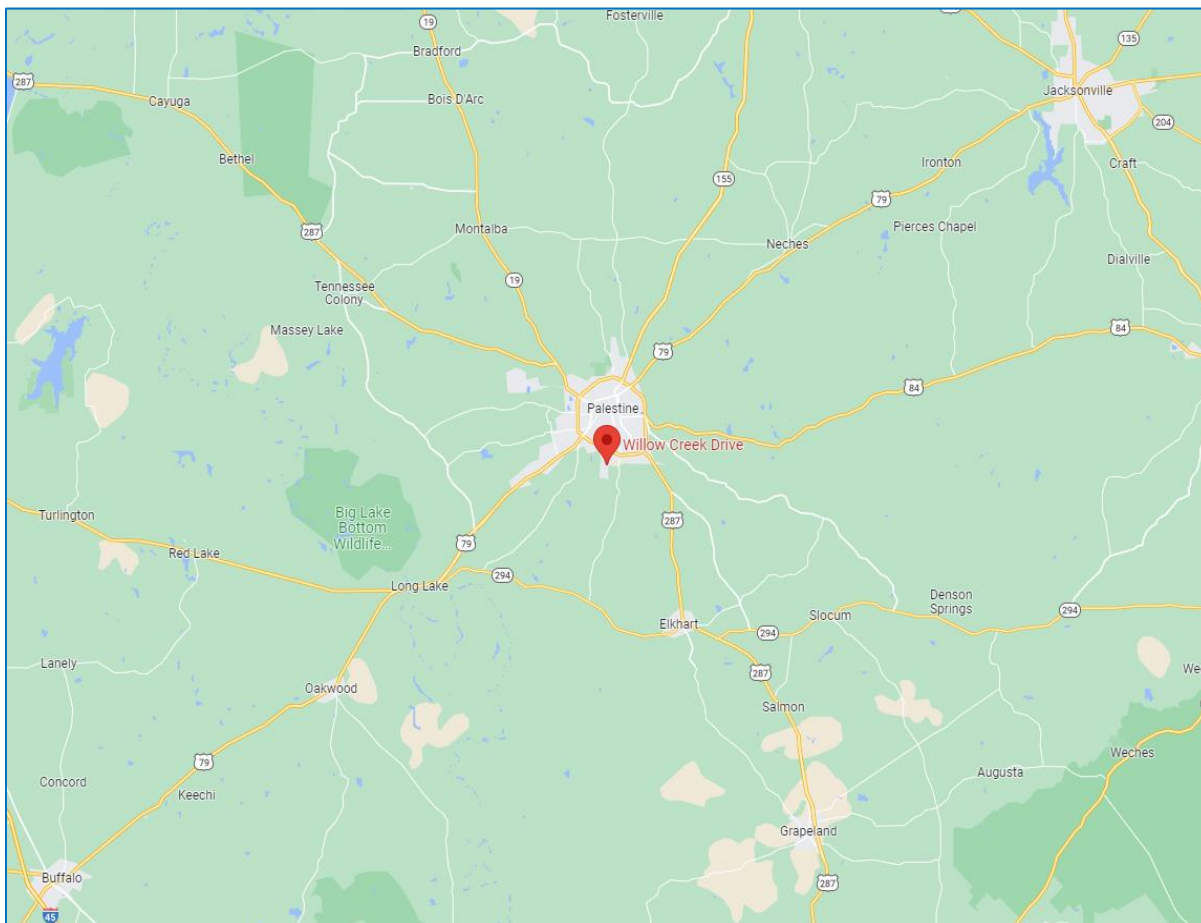
Concluded Unit Value Range (\$/Acre)	\$3,000 - \$3,200
Size (Acres)	3.913
Initial Value - Land Only	\$172,000
Adjustments	<u>\$0</u>
Adjusted Value - Land Only	\$172,000
Value per Acre	\$43,956

Final figures are subject to rounding

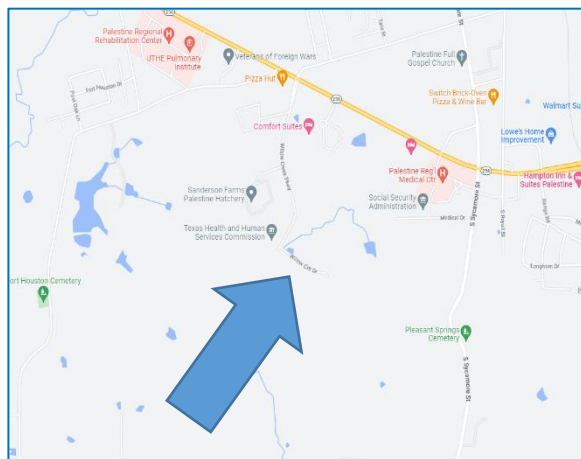


R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

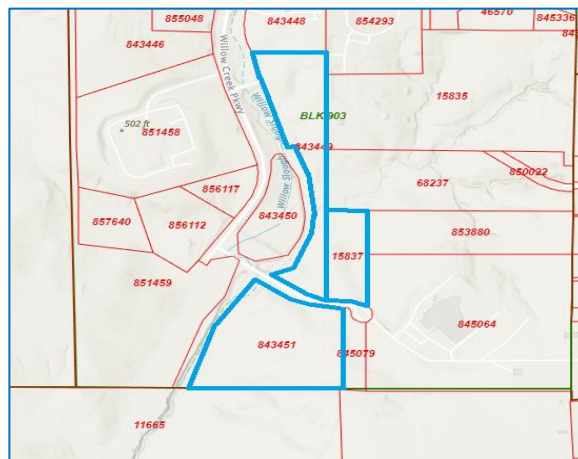
Maps



City of Palestine and surroundings



Location Map



Anderson CAD Topographic Site Plan
Approximate Site Area Shown



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Photographs of Subject Property



View of Willow Creek Dr. facing NW towards R0843449



From Willow Creek Dr. facing R0843449



View from court facing North toward R0015837



View from court facing SW towards R084341



Fiber Optic in Neighborhood



View of Willow Creek Dr. Facing SE towards Court (Tampico Bottling Co.)



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas



Medical Center located along Willow Creek Dr.



Property for sale in subject neighborhood



Facing Northwest along Willow Creek Dr.



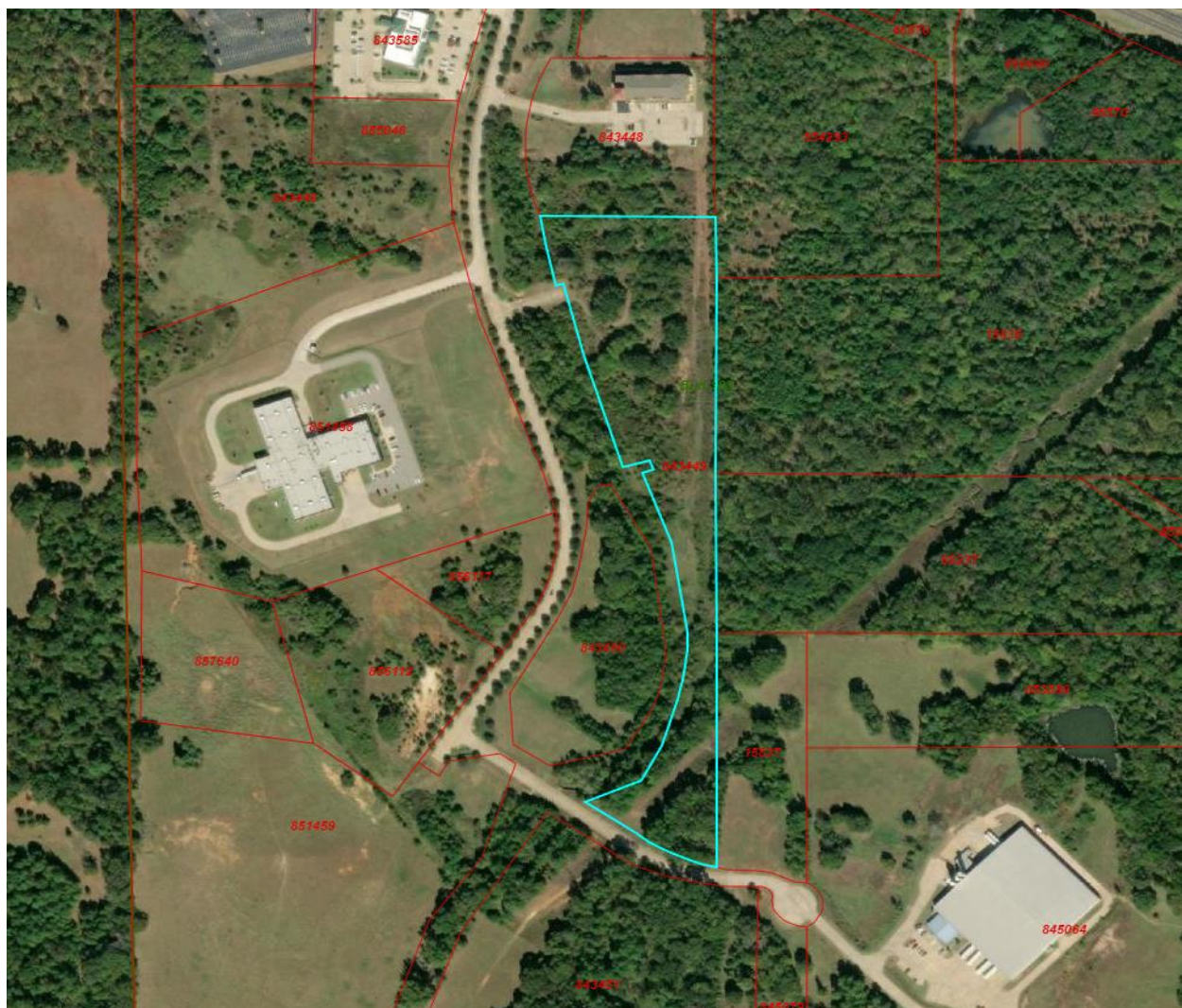
Access Road to R0834451



Power line easement



View of Willow Creek Dr facing NW towards R0843449



R0843451 (12.707 Acres) illustrated in blue outline.



R0015837 (3.913 Acres) illustrated in blue outline.



Terms of Reference

Report Option	Appraisal Report.
Client	Christophe Trahan C/O Palestine Economic Development Corporation.
Intended Users	Palestine Economic Development Corporation.
Intended Use	The use of this appraisal is restricted to the intended uses of the client and intended users identified, namely for the establishing market value for financing purposes. This appraisal may not be copied, printed, or published without the express written consent of the appraiser, nor may it be used in any manner inconsistent with the client's intentions.
Purpose of Appraisal	The purpose of the appraisal is to estimate the Market Value, As Is, of the subject property (land) as of the date of the appraisal.
Identification of Subject Property	<p>The subject property is R843451 (14.041 Acres), R0843449 (12.707 Acres) and R0015837 (3.913 Acres), vacant Land parcels, Willow Creek Business Park Phase 1 & 2, Palestine, Texas.</p> <p>The subject property is legally described as follows:</p> <p>WILLOW CREEK BUSINESS PARK PHASE 1, BLOCK 3, LOT 1</p> <p>WILLOW CREEK BUSINESS PARK PHASE 1, BLOCK 2, LOT 3R (REPLAT)</p> <p>WILLOW CREEK BUSINESS PARK PHASE 2, BLOCK 2, LOT 5</p> <p>The subject property R0843451 total land size is 14.041 Acres or 611,626 square feet, more or less.</p> <p>The subject property R0843449 total land size is 12.707 Acres or 553,517 square feet, more or less.</p> <p>The subject property R0015837 total land size is 3.913 Acres or 170,450 square feet, more or less.</p> <p>The subject property is irregular in its configuration and slopes with respect to topography.</p>
Real Property Interests Appraised	Fee Simple Interest - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Type of Value Market Value.

Definition Market Value The most probable price that a property should bring in a competitive and open market under all condition's requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

(12 C.F.R. Part 34.42(g); 55 Federal register 34696, August 24, 1990, as amended at 57 Federal register 12202, April 9, 1992; 59 Federal register 29499, June 7, 1994)

Effective Date of Appraisal February 6, 2023.

Date of the Report February 7, 2023.

Inspection Date An inspection of the property (land) was conducted on February 6, 2023, by Adam Payn (TX 1380514 G).

Scope of Work To complete the assignment, a number of steps were undertaken. The most salient of this are listed below.

The property was inspected.

The neighborhood was inspected from numerous roads, and trends in residential and commercial development were noted.

A review of documents specific to the subject property included the following:

- Subdivision plat
- Flood plain maps
- Aerial photographs
- Survey

A highest and best use analysis was performed to determine the physically possible uses, legally permissible uses, financial feasibility and maximally productive use of the property;



The three traditional valuation techniques were considered to estimate value.

- The Cost Approach
- The Direct Comparison
- The Income Approach

Confirmation of sale data was performed by research of the County Appraisal District records, conversations with various real estate brokers active in the market, and research within the local Multiple Listing Service (MLS) and other trusted data sources.

The time frame for our sales research was from 2019 through the effective date of the appraisal. The geographical area researched primarily included Henderson, Smith, Anderson, Camp, Cherokee and Dallas Counties, Texas and surrounding counties. Palestine and GTAR MLS were used to search for sales. The comparable sales were not inspected. However, data was confirmed, when possible, with parties directly involved with the transaction (buyer, seller or brokers as specified within the respective sale cards within this report. For greater detail with respect to sales used please see the sale cards listed within the Addenda of this report.

The results of the individual approaches used are reconciled into a final value opinion.

Appraisal Methods & Techniques Employed

A summary of the information analyzed, the appraisal methods and techniques employed, and the reasoning that support the analysis, opinions, and conclusions has been provided in the Valuation Section of this report. Exclusions, if any, of the sales comparison approach, cost approach, and/or income approach will also be discussed.

Value Opinion(s)

\$632,000 – R0843451 (14.041 Acres)
\$597,000 – R0843449 (12.707 Acres)
\$172,000 – R0015837 (3.913 Acres)

Work-File Reference

East 45 Appraisal Services. Work-File Number PAL-23-006.

Exclusions of any Approach to Value(s)

Income & Cost Approach.

Existing Use of Real Estate

Vacant Agricultural Land.

Use of Real Estate Reflected in the Appraisal Report

Undeveloped Vacant Land.



Opinion of Highest and Best Use

The Highest and Best Use is Holding land for future residential or commercial development. A full description of the Highest and Best Use has been provided in the Valuation Section of this report.

Extraordinary Assumptions & Hypothetical Conditions

None.

The use of any extraordinary assumptions and/or hypothetical conditions (if any) may have affected the assignment results.

Ordinary Assumptions & Limitations

The report is subject to the Contingent and Limiting Conditions set forth herein in addition to any specific assumptions that may be stated in the body of the report.

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless stated.
3. Responsible ownership and competent management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, the subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.



11. We have relied on information provided to us by our client with respect to the status of the tenancy and their contractual rights and obligations, physical attributes of the property and environmental condition of the site. The assumptions stated herein are critical to the value opinion contained herein and the authors of this report and East 45 Appraisal Services reserves the right to amend our opinion(s) should any of these assumptions be altered in whole or in part.
12. We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

Following for improved properties only. May not be applicable in all instances.

13. It is assumed herein that the structure and all mechanical equipment is in adequate working condition, has been maintained in a professional manner, and that no atypical capital expenses are required. If specific reliance is required, a third-party building inspection report should be acquired.
14. Building plans were not provided to the author of this report and measurements taken at the time of inspection would be used to verify the size of the improvements reported within county records (if applicable). If specific reliance is required, a measurement specialist should be employed to accurately measure the improvements upon completion.
15. No building inspection report was provided to the author of this report. It is assumed herein, that the subject property is in good working order and free from any deferred maintenance that would impact the value or marketability of the subject property (if applicable). Specifically, that items such as but not limited to the electrical, plumbing, HVAC, foundation, roof, etc (if applicable) are in good repair and have been maintained in a professional manner. If specific reliance is required, it is recommended that a qualified third-party building inspection be undertaken.

This appraisal report has been made with the following general limitations:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The land and building must not be used in conjunction with any other appraisal and are invalid if so used.



2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such material on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
6. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
7. Nothing set forth in this appraisal report should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The appraiser assumes no liability for and does not guarantee that any insurable value estimate inferred from this report will result in the subject property being fully insured for any loss that may be sustained. Further, the cost approach may not be a reliable indication of replacement or replacement cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Estimated Marketing Period and Trends

The estimate of the length of time required to market a property is given consideration with respect to its impact on the value of a property. The Marketing Time required to consummate a sale includes the time from placing it on the market until final disposition and settlement if it is in the future. Exposure time, on the other hand, is the time the property has been exposed to the market prior to the effective date of the appraisal. It is defined as

*"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*¹

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy from the effective date of the appraisal. The estimate of exposure time is not intended to be a prediction of a future sale date. It is instead, an integral part of the analyses conducted during the appraisal assignment. It can be based upon statistical information about the number of days similar properties have been on the market, information gathered through sales verification and/or interviews of market participants. The estimated marketing time is **6 to 12 months**. Exposure time must be considered as "reasonable" exposure time. If a property is placed on the market at an unrealistically high price, exposure time has theoretically not begun. Exposure time should be at a market price. This estimate is made after careful consideration of the current market conditions for the property type and the likelihood of a future sale. Sales of similar properties, the volume of current offerings, the availability of financing, and other conditions are taken into account and analyzed.

¹ THE APPRAISAL STANDARDS BOARD, September 16, 1992, Statement 6 and Advisory Opinion G-7.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

In order to appropriately consider the impact on value, the current income stream (or lack thereof) is estimated against its ability to cover current and future holding costs. It is inappropriate to assume that the value of the property will remain stable during a marketing period. Discounting the value estimate for a fixed period of time is not an accurate estimate of current value. This scenario assumes that the current value is also the future value. Marketing time and values based upon a stated marketing period require consideration for future attitudes of market participants, current forecasts concerning future market activities and forecasting of income, expense, occupancy, area employment, cost and availability of funds, and a host of other economic variables. Therefore, it cannot be an isolated estimate of time alone. The estimated exposure time is **6 to 12 months.**

Statement of Ownership

According to the Anderson County Appraisal District Records, the subject parcels are in the name of “**Palestine Economic Development Corp**”. However, a title search not has been made and no warranties as to the current ownership are expressed or implied. In addition, no search for liens, judgments, easements, encumbrances, or other adverse conditions has been conducted. Only apparent conditions are included in the valuation analysis.

Competency of the Appraiser

According to the Uniform Standards of Professional Appraisal Practice, an appraiser must, prior to accepting an assignment, properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently or alternatively, must:

1. disclose the lack of knowledge and/or expertise to the client before accepting the assignment;
2. take all steps necessary or appropriate to complete the assignment competently; and
3. describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

The appraiser(s) hereby certifies that he (they) have the knowledge and experience necessary to complete the assignment competently.



Property Data

Municipal Addresses Willow Creek Drive, Palestine, Texas, 75801

Legal Description
WILLOW CREEK BUSINESS PARK PHASE 1, BLOCK 3, LOT 1
WILLOW CREEK BUSINESS PARK PHASE 1, BLOCK 2, LOT 3R (REPLAT)
WILLOW CREEK BUSINESS PARK PHASE 2, BLOCK 2, LOT 5

Property Rights This valuation pertains to the fee simple interest in the property described herein.

Encumbrances For the purposes of this analysis, any instrument(s) registered against the title(s) to the property are assumed not to have a significant effect on the property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The property has been valued as if free and clear of any financing. A copy of the property record card (available through county records) has been included in the addenda for further reference.

Ownership / Sale History According to the Appraisal District, the current owner is of "**Palestine Economic Development Corp**". Partial deed history was available within the Appraisal District Records and indicates the current owner has been on title since 07/19/2002 as per instrument 221-1733.

If specific reliance is required, a copy of the title should be acquired. Further inquiries may be required.

Current or Pending Market Transactions There was no contract given to the appraiser for this property, and it is not listed on MLS. This appraisal is being conducted for internal purposes.

A search of GTAR, and Palestine MLS indicated that no previous sales or listings within the last three (3) years.

Personal Property, Fixtures & Intangibles This appraisal report does not include any improvements, intangibles, personal property, equipment, or fixtures that are removable without damaging the property. The value opinion herein relates to the land value only.

County Appraisal District 2022 Assessment Property ID. R0015837, R0843451, R0843449

Aggregate Assessment \$1,091,099
Aggregate Assessment / Acre \$34,607.45



The subject property lies within Anderson County, Texas and thus is assessed for tax purposes by Anderson County. Anderson County is responsible for assessing all properties so that a uniform value is administered by all taxing authorities. Listed below are the authorities having jurisdiction over the subject property with respect to ad valorem taxation, the assessed value of the subject property, the 2022 tax rates per \$100 of assessed value, and the calculated taxes as currently assessed.

The subject assessment and estimated tax levy appear reasonable based upon similar properties. Actual tax levy may differ based upon parcel size identified within the site survey and based upon exceptions such as homestead, agricultural, etc. If specific reliance is required, the County Assessment Authority should be contacted.

R0843451 - 14.041 Acres

Authority	Current Rate / \$100	Calculated Taxes
City of Palestine	\$0.673774	\$2,574.11
Anderson County	\$0.557158	\$2,128.58
Palestine ISD	\$1.267500	\$4,842.40
Tvcc - Palestine	\$0.047600	\$181.85
Fm/ Flood Control	\$0.021382	\$81.69
Total	\$2.56741	\$9,808.63

R0843449 - 12.707 Acres

Authority	Current Rate / \$100	Calculated Taxes
City of Palestine	\$0.673774	\$3,916.10
Anderson County	\$0.557158	\$3,238.30
Palestine ISD	\$1.267500	\$7,366.94
Tvcc - Palestine	\$0.047600	\$276.66
Fm/ Flood Control	\$0.021382	\$124.28
Total	\$2.56741	\$14,922.27

R0015837 - 3.913 Acres

Authority	Current Rate / \$100	Calculated Taxes
City of Palestine	\$0.673774	\$861.34
Anderson County	\$0.557158	\$712.26
Palestine ISD	\$1.267500	\$1,620.35
Tvcc - Palestine	\$0.047600	\$60.85
Fm/ Flood Control	\$0.021382	\$27.33
Total	\$2.56741	\$3,282.13



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Environmental Considerations

During inspection of the property, the appraiser was cognizant of the need to (1) inform the client, and (2) consider the impact of apparent adverse environmental conditions on or near the subject property. The appraiser is not qualified to detect most adverse environmental conditions unless they are obvious to the general public.

The appraiser is not aware of any studies with respect to the subject property and appraised the property as though no negative conditions exist that would impact the value of the property.

Site Descriptions



Aerial with subject property outlined in blue

Area	The sites comprise an area of 14.041 acres (611,626 SF), more or less R0843451; 12.707 acres (553,517 SF), more or less R0843449; and 3.913 acres (170,450 SF), more or less R0015837.
Improvements	None.
Configurations	The overall sites are irregular in shape.
Zonings	Industrial. Highway Commercial.
Access	Access to the subject property is Willow Creek Drive. Site-specific access and exposure are considered average to good.
Services	The site is partially serviced.
Topography	Variable topography.



Soil Conditions See Ordinary Assumptions.

Easements A site survey was provided to the appraiser. From a physical inspection, the subject site does appear to be encumbered with typical utility easements and a pipeline and well pad easement.

Utilities Typical utilities for the area are assumed to be provided to the site and appear to be in adequate supply. Utilities available to the site are detailed in the following table:

Electricity	Oncor
Natural Gas	None
Water/Sewer	Septic / Liquid Propane
Telephone	Other

Summary Subject R0843451 consists of an irregular shaped parcel which contains an aggregate area of 14.041 Acres (611,626 SF) of land. Subject R0843449 consists of an irregular shaped parcel which contains an aggregate area of 12.707 Acres (553,517 SF) of land. Subject R0015837 consists of an irregular shaped parcel which contains an aggregate area of 3.913 Acres (170,450 SF) of land. Topographically, the parcel has a slope for site drainage. The property is holding land for future residential or commercial use but currently being used as an agricultural – recreational vacant land tract with road frontage/direct access from Willow Creek Drive. The subject property is NOT situated in an area within the flood hazard area according to a visual inspection of the flood map for this area. From a physical standpoint, the site is considered adequate for most types of residential and commercial use.

The site provides average to good access with average to good exposure characteristics and no adverse influences are visually apparent. I have not undertaken a detailed soil analysis, and as I am not qualified to comment on soil conditions, I have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Neighborhood Data

Neighborhood Analysis

A neighborhood is defined in *The Appraisal of Real Estate*, Eleventh Edition, published by the Appraisal Institute, "as a group of complimentary land uses." Land uses within a neighborhood are not necessarily homogeneous, as in a district, but are related in that property values are affected by the same factors. Four factors tend to influence values at the neighborhood level and may be generally identified as environmental, social, economic, and governmental factors.

Identification of Neighborhood Boundaries

Neighborhood boundaries can be identified as the physical limits of the influences that normally affect the subject and surrounding properties. Neighborhood boundaries may not only consist of well-defined natural or man-made barriers, but they may also be represented by distinct changes in land use or in the character of the population.

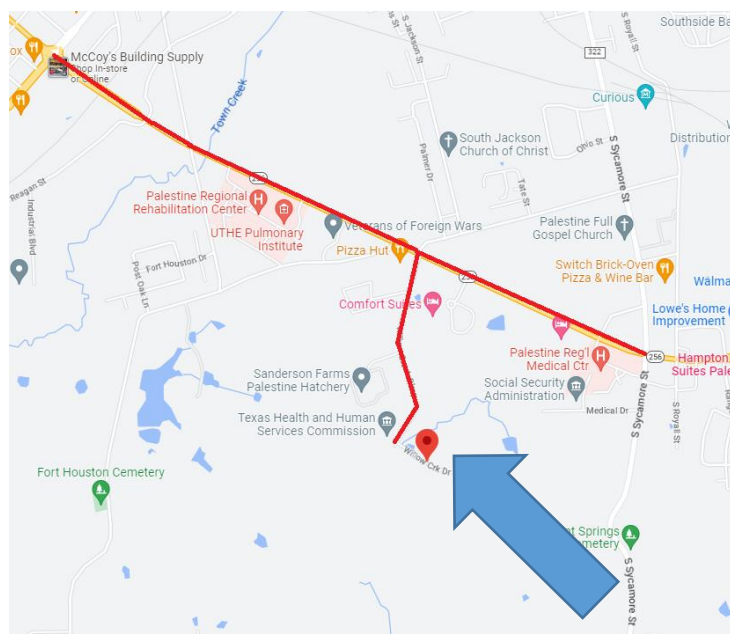
The subject neighborhood is within the school district of Palestine ISD. This district is located in East Texas in the middle section of Anderson County. The general boundaries of the overall neighborhood are Willow Creek Parkway and the southern section of Loop 256.

Environmental Factors

Environmental considerations consist of any natural or man-made features that contain or affect the neighborhood and its geographic location.

Location Attributes

Palestine is a town in Anderson County Texas, United States. The town is surrounded by rural county agricultural parcels.



Subject property location shown above.

Linkage Attributes

The following table defines the main traffic arteries in the area.

Neighborhood Thoroughfares:



Willow Creek Parkway
Loop 256

North / South
East / West

Land Usage

Land uses in the area are compatible and for the most part complementary. Land use in the neighborhood is primarily agricultural/recreational along the interior county roadways with a mix of residential along city roadways with commercial uses near the intersection of the major thoroughfares such as Loop 256.

The subject neighborhood has vacant tracts of land available for holding land, residential, agricultural, and recreational use. The neighborhood is considered to be in the growth stage of the life cycle. The growth stage indicates a period of development. There has been increased demand for similar parcels of land. This stage is a period of expansion. No detrimental environment influences, either extrinsic or intrinsic to the neighborhood, other than those previously mentioned are noted.

No detrimental environmental influences, either extrinsic or intrinsic to the neighborhood, other than those previously mentioned, are noted.

Governmental Factors

Governmental considerations relate to the laws, regulations, and taxes that affect neighborhood properties and the administration and enforcement of these constraints.

The subject neighborhood exhibits a balanced array of the development with commercial, located along the major thoroughfare and intersections, and residential development located along the interior streets. As such, the nature of the neighborhood is preserved. All necessary services are available, including utilities, police, and fire protection.

The neighborhood is within the **Palestine Independent School District (PISD)**.

Taxes are considered on par with other cities and communities in the East Texas area.

The usual utility linkages, such as water, electricity, and telephone service, are also in place. Regarding sewer service specifically, there is no known capacity problems in the area.

Summary

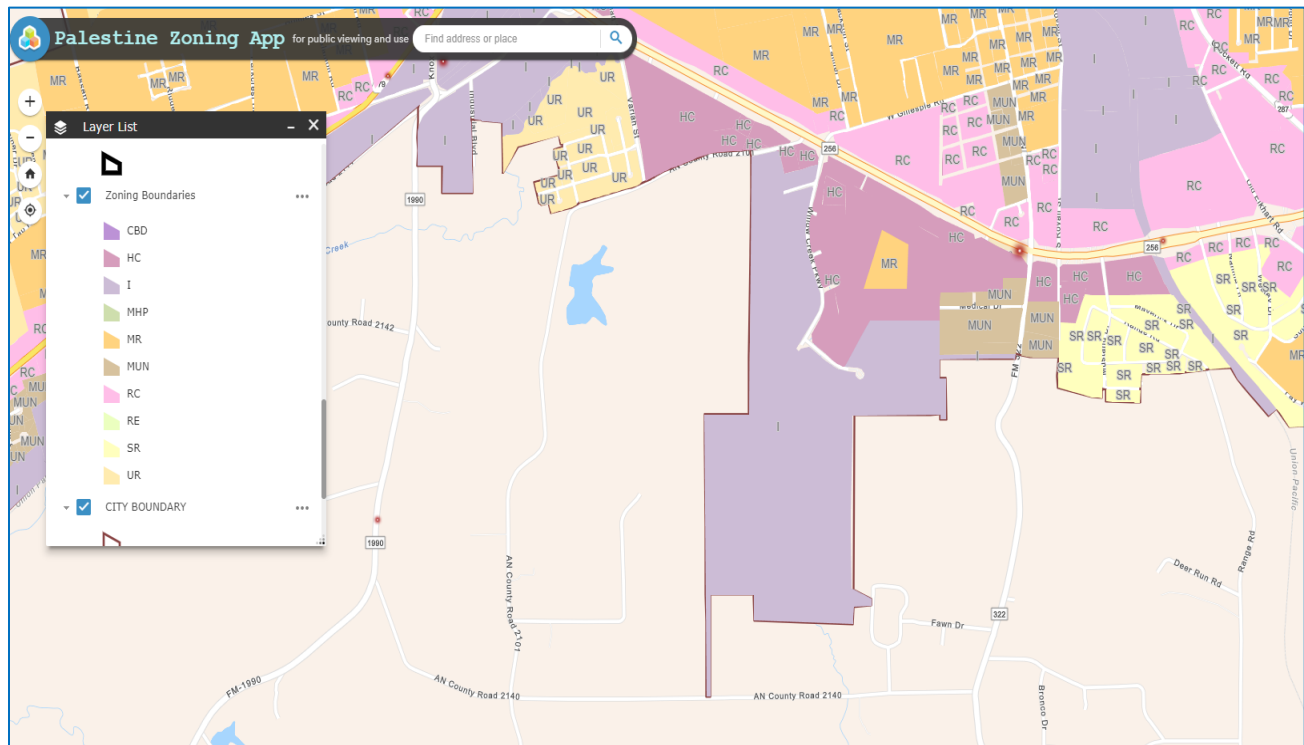
In 2020, Palestine, TX had a population of 17.9k people with a median age of 34.8 and a median household income of \$40,684. Between 2019 and 2020 the population of Palestine, TX declined from 17,989 to 17,906, a -0.461% decrease and its median household income grew from \$37,868 to \$40,684, a 7.44% increase.

The neighborhood's access to primary arteries and expressways is average. It is in relatively convenient proximity to the employment centers and shopping opportunities, which are positive assets.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Land Use / Zoning



I-Industrial & HC-Highway Commercial

The purpose of these districts is to establish areas reserved for a high-density mixture of retail and business services for the benefit of persons working or residing in the area.

The subject properties appear to conform to the City of Palestine's, Texas Code of Ordinances. If specific reliance is required, the City of Palestine's, Planning Department should be contacted.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Flood Conditions



According to the information available to the appraiser, the subject properties **do not appear** to lie within a special flood hazard area. The information utilized to make this determination is the flood map published by the Federal Emergency Management Agency for the subject's location. The map's panel number, which includes the community and specific panel is 48001C0535D. The map was revised on 02/03/2010.

The appraisal is made as though none of the improvements are located within a flood hazard area. Should it be discovered that portions of the property are designated as subject to flooding, the value estimate is subject to review and change.



Market Overview

Economic Overview – United States - 2022



The United States has the world’s 3rd largest population, surpassed only by India and China, and the world’s fourth largest land mass. The country’s population is dispersed among 50 states and 16 territories. The US was ranked 17th on the Human Development Index ranking in 2020. The International Monetary Fund ranks the US 9th worldwide for per capita nominal GDP at \$68,309 and 1st worldwide for nominal GDP at \$20.49 trillion.

Forbes ranks the US the 17th best country for business siting falling scores on trade and monetary freedom, along with rising levels of red tape and bureaucracy for its recent decline from a 1st overall ranking in 2006. Annual real GDP growth has varied since 2000 from a low of -3.9% in 2020 to a high of 3.8 in 2004. For 2021, annual real GDP growth is expected to grow by 6% over what it was in 2020, according to the International Monetary Fund Real GDP Growth Indices.

International trade makes up a large part of the US economy with Mexico as its largest trading partner followed by Canada, then China, According the US Census in September 2021. Key American exports include machinery (including computers), electrical machinery and equipment, aircraft and spacecraft, vehicles, and mineral fuels (including oil).

PROJECTED KEY INDICATORS

Economic Indicator	2020 Level	2025 Level	Annual Growth	Five-Year Increase
Real Gross Product	\$18.4 tr	\$22.2 tr	+3.78%	+\$3.8 tr
Real Personal Income	\$17.8 tr	\$21.2 tr	+3.55%	+\$3.4 tr
Population	329.6 m	340.2 m	+0.63%	+10.5 m
Employment	142.4 m	159.9 m	+2.35%	+17.5 m
Industrial Production Index	101.6	126.8	+4.52%	+25.1
Consumer Price Index	112.8	126.1	+2.27%	+13.4
20-Year Treasury Bond	1.34%	2.78%	N/A	N/A

Due to Covid-19, the year 2020 has been tragic and staggering, with the United States having 20 million positive cases. The US unemployment rate has decreased significantly from the high of 14.7% reached in April. However, the total increase since that time remains well below the job losses of 22.2 million during

March and April. Moreover, the situation remains challenging and fluid, and the recovery will likely be bumpy. Health and safety remain of paramount concern, and progress will depend on the ability to continue to resume activity without infections reaching a level that will necessitate a new wave of restrictions. The current economic crisis was created by a health crisis, and to ultimately resolve the economic crisis requires effectively dealing with the pandemic situation.

Source: Perryman Economic Outlook Conference – 37th Annual



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Economic Overview – Texas - 2022



State by state, Texas has the 2nd largest population and second largest land mass surpassed only by California and Alaska, respectively. The population is dispersed among 254 counties, and the four big metropolitan areas, Austin, Dallas, Houston and San Antonio have seen 85% of the population growth for the state over the last decade. Texas also falls second overall (behind California) with respect to GDP where Q3 of 2020 estimates indicated a total of \$1.772 Trillion. To put this into perspective, Texas outranks two of the World’s G8 countries; Canada (\$1.73 Trillion) and Russia (\$1.5 Trillion). With regards to GDP per capita, Texas is currently ranked 18th overall within the U.S.

According to *Forbes*, Texas ranks fourth for current economic climate in the U.S. due in large part to having the first fastest economic growth. Additionally, over 100 of the 1,000 largest public and private companies in the U.S. are based in Texas, including the likes of AT&T, ExxonMobil and Dell. The primary industries in Texas are petroleum, natural gas, farming, steel, banking and tourism.

Mexico is Texas’ largest trading partner, followed closely by Canada and China. Key Texas exports include petroleum products, machinery and equipment. The lion’s share of these exports are destined for Mexico and Canada. Key Texas imports are crude oil, bitumen, telephone equipment and digital processing units. Most import goods arrive from either Mexico or China.

PROJECTED KEY INDICATORS

Economic Indicator	2020 Level	2025 Level	Annual Growth	Five Year Increase
Real Gross Product	\$1,712.6 b	\$2,125.8 b	+4.42%	+\$413.1 b
Real Personal Income	\$1,430.2 b	\$1,734.2 b	+3.93%	+\$304.0 b
Real Retail Sales	\$445.3 b	\$548.1 b	+4.24%	+\$102.7 b
Population	29.3 m	31.3 m	+1.37%	+2,058,572
Employment	12.7 m	14.3 m	+2.33%	+1,553,996

Recent Texas jobs reports have been encouraging, even though the pace of recovery has been uneven. Even with the gains through the summer and fall, employment in the state remains well below pre-pandemic levels.

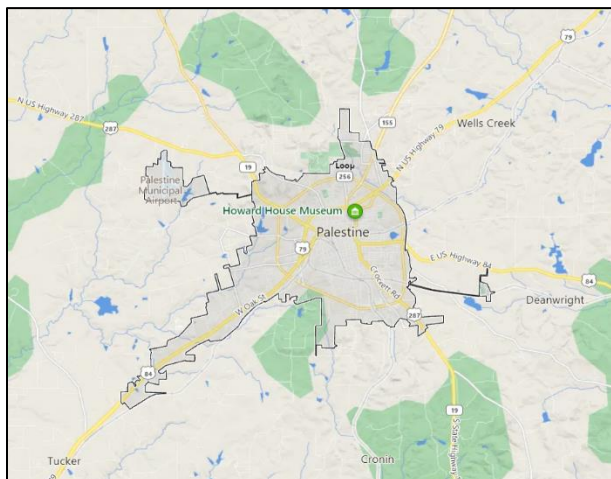
Texas lost about 1.3 million jobs due to the pandemic, but other states fared even worse, including California and New York. The timing and severity of outbreaks and reopening decisions have varied widely, and states are entering phases of recovery at different times. Covid-19 will continue to cause economic fallout, slowing growth across the economy. Moreover, the state’s largest export industry (energy) is among the hardest hit and will require time to rebuild. However, Texas remains well positioned for long-term growth once a post-pandemic “new normal” is reached.

Source: Perryman Economic Outlook Conference – 37th Annual



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Economic Overview Anderson County & Palestine – 2022



Palestine is located near the center of Anderson County at 31°45'29"N 95°38'19"W (31.757925, – 95.638473). Several numbered highways converge on the city, including U.S. Highways 79, 84, and 287, plus Texas State highways 19 and 155. Dallas is 110 miles (180 km) to the northwest, and Houston is 150 miles (240 km) to the south. Tyler is 47 miles (76 km) to the northeast.

According to the United States Census Bureau, the city has a total area of 19.6 square miles (50.7 km²), of which 19.4 square miles (50.2 km²) are land and 0.19 square miles (0.5 km²), or 1.06%, is covered by water.

As of the 2020 United States census, there were 18,544 people, 7,733 households, and 6,560 families residing in the city of Palestine. In 2019, the median property value in Palestine, TX was \$101,900, and the homeownership rate was 70.9%.

The largest industries in Palestine, TX are Retail Trade (3,468 people), Health Care & Social Assistance (2,396 people), and Public Administration (1,845 people), and the highest paying industries are Professional, Scientific, & Technical Services (\$55,000), Utilities (\$50,885), and Mining, Quarrying, & Oil & Gas Extraction (\$46,829).

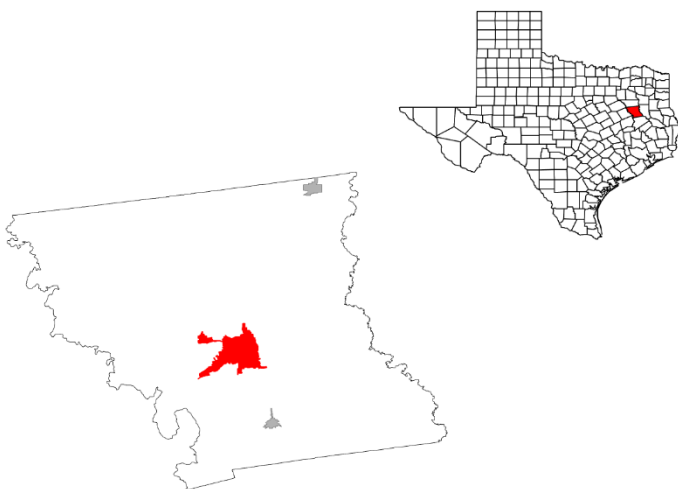
The county has a total area of 1,078 square miles (2,790 km²), of which 1,063 square miles (2,750 km²) are land and 15 square miles (39 km²) (1.4%) are covered by water.

Major highways in Palestine

- U.S. Highway 79
- U.S. Highway 84
- U.S. Highway 287
- State Highway 19
- State Highway 155

Adjacent counties

- Henderson County (north)
- Cherokee County (east)
- Houston County (south)
- Leon County (west)



Source: US Census Bureau, Wikipedia, Data USA.



Valuation

Outline

A summary of the information analyzed, the appraisal methods and techniques employed, and the reasoning that support the analysis, opinions, and conclusions has been provided in this section of the report. Exclusions, if any, of the sales comparison approach, cost approach, and/or income approach will also be provided here.

Highest and Best Use

The principle of highest and best use is fundamental to the concept of value in real estate. Highest and best use, in general, may be defined as follows:

“The reasonably probable and legal use of vacant land of an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”²

Analysis

Legal Permissibility	The current commercial land use is permitted use within the City of Palestine. There are no known private or other restrictions negatively impacting the use of the property. Therefore, the current use is legally permissible.
Physical Possibility	The tract is of a sufficient size, configuration, and topography to accommodate the property's current use as unimproved in an efficient and functional manner. Therefore, the current use is physically possible.
Financial Feasibility	The property, as is, provides a sufficient enduring benefit, that the property as unimproved is considered to be financially feasible.
Maximum Productivity	Of the various uses available to the property, a commercial type use similar to those of the adjacent improvements would be considered to provide maximum productivity.

Conclusion

As vacant	The highest and best use of the subject site as vacant would be as a commercial type use in line with the current regulations affecting the subject site.
As Improved	The highest and best use of the subject property as improved would be in line with a commercial type use.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach;
- Direct Comparison Approach; and
- Income Approach

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) **The Income Approach** to value is utilized to estimate real estate value of income-producing or investment properties.

The Direct Capitalization Method is based on the conversion of current earnings directly into an expression of market value. The net income for the current or forthcoming fiscal year is capitalized with an overall rate, which reflects the investment characteristics offered by the asset.

The capitalization rate used is based on the analysis of sales and interviews with people active in the market.

Discounted Cash Flow Analysis allows the appraiser to account for the anticipated growth or decline in income over the term of a prescribed holding period.

Two rates must be selected for an application of the DCF process:

- The internal rate of return or discount rate used to discount the projected receivables; and
- An overall capitalization rate used in estimating reversionary value of the asset.

The reversionary capitalization rate utilized is usually similar to the rate that would be applied in present market conditions.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

Relevant Methodology Summary

The Direct Comparison (DC) Approach is most appropriate when valuing owner-occupied properties, vacant land, and commercial acreage type properties. There were a sufficient number of commercial acreage type transactions available in the marketplace to provide credible results with respect to a land valuation. As a result, the DC approach has been employed to determine the land value component of this appraisal.

Investors or analysts typically use the Cost Approach to value properties when the improvements are either relatively new or when they are at, or very near, the end of their economic lives. Additionally, the Cost Approach is used when the land value component is larger than the improvement component. As the subject property is unimproved, the Cost Approach is unnecessary and has been omitted.

Purchasers sometimes consider the income earning potential of real estate. However, the subject property is not typically considered to be an income producing asset. In this instance, potential purchasers would not place emphasis on the income earning ability of the property. As such, the Income Approach has been omitted.



Land Valuation

There are six generally accepted methods of valuing vacant land: Direct Comparison; Abstraction; Extraction; Subdivision Development; Land Residual; and Ground Rent Capitalization.

The **Direct Comparison Approach** is based upon the premise that a prudent purchaser would not pay more for a property than what it would cost to acquire a suitable alternative property and that the market value of a property can be estimated by comparing sales, offers, and listings of properties which have similar characteristics to the property being appraised.

The **Abstraction Method** of valuing land is premised upon the Principal of Contribution. This method is premised on the assumption that, within each category and type of real estate, there exists a typical ratio of land value to total property value. By knowing what this ratio is from data compiled from areas where land and building values are available and applying it to the sales information regarding improved properties in a built up area, an estimate of land value can be abstracted. The reliability of this method is diminished because it does not take into explicit consideration such relevant criteria as building age or quality of construction.

A method of land valuation similar to the Abstraction Method but which implicitly recognizes differences in building age and quality of construction is the **Extraction Method**. This method deducts the estimated depreciated reproduction or replacement cost of the improvements of an improved property for which the total property value is known to arrive at an estimate of land value as if vacant.

When valuing larger parcels for which the highest and best use is the parcel's subdivision into smaller sites, and for which sales information regarding similar larger sites is insufficient to undertake a Direct Comparison Approach, the **Subdivision Development Method** may be employed. In applying this method, the first step is to establish market values for the smaller sites as though subdivided, the length of the development period, and an appropriate absorption period. The second step is to determine the costs required to create and market the subdivided parcels which includes engineering and construction costs associated with the site preparation, roadways, sidewalks and servicing; carrying costs such as insurance and taxes; and marketing costs. These costs are then deducted from the projected gross revenue of the lots to arrive at an estimate of the net proceeds which, once discounted at an applicable rate to account for the risk associated with the time required to complete such a development, are indicative of the present market value of the larger, un-subdivided site.

Another method that may be employed in the absence of adequate comparable information is the **Land Residual Technique**. In this method the net income generated from the property is established. From this is deducted a reasonable return on and recapture of capital invested in the improvements. The residual income is considered to be ascribed from the land. This income is then capitalized at an appropriate rate to arrive at an estimate of land value. An important assumption required in the application of this method is that the site is developed to its highest and best use such that the income from land and improvements are of the same type and sources.

A similar method as the Land Residual Technique is **Ground Rent Capitalization**. Undertaking this method of site valuation requires the analysis of ground rents prevalent in the market and in consideration of the characteristics of the site being appraised. From the analysis, a gross income is established from which any requisite expenses or anticipated losses are deducted to arrive at a net operating income. This net operating income is then capitalized at an applicable rate to arrive at an estimate of the vacant site.



Direct Comparison Approach – R0843451 (14.041 Acres)

The application of this approach produces an estimate of value by comparing the subject property with similar properties which recently sold or which are currently offered for sale in the same or competing areas. The Direct Comparison Approach (also known as the Market Data Approach or Sale Approach) is essential to almost every appraisal of real property.

Several principles of real estate appraisal are applied in this approach. These principles are factors that affect the value of real estate and are considered in every appraisal problem.

Supply and Demand -- These two factors greatly influence the value of real estate with buyers typically representing the demand side and sellers representing the supply side. Supply is often treated as being constant and demand is usually the factor that determines marketability and price at a particular point in time.

Balance -- The forces of supply and demand tend to produce an equilibrium (or balance) between supply and demand, and a static or unchanging equilibrium is almost never attained. The forces of supply and demand are constantly changing and an appraisal considers the effects of supply and demand and the balance between the two at a particular point in time which is usually the date of the appraisal.

Substitution -- The principle of substitution is merely a principle that states that an informed buyer would pay no more for a property than the cost of a reasonable substitute. Thus the comparison with other properties is many times a basis for a value estimate. It is also an indication that when there is a lack of comparable sales that the market approach may be less reliable than the other approaches to value.

Contribution -- The principle of contribution simply states that the value of a particular component of a property is the value of its contribution to the property as a whole. This theory is particularly applicable when adjusting for differences in comparable sales and the subject.

Externalities -- This principle applies to forces that affect property values from external forces such as area employment, neighborhood influences, traffic, noise, etc. These affects may or may not have a great impact on value.

The process employed in the market approach to arrive at a value estimate involves applying the principles discussed to the following steps:

- a. Data Collection - Research of the market for comparable sales, listings and offerings with details of pertinent data.
- b. Analysis of Data Collected - extraction of data for adjustments to the subject property for difference with the subject and comparable sales.
- c. Sales Adjustment Process - The actual addition and subtraction of the various differences in amenities or utility between the subject and comparable sales.
- d. Reconciliation - The reconciliation of the adjusted sales and determination as to the value estimate via the market approach.

The adjustments of comparable sales for differences in utility or amenities are based upon units of comparison. For land these units are typically per square foot, per acre, per front foot or per lot. For



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres), Willow Creek Drive, Palestine, Texas

buildings, common units of comparison are per square foot (retail, office, industrial) or per unit (apartments, motels, nursing homes, etc.).

The transactions summarized and analyzed in the table on the following page are considered to be suitably comparable to the subject property with respect to the characteristics below and to therefore provide a reasonable and reliable indication of value. In valuing the property, each of the transactions has been compared to the subject. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics



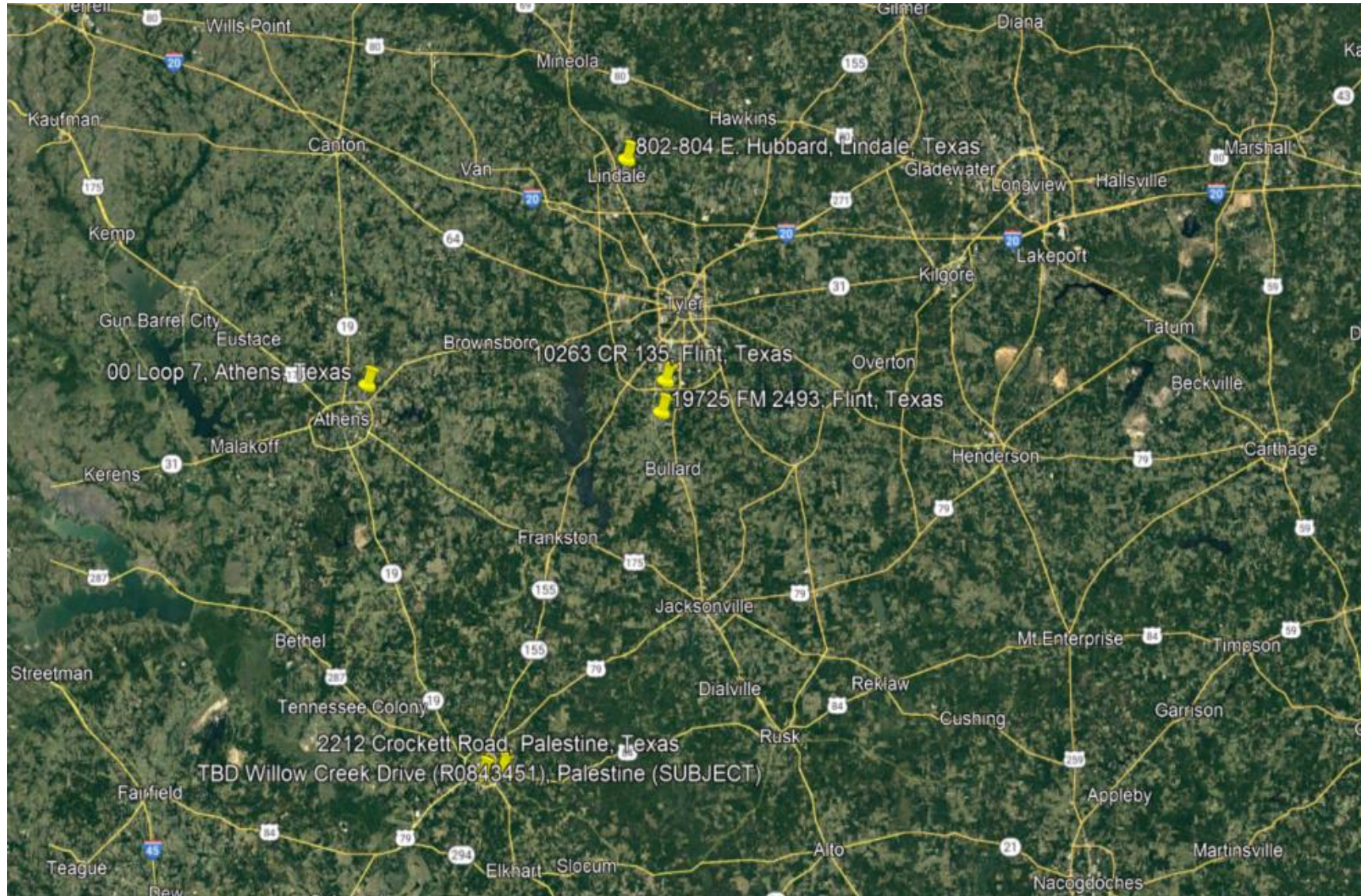
R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Land Transactions & Analysis - R0843451 - 14.041 Acres						
	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Address	TBD Willow Creek Drive Palestine, Texas	2212 Crockett Road Palestine, Texas	802-804 E Hubbard Street Lindale, Texas	10263 CR 135 Flint, Texas	19725 FM 2493 Flint, Texas	00 Loop 7 Athens, Texas
County	Anderson	Anderson	Smith	Smith	Smith	Henderson
Transaction Price	----	\$450,000	\$325,000	\$391,280	\$267,600	\$230,000
Price per Acre	----	\$46,163 / Acre	\$47,033 / Acre	\$39,065 / Acre	\$48,966 / Acre	\$32,145 / Acre
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Financing		Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Market						
Transaction Date	----	6-Jan-23	12-Aug-22	23-Mar-22	4-Oct-21	16-Apr-21
Market Conditions (Time)	6-Feb-23	31 days	178 days	320 days	490 days	661 days
Transaction Status	----	Closed	Closed	Closed	Closed	Closed
Adjustment		None 0%	None 0%	Upward 4%	Upward 5%	Upward 7%
District						
Population	17,906	17,906	6,212	45,000	45,000	12,667
Median Income	\$40,684	\$40,684	\$79,871	\$50,000	\$50,000	\$37,533
Location	Average	Average	Average	Average - Good	Average - Good	Average
Access	Average	Average	Average	Average - Good	Average - Good	Average
Adjustment		None 0%	None 0%	Downward -5%	Downward -5%	None 0%
Physical Characteristics						
Site						
Size (Acres)	14.041	9.748	6.910	10.016	5.465	7.155
Servicing	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced
Topography	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling
Configuration	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Zoning / Land Use	I - Industrial	RC Retail Commercial	R-1C Single Family Residential	County / No Zoning	County / No Zoning	PD-2 Planned Development Zone 2
AADT	18,211 (Nearby)	14,594	7,943	5,811 (Nearby)	7,074	13,836
Access	Average - Good	Good	Average - Good	Average	Good	Good
Exposure	Average - Good	Good	Average - Good	Average	Good	Good
Adjustment		Downward -5%	Downward -10%	Upward 5%	Downward -10%	Downward -5%
Non-Realty		None	None	None	None	None
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Overall Adjustment		Downward	Downward	Upward	Downward	Upward
Overall % Adjustment		-5%	-10%	4%	-10%	2%
Overall Comparability		Superior	Superior	Inferior	Superior	Inferior
Conclusion		Lower Than	Lower Than	Higher Than	Lower Than	Higher Than
Unadjusted Price / Acre		\$46,163 / Acre	\$47,033 / Acre	\$39,065 / Acre	\$48,966 / Acre	\$32,145 / Acre
Adjusted Price / Acre		\$43,855 / Acre	\$42,330 / Acre	\$40,435 / Acre	\$43,856 / Acre	\$32,750 / Acre



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Land Transaction Map



Analysis (Site Valuation) – R0843451 (14.041 Acres)

The selected transactions pertain to sales activity that occurred between April 16, 2021, and January 6, 2023. These vacant commercial land parcels vary in size from 5.465-acres to 10.016-acres. These transactions feature similar unimproved parcels of commercial land. These transactions represent investments that range from a low of \$230,000 to \$450,000 at the upper end of the range. The price per acre indicated by these transactions varies from a low of \$32,145 to a high of \$48,966.

Transaction No. 1 (Sale Card #1) pertains to a sale of a vacant 9.748-acre commercial parcel located at 2212 Crockett Road, Palestine, Texas. This property was sold for the reported consideration of \$450,000 or \$46,163 per acre. This property was listed by local agent, Larry Miller of Sussdorf Real Estate (Palestine MLS No. C91176C). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been stable since the date of sale; therefore, no adjustment is required for changing market conditions. This site provides a similar district access and location when compared to the subject and no adjust was applied. This fully serviced site comprises a smaller total area than the subject. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjusted was warranted. This property features variable topography. Overall, the physical characteristics of this transaction are superior and require a downward adjustment, mostly attributed to the access and exposure as compared to the subject. In terms of overall comparability, this property is thought to be superior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$46,163 per acre.

Transaction No. 2 (Sale Card #3) pertains to a sale of a vacant 6.910-acre commercial parcel located at 802-804 Hubbard Street, Lindale, Texas. This property was sold for the reported consideration of \$325,000 or \$47,033 per acre. This property was listed by local agent, Melissa Terry of Better Homes, and Gardens Real Estate (GTAR No. 10153704). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been stable since the date of sale; therefore, no adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are similar to those of the subject and no adjustment was made. This fully serviced site comprises a smaller total area to the subject. This property features variable topography and overall, the physical characteristics of this transaction are superior due to the smaller size and require a downward adjustment. In terms of overall comparability, this property is thought to be superior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$47,033 per acre.

Transaction No. 3 (Sale Card #5) pertains to a sale of a vacant 10.016-acre commercial parcel located at 10263 CR 135, Flint, Texas. This property was sold for the reported consideration of \$391,280 or \$39,065 per acre. This property was listed by local agent, Dana Staples of Staples Sotheby's International Realty (Palestine MLS No. A92504C). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjustment

was made. This fully serviced site comprises a smaller total area as the subject. This property features variable topography. This property's site-specific access and exposure attributes are inferior to those of the subject and an upward adjusted was warranted. Overall, the physical characteristics of this transaction are inferior and require an upward adjustment, mostly attributed to the access and exposure as compared to the subject. In terms of overall comparability, this property is thought to be inferior to the subject and therefore an upward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be higher than \$39,065 per acre.

Transaction No. 4 (Sale Card #8) pertains to a sale of a vacant 5.465-acre commercial parcel located at 19725 FM 2493, Flint, Texas. This property was sold for the reported consideration of \$267,600 or \$48,966 per acre. This property was listed by local agent, Jeremy Caruthers of Drake Real Estate, and Investments (GTAR No. 10140601). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjustment was made. This fully serviced site comprises a smaller total area as the subject. This property features variable topography. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjusted was warranted. Overall, the physical characteristics of this transaction are superior and require a downward adjustment due to the size and access and exposure compared to the subject. In terms of overall comparability, this property is thought to be superior to the subject, and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$48,966 per acre.

Transaction No. 5 (Sale Card #9) pertains to a sale of a vacant 7.155-acre commercial parcel located at 00 Loop 7, Henderson, Texas. This property was sold for the reported consideration of \$230,000 or \$32,145 per acre. This property was listed by local agent, Frank Roberts of REMAX Landmark (GTAR No. 10114667). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are similar to those of the subject and no adjustment was applied. This fully serviced site comprises a smaller total area as the subject. This property features variable topography. This property's site-specific access and exposure is superior to those of the subject and a downward adjusted was warranted. Overall, the physical characteristics of this transaction are superior and require a downward adjustment. In terms of overall comparability, this property is thought to be inferior to the subject, and therefore an overall upward adjustment is warranted, suggesting that an appropriate unit value for the subject property should be higher than \$32,145 per acre.

Conclusion – Direct Comparison Approach – R0843451 (14.041 Acres)

In reviewing the comparable land sales, a unit value near the average of the adjusted values and between \$44,500 and \$45,500 per acre is considered appropriate for the subject site valuation. Applying this range to 14.041 acres of the subject results in the following estimate of value for the subject land as though vacant.

Value Matrix - Direct Comparison Approach (Land Only) R0843451		
TBD Willow Creek Drive		
Size	OCR	Value*
14.041 Acre	\$44,500	\$625,000
14.041 Acre	\$45,000	\$632,000
14.041 Acre	\$45,500	\$639,000

* Rounded to nearest \$ 1,000

The foregoing analysis indicates an estimated land only value range of between \$625,000 and \$639,000 (rounded), with an indicated value at **\$632,000** (rounded) as of the effective date of this valuation.

Direct Comparison Approach – R0843449 (12.707 Acres)

The application of this approach produces an estimate of value by comparing the subject property with similar properties which recently sold or which are currently offered for sale in the same or competing areas. The Direct Comparison Approach (also known as the Market Data Approach or Sale Approach) is essential to almost every appraisal of real property.

Several principles of real estate appraisal are applied in this approach. These principles are factors that affect the value of real estate and are considered in every appraisal problem.

Supply and Demand -- These two factors greatly influence the value of real estate with buyers typically representing the demand side and sellers representing the supply side. Supply is often treated as being constant and demand is usually the factor that determines marketability and price at a particular point in time.

Balance -- The forces of supply and demand tend to produce an equilibrium (or balance) between supply and demand, and a static or unchanging equilibrium is almost never attained. The forces of supply and demand are constantly changing and an appraisal considers the effects of supply and demand and the balance between the two at a particular point in time which is usually the date of the appraisal.

Substitution -- The principle of substitution is merely a principle that states that an informed buyer would pay no more for a property than the cost of a reasonable substitute. Thus the comparison with other properties is many times a basis for a value estimate. It is also an indication that when there is a lack of comparable sales that the market approach may be less reliable than the other approaches to value.

Contribution -- The principle of contribution simply states that the value of a particular component of a property is the value of its contribution to the property as a whole. This theory is particularly applicable when adjusting for differences in comparable sales and the subject.

Externalities -- This principle applies to forces that affect property values from external forces such as area employment, neighborhood influences, traffic, noise, etc. These affects may or may not have a great impact on value.

The process employed in the market approach to arrive at a value estimate involves applying the principles discussed to the following steps:

- e. Data Collection - Research of the market for comparable sales, listings and offerings with details of pertinent data.
- f. Analysis of Data Collected - extraction of data for adjustments to the subject property for difference with the subject and comparable sales.
- g. Sales Adjustment Process - The actual addition and subtraction of the various differences in amenities or utility between the subject and comparable sales.
- h. Reconciliation - The reconciliation of the adjusted sales and determination as to the value estimate via the market approach.

The adjustments of comparable sales for differences in utility or amenities are based upon units of comparison. For land these units are typically per square foot, per acre, per front foot or per lot. For

R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

buildings, common units of comparison are per square foot (retail, office, industrial) or per unit (apartments, motels, nursing homes, etc.).

The transactions summarized and analyzed in the table on the following page are considered to be suitably comparable to the subject property with respect to the characteristics below and to therefore provide a reasonable and reliable indication of value. In valuing the property, each of the transactions has been compared to the subject. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics



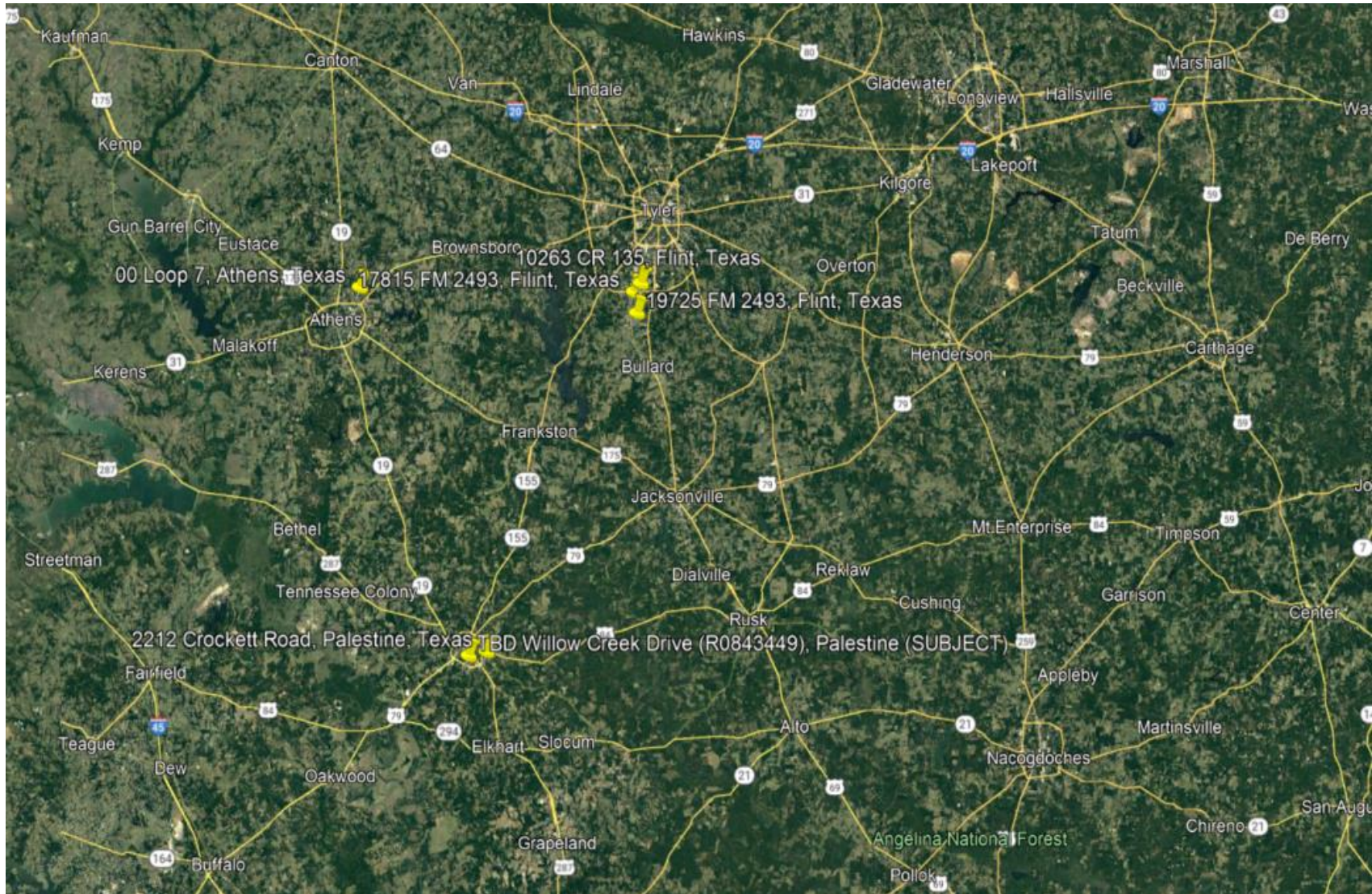
R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Land Transactions & Analysis - R0843449 - 12.707 Acres						
	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Address	TBD Willow Creek Drive Palestine, Texas	2212 Crockett Road Palestine, Texas	17815 FM 2493 Flint, Texas	10263 CR 135 Flint, Texas	19725 FM 2493 Flint, Texas	00 Loop 7 Athens, Texas
County	Anderson	Anderson	Smith	Smith	Smith	Henderson
Transaction Price	----	\$450,000	\$385,000	\$391,280	\$267,600	\$230,000
Price per Acre	----	\$46,163 / Acre	\$62,857 / Acre	\$39,065 / Acre	\$48,966 / Acre	\$32,145 / Acre
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Financing		Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Market						
Transaction Date	----	6-Jan-23	25-Apr-22	23-Mar-22	4-Oct-21	16-Apr-21
Market Conditions (Time)	6-Feb-23	31 days	287 days	320 days	490 days	661 days
Transaction Status	----	Closed	Closed	Closed	Closed	Closed
Adjustment		None 0%	Upward 3%	Upward 4%	Upward 5%	Upward 7%
District						
Population	17,906	17,906	45,000	45,000	45,000	12,667
Median Income	\$40,684	\$40,684	\$50,000	\$50,000	\$50,000	\$37,533
Location	Average	Average	Average - Good	Average - Good	Average - Good	Average
Access	Average	Average	Average - Good	Average - Good	Average - Good	Average
Adjustment		None 0%	Downward -5%	Downward -5%	Downward -5%	None 0%
Physical Characteristics						
Site						
Size (Acres)	12.707	9.748	6.125	10.016	5.465	7.155
Servicing	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced
Topography	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling
Configuration	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Zoning / Land Use	HC - Highway Commercial	RC Retail Commercial	County / No Zoning	County / No Zoning	County / No Zoning	PD-2 Planned Development Zone 2
AADT	18,211 (Nearby)	14,594	11,480	5,811 (Nearby)	7,074	13,836
Access	Average - Good	Good	Good	Average	Good	Good
Exposure	Average - Good	Good	Good	Average	Good	Good
Adjustment		Downward -5%	Downward -5%	Upward 5%	Downward -10%	Downward -5%
Non-Realty		None	None	None	None	None
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Overall Adjustment		Downward	Downward	Upward	Downward	Upward
Overall % Adjustment		-5%	-7%	4%	-10%	2%
Overall Comparability		Superior	Superior	Inferior	Superior	Inferior
Conclusion		Lower Than	Lower Than	Higher Than	Lower Than	Higher Than
Unadjusted Price / Acre		\$46,163 / Acre	\$62,857 / Acre	\$39,065 / Acre	\$48,966 / Acre	\$32,145 / Acre
Adjusted Price / Acre		\$43,855 / Acre	\$58,351 / Acre	\$40,435 / Acre	\$43,856 / Acre	\$32,750 / Acre



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Land Transaction Map



Analysis (Site Valuation) - R0843449 (12.707 Acres)

The selected transactions pertain to sales activity that occurred between April 16, 2021, and January 6, 2023. These vacant commercial land parcels vary in size from 5.465-acres to 10.016-acres. These transactions feature similar unimproved parcels of commercial land. These transactions represent investments that range from a low of \$230,000 to \$450,000 at the upper end of the range. The price per acre indicated by these transactions varies from a low of \$32,145 to a high of \$62,857.

Transaction No. 1 (Sale Card #1) pertains to a sale of a vacant 9.748-acre commercial parcel located at 2212 Crockett Road, Palestine, Texas. This property was sold for the reported consideration of \$450,000 or \$46,163 per acre. This property was listed by local agent, Larry Miller of Sussdorf Real Estate (Palestine MLS No. C91176C). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been stable since the date of sale; therefore, no adjustment is required for changing market conditions. This site provides a similar district access and location when compared to the subject and no adjust was applied. This fully serviced site comprises a smaller total area than the subject. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjusted was warranted. This property features variable topography. Overall, the physical characteristics of this transaction are superior and require a downward adjustment, mostly attributed to the access and exposure as compared to the subject. In terms of overall comparability, this property is thought to be superior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$46,163 per acre.

Transaction No. 2 (Sale Card #4) pertains to a sale of a vacant 6.125-acre commercial parcel located at 17815 FM 2493, Flint, Texas. This property was sold for the reported consideration of \$385,000 or \$62,857 per acre. This property was listed by local agent, Steve Clark of Berkshire Hathaway Home Services (GTAR No. 10147336). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjustment was made. This fully serviced site comprises a smaller total area to the subject. This property features variable topography and overall, the physical characteristics of this transaction are superior due to the smaller size and superior access and exposure and require a downward adjustment. In terms of overall comparability, this property is thought to be superior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$62,857 per acre.

Transaction No. 3 (Sale Card #5) pertains to a sale of a vacant 10.016-acre commercial parcel located at 10263 CR 135, Flint, Texas. This property was sold for the reported consideration of \$391,280 or \$39,065 per acre. This property was listed by local agent, Dana Staples of Staples Sotheby's International Realty (Palestine MLS No. A92504C). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjustment

was made. This fully serviced site comprises a smaller total area as the subject. This property features variable topography. This property's site-specific access and exposure attributes are inferior to those of the subject and an upward adjusted was warranted. Overall, the physical characteristics of this transaction are inferior and require a upward adjustment, mostly attributed to the access and exposure as compared to the subject. In terms of overall comparability, this property is thought to be inferior to the subject and therefore an upward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be higher than \$39,065 per acre.

Transaction No. 4 (Sale Card #8) pertains to a sale of a vacant 5.465-acre commercial parcel located at 19725 FM 2493, Flint, Texas. This property was sold for the reported consideration of \$267,600 or \$48,966 per acre. This property was listed by local agent, Jeremy Caruthers of Drake Real Estate, and Investments (GTAR No. 10140601). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjustment was made. This fully serviced site comprises a smaller total area as the subject. This property features variable topography. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjusted was warranted. Overall, the physical characteristics of this transaction are superior and require a downward adjustment due to the size and access and exposure compared to the subject. In terms of overall comparability, this property is thought to be superior to the subject, and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$48,966 per acre.

Transaction No. 5 (Sale Card #9) pertains to a sale of a vacant 7.155-acre commercial parcel located at 00 Loop 7, Henderson, Texas. This property was sold for the reported consideration of \$230,000 or \$32,145 per acre. This property was listed by local agent, Frank Roberts of REMAX Landmark (GTAR No. 10114667). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are similar to those of the subject and no adjustment was applied. This fully serviced site comprises a smaller total area as the subject. This property features variable topography. This property's site-specific access and exposure is superior to those of the subject and a downward adjusted was warranted. Overall, the physical characteristics of this transaction are superior and require a downward adjustment. In terms of overall comparability, this property is thought to be inferior to the subject, and therefore an overall upward adjustment is warranted, suggesting that an appropriate unit value for the subject property should be higher than \$32,145 per acre.

Conclusion – Direct Comparison Approach - R0843449 (12.707 Acres)

In reviewing the comparable land sales, a unit value near the average of the adjusted values and between \$46,500 and \$47,500 per acre is considered appropriate for the subject site valuation. Applying this range in 12.707 acres of the subject results in the following estimate of value for the subject land as though vacant.

Value Matrix - Direct Comparison Approach (Land Only) R0843449		
TBD Willow Creek Drive		
Size	\$/Acre	Value ⁽¹⁾
12.707 Acre	\$46,500	\$591,000
12.707 Acre	\$47,000	\$597,000
12.707 Acre	\$47,500	\$604,000

(1) Rounded to nearest \$ 1,000.

The foregoing analysis indicates an estimated land only value range of between \$591,000 and \$604,000 (rounded), with an indicated value at **\$597,000** (rounded) as of the effective date of this valuation.

Direct Comparison Approach – R0015837 (3.913 Acres)

The application of this approach produces an estimate of value by comparing the subject property with similar properties which recently sold or which are currently offered for sale in the same or competing areas. The Direct Comparison Approach (also known as the Market Data Approach or Sale Approach) is essential to almost every appraisal of real property.

Several principles of real estate appraisal are applied in this approach. These principles are factors that affect the value of real estate and are considered in every appraisal problem.

Supply and Demand -- These two factors greatly influence the value of real estate with buyers typically representing the demand side and sellers representing the supply side. Supply is often treated as being constant and demand is usually the factor that determines marketability and price at a particular point in time.

Balance -- The forces of supply and demand tend to produce an equilibrium (or balance) between supply and demand, and a static or unchanging equilibrium is almost never attained. The forces of supply and demand are constantly changing and an appraisal considers the effects of supply and demand and the balance between the two at a particular point in time which is usually the date of the appraisal.

Substitution -- The principle of substitution is merely a principle that states that an informed buyer would pay no more for a property than the cost of a reasonable substitute. Thus the comparison with other properties is many times a basis for a value estimate. It is also an indication that when there is a lack of comparable sales that the market approach may be less reliable than the other approaches to value.

Contribution -- The principle of contribution simply states that the value of a particular component of a property is the value of its contribution to the property as a whole. This theory is particularly applicable when adjusting for differences in comparable sales and the subject.

Externalities -- This principle applies to forces that affect property values from external forces such as area employment, neighborhood influences, traffic, noise, etc. These affects may or may not have a great impact on value.

The process employed in the market approach to arrive at a value estimate involves applying the principles discussed to the following steps:

- i. Data Collection - Research of the market for comparable sales, listings and offerings with details of pertinent data.
- j. Analysis of Data Collected - extraction of data for adjustments to the subject property for difference with the subject and comparable sales.
- k. Sales Adjustment Process - The actual addition and subtraction of the various differences in amenities or utility between the subject and comparable sales.
- l. Reconciliation - The reconciliation of the adjusted sales and determination as to the value estimate via the market approach.

The adjustments of comparable sales for differences in utility or amenities are based upon units of comparison. For land these units are typically per square foot, per acre, per front foot or per lot. For

R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

buildings, common units of comparison are per square foot (retail, office, industrial) or per unit (apartments, motels, nursing homes, etc.).

The transactions summarized and analyzed in the table on the following page are considered to be suitably comparable to the subject property with respect to the characteristics below and to therefore provide a reasonable and reliable indication of value. In valuing the property, each of the transactions has been compared to the subject. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics



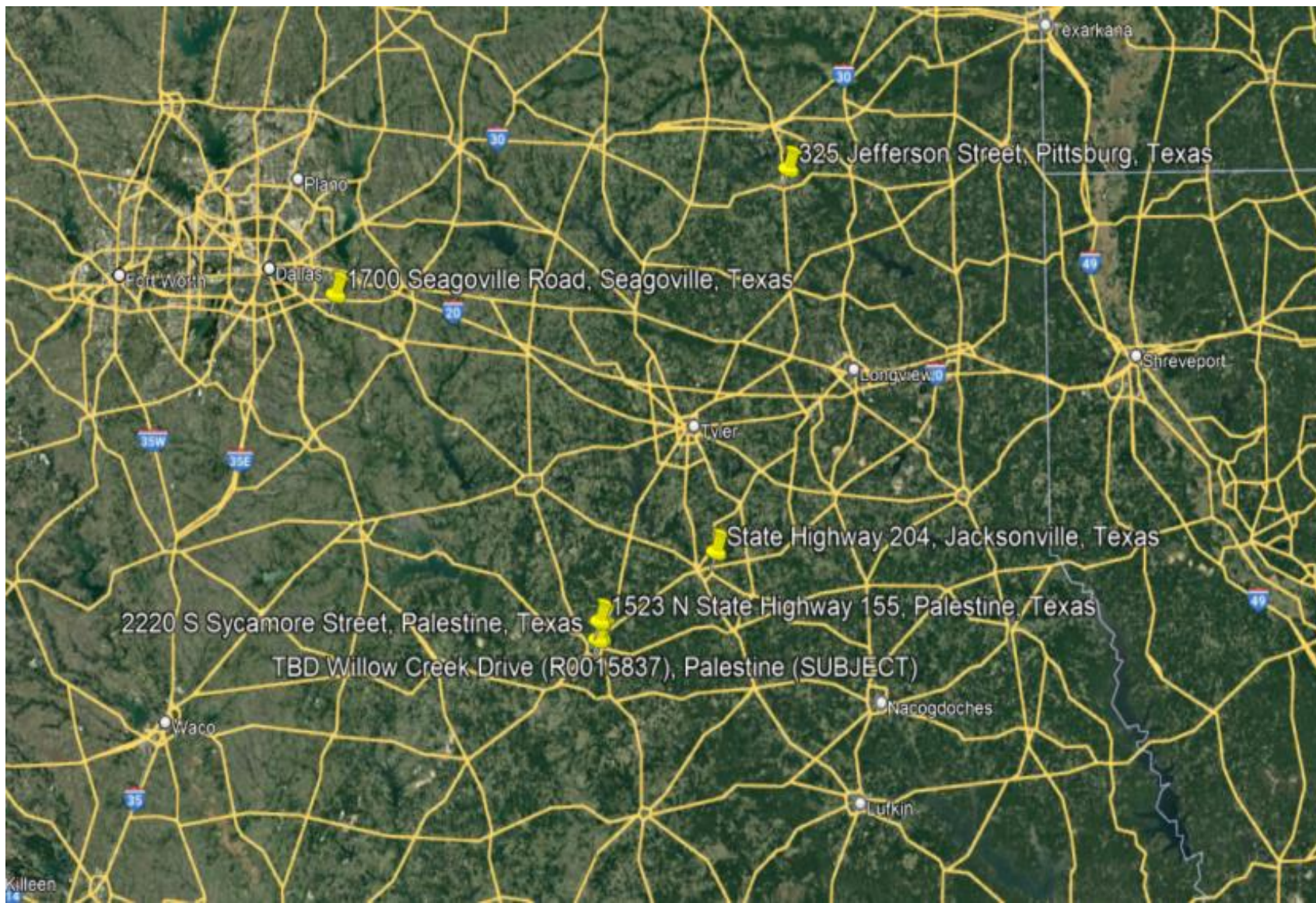
R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Land Transactions & Analysis - R0015837 - 3.913 Acres						
	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Address	TBD Willow Creek Drive Palestine, Texas	1523 N. State Highway 155 Palestine, Texas	2220 South Sycamore Street Palestine, Texas	325 Jefferson Street Pittsburg, Texas	1700 Seagoville Road Seagoville, Texas	State Highway 204 Jacksonville, Texas
County	Anderson	Anderson	Anderson	Camp	Dallas	Cherokee
Transaction Price	----	\$220,000	\$98,000	\$110,000	\$250,000	\$100,000
Price per Acre	----	\$51,187 / Acre	\$26,558 / Acre	\$45,455 / Acre	\$50,823 / Acre	\$41,442 / Acre
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Financing		Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Market						
Transaction Date	----	15-Nov-22	26-Jan-22	27-Oct-21	10-Mar-21	13-Jan-21
Market Conditions (Time)	6-Feb-23	83 days	376 days	467 days	698 days	754 days
Transaction Status	----	Closed	Closed	Closed	Closed	Closed
Adjustment		None 0%	Upward 4%	Upward 5%	Upward 7%	Upward 8%
District						
Population	17,906	17,906	17,906	4,645	16,726	14,809
Median Income	\$40,684	\$40,684	\$40,684	\$48,340	\$62,038	\$43,769
Location	Average	Average	Average	Average	Good	Average
Access	Average	Average	Average	Average	Good	Average
Adjustment		None 0%	None 0%	None 0%	Downward -10%	None 0%
Physical Characteristics						
Site						
Size (Acres)	3.913	4.298	3.690	2.420	4.919	2.413
Servicing	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced	Fully Serviced
Topography	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling	Variable / Rolling
Configuration	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Zoning / Land Use	HC - Highway Commercial	MUN Mixed Use Neighborhood	MUN Mixed Use Neighborhood	B-1 Local Business	LR Local Retail District	J-Wholesale,Warehouse, Manufacturing
AADT	18,211 (Nearby)	4,847	3,734	1,636	6,871 (Nearby)	4,039
Access	Average - Good	Average - Good	Average	Average	Average - Good	Average - Good
Exposure	Average - Good	Average - Good	Average	Average	Average - Good	Average - Good
Adjustment		Downward -5%	Upward 10%	Downward -10%	Upward 3%	Downward -5%
Non-Realty		None	None	None	None	None
Adjustment		None 0%	None 0%	None 0%	None 0%	None 0%
Overall Adjustment		Downward	Upward	Downward	Downward	Upward
Overall % Adjustment		-5%	15%	-5%	-1%	3%
Overall Comparability		Superior	Inferior	Superior	Superior	Inferior
Conclusion		Lower Than	Higher Than	Lower Than	Lower Than	Higher Than
Unadjusted Price / Acre		\$51,187 / Acre	\$26,558 / Acre	\$45,455 / Acre	\$50,823 / Acre	\$41,442 / Acre
Adjusted Price / Acre		\$48,627 / Acre	\$30,418 / Acre	\$43,003 / Acre	\$50,158 / Acre	\$42,623 / Acre



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Land Transaction Map





Analysis (Site Valuation) – R0015837 (3.913 Acres)

The selected transactions pertain to sales activity that occurred between January 13, 2021, and November 15, 2022. These vacant commercial land parcels vary in size from 2.413-acres to 4.919-acres. These transactions feature similar unimproved parcels of commercial land. These transactions represent investments that range from a low of \$98,000 to \$250,000 at the upper end of the range. The price per acre indicated by these transactions varies from a low of \$26,558 to a high of \$51,187.

Transaction No. 1 (Sale Card #2) pertains to a sale of a vacant 4.298-acre commercial parcel located at 1523 North State Highway 155, Palestine, Texas. This property was sold for the reported consideration of \$220,000 or \$51,187 per acre. This property was listed by local agent, Cynthia Castleberry of Century 21 Gold Award Realty (Palestine MLS No. C92128C). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been stable since the date of sale; therefore, no adjustment is required for changing market conditions. This site provides a similar district access and location when compared to the subject and no adjust was applied. This fully serviced site comprises a larger total area than the subject. This property's site-specific access and exposure attributes are similar to those of the subject and a slight downward adjusted was warranted due to the higher traffic count. This property features variable topography. Overall, the physical characteristics of this transaction are superior and require a downward adjustment. In terms of overall comparability, this property is thought to be superior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$51,187 per acre.

Transaction No. 2 (Sale Card #6) pertains to a sale of a vacant 3.690-acre commercial parcel located at 2220 South Sycamore Street, Palestine, Texas. This property was sold for the reported consideration of \$98,000 or \$26,558 per acre. This property was listed by local agent, Matthew K Marshall of Drake Real Estate (GTAR No. 10062445). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are similar to those of the subject and no adjustment was made. This fully serviced site comprises a similar total area to the subject. This property features variable topography and overall, the physical characteristics of this transaction are inferior due to inferior access and exposure and require an upward adjustment. In terms of overall comparability, this property is thought to be inferior to the subject and therefore an upward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be higher than \$26,558 per acre.

Transaction No. 3 (Sale Card #7) pertains to a sale of a vacant 2.420-acre commercial parcel located at 325 Jefferson Street, Pittsburg, Texas. This property was sold for the reported consideration of \$110,000 or \$45,455 per acre. This property was listed by local agent, Clayton Pilgrim of Century 21 Harvey Properties (GTAR No. 10131353). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are similar to those of the subject and no adjustment was made. This fully serviced site comprises a smaller total area as the subject. This property features variable



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

topography. This property's site-specific access and exposure attributes are inferior to those of the subject and a downward adjusted was warranted due to the smaller size. Overall, the physical characteristics of this transaction are superior and require a downward adjustment, mostly attributed to the smaller size as compared to the subject. In terms of overall comparability, this property is thought to be superior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$45,455 per acre.

Transaction No. 4 (Sale Card #10) pertains to a sale of a vacant 4.919-acre commercial parcel located at 1700 Seagoville Road, Seagoville, Texas. This property was sold for the reported consideration of \$250,000 or \$50,823 per acre. This property was listed by local agent, Kelly Vessels of Exit Realty Pro (GTAR No. 10116815). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an upward adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are superior to those of the subject and a downward adjustment was made. This fully serviced site comprises a larger total area as the subject. This property features variable topography. This property's site-specific access and exposure attributes are similar to those of the subject and a slight upward adjusted was warranted due to the larger size. Overall, the physical characteristics of this transaction are slightly superior and require a slight downward overall adjustment, suggesting that an appropriate unit value for the subject property should be lower than \$50,823 per acre.

Transaction No. 5 (Sale Card #11) pertains to a sale of a vacant 2.413-acre commercial parcel located at TBD State Highway 204, Jacksonville, Texas. This property was sold for the reported consideration of \$100,000 or \$41,442 per acre. This property was listed by local agent, Michael McEwen of Cherokee Real Estate (GTAR No. 10077961). The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. This property conveyed indicated no financing terms on the MLS. Financing was not believed to be a factor influencing this transaction and no adjustment has been made. Market conditions have been improving since the date of sale; therefore, an adjustment is required for changing market conditions. This property's site-specific access and exposure attributes are similar to those of the subject and no adjustment was applied. This fully serviced site comprises a smaller total area as the subject. This property features variable topography. This property's site-specific access and exposure is similar to those of the subject and a downward adjusted was warranted due to the smaller size. Overall, the physical characteristics of this transaction are inferior and require an upward adjustment. In terms of overall comparability, this property is thought to be inferior to the subject, and therefore an overall upward adjustment is warranted, suggesting that an appropriate unit value for the subject property should be higher than \$41,442 per acre.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Conclusion – Direct Comparison Approach – R0015837 (3.913 Acres)

In reviewing the comparable land sales, a unit value near the average of the adjusted values and between \$43,500 and \$44,500 per acre is considered appropriate for the subject site valuation. Applying this range to 3.913 acres of the subject results in the following estimate of value for the subject land as though vacant.

Value Matrix - Direct Comparison Approach (Land Only) R0015837		
TBD Willow Creek Drive		
Size	\$/Acre	Value ⁽¹⁾
3.913 Acre	\$43,500	\$170,000
3.913 Acre	\$44,000	\$172,000
3.913 Acre	\$44,500	\$174,000

(1) Rounded to nearest \$ 1,000.

The foregoing analysis indicates an estimated land only value range of between \$170,000 and \$174,000 (rounded), with an indicated value at **\$172,000** (rounded) as of the effective date of this valuation.



Reconciliation of Value

The final reconciliation process involves the review of the entire appraisal process to determine the accuracy, consistency, and logic leading to the separate value indications. The reconciliation is the process whereby the appraiser weighs the significance, applicability, and defensibility of each approach to value as it relates to the subject. The appropriateness, accuracy, and quality of the data and conclusions contained within the report are analyzed into a final value estimate. The value indications via the three approaches to value are as follows:

AS IS – R0843451 – 14.041 Acres

Direct Comparison Approach	\$632,000
Cost Approach	Omitted
Income Approach	Omitted

AS IS – R0843449 – 12.707 Acres

Direct Comparison Approach	\$597,000
Cost Approach	Omitted
Income Approach	Omitted

AS IS – R0015837 – 3.913 Acres

Direct Comparison Approach	\$172,000
Cost Approach	Omitted
Income Approach	Omitted

Value indications are rounded for two reasons: first, because they are not precise numbers; second, due to the actions of buyers and sellers in the marketplace. The sales prices of properties typically determine the amount of rounding that is appropriate. Properties that sell below \$100,000 tend to be rounded to the nearest \$100 or \$500, while properties over \$1 million tend to be rounded to the nearest \$50,000 or \$100,000.

The cost approach is most reliable during periods of economic growth and is most accurate on newer buildings. The cost approach is given little credence when prices of buildings fall well below what current replacement costs run. The margin for error in estimating accrued depreciation, especially economic obsolescence, can also work against the creditability of the cost approach. This is particularly true with older buildings or during slow economic periods.

The market (direct comparison) and income approaches are both considered to be good indicators of value since both are derived from market information. Sales and leases taken from actual market transactions that represent the actions of buyers and sellers are the basis of these two approaches.

The market approach compares the subject property to other properties with similar utility. This approach is based upon the principle of substitution, which implies that an informed purchaser will pay no more for a property than the cost of acquiring a reasonable substitute. This approach comes closest to measuring the thinking and behavior of the typical purchaser and seller. When adequate data of sufficient quality is available, the greatest reliance is generally placed on this approach.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Both the market and income approaches are dependent on an active market from which to extract comparable sales of reliable, verifiable market data in adequate quantities. The more active the market, the more reliable this approach will be. These approaches are difficult to use when dealing with a unique property type or in a case where there is an inactive market.

The income approach is based upon the assumption that there is a direct and constant relationship between sales price or value and income. This technique follows the thinking of an investor and is based upon the estimated present value of future income or benefits. When applied properly with reliable, verified market data, the techniques of this approach are a simple and direct method of estimating market value of income producing properties. If appropriate data is available, this approach minimizes the need for direct adjustments of individual property characteristics, such as are required in the market approach.



Summary

The Direct Comparison (DC) Approach is most appropriate when valuing owner-occupied properties, vacant land, and commercial acreage type properties. There were a sufficient number of commercial acreage type transactions available in the marketplace to provide credible results with respect to a land valuation. As a result, the DC approach has been employed to determine the land value component of this appraisal.

Investors or analysts typically use the Cost Approach to value properties when the improvements are either relatively new or when they are at, or very near, the end of their economic lives. Additionally, the Cost Approach is used when the land value component is larger than the improvement component. As the subject property is unimproved, the Cost Approach is unnecessary and has been omitted.

Purchasers sometimes consider the income earning potential of real estate. However, the subject property is not typically considered to be an income producing asset. In this instance, potential purchasers would not place emphasis on the income earning ability of the property. As such, the Income Approach has been omitted.

The final value opinion for the subject property is based upon the Direct Comparison Approach. There was a sufficient number of comparable vacant land sales whereby the overall level of confidence in the value opinion is considered to be average.

The appraisal report is intended to comply with the appraisal guidelines of the Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Foundation and the Code of Ethics and Standards of Professional Practice of the Appraisal Institute. My opinions of the Market Value of the subject properties, as of February 6, 2023, subject to the definition of Market Value, the Certification of the Appraiser(s) and the Assumptions and Limiting Conditions, is:

SIX HUNDRED THIRTY-TWO THOUSAND DOLLARS

\$632,000

(AS IS / R0843451 – 14.041 Acres)

FIVE HUNDRED NINETY-SEVEN THOUSAND DOLLARS

\$597,000

(AS IS / R0843449 – 12.707 Acres)

ONE HUNDRED SEVENTY-TWO THOUSAND DOLLARS

\$172,000

(AS IS / R0015837 – 3.913 Acres)



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Appendices

- Appendix A Contingent and Limiting Conditions
- Appendix B Definitions
- Appendix C Appraisal District Property Detail
- Appendix D Comparable Sales
- Appendix E Certification
- Appendix F Appraisal Qualifications / Trainee Scope of Work
- Appendix G Letter of Engagement



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Appendix A

Contingent and Limiting Conditions



Contingent and Limiting Conditions

1. This report has been prepared at the request of **Christophe Trahan** of **Palestine Economic Development Corporation**, for the purpose of providing an estimate of the market value of **R0843451 (14.041 Acres), R0843449 (12.707 Acres), and R0015837 (3.913 Acres)** located at **Willow Creek Drive, Palestine, Texas**. It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from **Palestine Economic Development Corporation** and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
2. This report has been prepared at the request of **Christophe Trahan** of **Palestine Economic Development Corporation**, for the exclusive (and confidential) use of, the recipient as named herein and for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and **Christophe Trahan** of **Palestine Economic Development Corporation**. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
3. The estimated market value of the real estate that is the object of this appraisal pertains to the value of the **fee simple interest** in the real property. The property rights appraised herein exclude mineral rights, if any.
4. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
5. The opinion of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.
6. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.
7. The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of



land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to molds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

8. The property detail of the property and the area of the site were obtained from the local Appraisal District. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
9. The property has been valued on the basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
10. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
11. The interpretation of the leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summaries of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
12. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
13. Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
14. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.



15. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
16. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
17. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
18. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
19. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
20. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made beforehand, including provisions for additional compensation to permit adequate time for preparation and for any appearances that may be required. However, neither this, nor any other of these assumptions or limiting conditions, is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.
21. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
22. The value expressed herein is in American dollars.
23. This report is only valid if it bears the original signature(s) of the author(s).
24. These Contingent and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.



Appendix B

Definitions



Definitions

Property Interests

Fee Simple Estate

- Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Leased Fee Interest

- A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e. a lease).

Leasehold Estate

- The tenant's possessory interest created by a lease.

General Definitions

Adjusted or Stabilized Overall Capitalization Rate is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is "normalized" to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

The Cost Approach to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

Direct or Overall Capitalization refers to the process of converting a single year's income with a rate or factor into an indication of value.

Discount Rate is a yield rate used to convert future payments or receipts into a present value.

Discounted Cash Flow Analysis offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- the internal rate of return or discount rate used to discount the projected receivables;
- an overall capitalization rate used in estimating reversionary value of the asset.

The selection of the discount rate or the internal rate of return is based on comparing the subject to other real estate opportunities as well as other forms of investments. Some of the more common bench marks in the selection of the discount rate are the current yields on long term bonds and mortgage interest rates.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Exposure Time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Highest and Best Use - The purpose of a highest and best use analysis is to provide a basis for valuing real property. Highest and best use is defined by the Appraisal Institute as:

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value”.

The Income Capitalization Approach to value is utilized to estimate real estate value of income-producing or investment properties.

Internal Rate of Return is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.

Market Value –

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale." *

*12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994

Net Operating Income is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.

Overall Capitalization Rate is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall value.

Reasonable Exposure Time - Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market."

The Sales Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

A Yield Rate is applied to a series of individual incomes to obtain a present value of each.



Appendix C

Appraisal District Property Detail



Appraisal District Property Detail



Anderson County Appraisal District

801 North Perry St.
 Palestine, Texas 75801
 Phone: (903) 723-2949
 Fax: (903) 723-5990

Account Details for R0015837

Ownership

Owner Name:	Palestine Economic Development Corp
Owner Address:	100 Willow Creek Pkwy Ste A, Palestine, TX 75801
Property Location:	Willow Creek Dr Palestine
Ownership Interest:	1.000000
Description:	WILLOW CREEK BUSINESS PARK PHASE 2 BLOCK 2 LOT 5
Deed Date:	2002-07-19
Deed Type:	
Page #:	221
Volume #:	1733
Instrument #:	
Exemptions	<ul style="list-style-type: none"> ◦ Total Exemption
Tax Entities	<ul style="list-style-type: none"> ◦ City Of Palestine ◦ Anderson County ◦ Palestine ISD ◦ Tvcc - Palestine ◦ Fm / Flood Control
Improvement State Code:	
Land State Code:	X - TOTALLY EXEMPT PROPERTY
Productivity State Code:	
Alt Xref:	7588-00200-00500
Map Grid:	903



Last Update: Jan 13 2023 9:37AM

Value

Improvement Value	\$0
Land Market Value:	\$127,838
AG Market Value:	\$0
AG Value:	\$0
Total Market Value:	\$127,838
Appraised Value:	\$127,838
Land Acres	3.9130
Impr Area Size	0
Year Built	0

Land Detail

Description	Acres	Market Value
1	3.9130	\$127,838

Improvement Detail

Description	Area Size	Year Built	Value
	0	0	\$0

Appraisal History

Year	Impr HS	Impr NHS	Land HS	Land NHS	Ag Market	Ag Value	Total Market
2023	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2021	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2020	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838



2019	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2018	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2017	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2016	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2015	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2014	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2013	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2012	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2011	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2010	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2009	\$0	\$0	\$0	\$127,838	\$0.00	\$0.00	\$127,838
2008	\$0	\$0	\$0	\$127,840	\$0.00	\$0.00	\$127,840
2007	\$0	\$3,530	\$0	\$58,430	\$0.00	\$0.00	\$61,960
2006	\$0	\$3,530	\$0	\$58,430	\$0.00	\$0.00	\$61,960
2005	\$0	\$3,530	\$0	\$58,430	\$0.00	\$0.00	\$61,960
2004	\$0	\$3,530	\$0	\$222,460	\$0.00	\$0.00	\$225,990
2003	\$0	\$3,530	\$0	\$222,460	\$0.00	\$0.00	\$225,990
2002	\$0	\$3,530	\$0	\$29,890	\$335120.00	\$15210.00	\$48,630
2001	\$0	\$3,530	\$0	\$28,490	\$317720.00	\$15210.00	\$47,230

* This information is intended for reference only and is subject to change. It may not accurately reflect the complete status of the account as actually carried in Anderson County Appraisal District's database and may not be used as a basis of protest or appeal.

**Values are not certified.

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Anderson County Appraisal District

801 North Perry St.
 Palestine, Texas 75801
 Phone: (903) 723-2949
 Fax: (903) 723-5990

Account Details for R0843449

Ownership

Owner Name:	Palestine Economic Development Corp
Owner Address:	100 Willow Creek Pkwy Ste A, Palestine, TX 75801
Property Location:	Willow Creek
Ownership Interest:	1.000000
Description:	WILLOW CREEK BUSINESS PARK PHASE 1 BLOCK 2 LOT 3R (REPLAT)
Deed Date:	2002-07-19
Deed Type:	
Page #:	221
Volume #:	1733
Instrument #:	
Exemptions	<ul style="list-style-type: none"> ◦ Total Exemption
Tax Entities	<ul style="list-style-type: none"> ◦ City Of Palestine ◦ Anderson County ◦ Palestine ISD ◦ Tvcc - Palestine ◦ Fm / Flood Control
Improvement State Code:	
Land State Code:	X - TOTALLY EXEMPT PROPERTY
Productivity State Code:	
Alt Xref:	7587-00200-00318
Map Grid:	903



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Last Update:	Jan 13 2023 9:37AM
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Value

Improvement Value	\$0
Land Market Value:	\$581,218
AG Market Value:	\$0
AG Value:	\$0
Total Market Value:	\$581,218
Appraised Value:	\$581,218
Land Acres	12.7070
Impr Area Size	0
Year Built	0

Land Detail

Description	Acres	Market Value
1	12.7070	\$581,218

Improvement Detail

Description	Area Size	Year Built	Value
	0	0	\$0

Appraisal History

Year	Impr HS	Impr NHS	Land HS	Land NHS	Ag Market	Ag Value	Total Market
2023	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2021	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2020	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

2019	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2018	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2017	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2016	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2015	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2014	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2013	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2012	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2011	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2010	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2009	\$0	\$0	\$0	\$581,218	\$0.00	\$0.00	\$581,218
2008	\$0	\$0	\$0	\$581,220	\$0.00	\$0.00	\$581,220
2007	\$0	\$0	\$0	\$29,900	\$0.00	\$0.00	\$29,900
2006	\$0	\$0	\$0	\$29,900	\$0.00	\$0.00	\$29,900
2005	\$0	\$0	\$0	\$29,900	\$0.00	\$0.00	\$29,900

* This information is intended for reference only and is subject to change. It may not accurately reflect the complete status of the account as actually carried in Anderson County Appraisal District's database and may not be used as a basis of protest or appeal.

**Values are not certified.

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Anderson County Appraisal District

801 North Perry St.
 Palestine, Texas 75801
 Phone: (903) 723-2949
 Fax: (903) 723-5990

Account Details for R0843451

Ownership

Owner Name:	Palentine Economic Development Corp
Owner Address:	100 Willow Creek Pkwy Ste A, Palestine, TX 75801
Property Location:	Willow Creek
Ownership Interest:	1.000000
Description:	WILLOW CREEK BUSINESS PARK PHASE 1 BLOCK 3 LOT 1
Deed Date:	2002-07-19
Deed Type:	
Page #:	221
Volume #:	1733
Instrument #:	
Exemptions	<ul style="list-style-type: none"> ◦ Total Exemption
Tax Entities	<ul style="list-style-type: none"> ◦ City Of Palestine ◦ Anderson County ◦ Palestine ISD ◦ Tvcc - Palestine ◦ Fm / Flood Control
Improvement State Code:	
Land State Code:	X - TOTALLY EXEMPT PROPERTY
Productivity State Code:	
Alt Xref:	7587-00300-00100
Map Grid:	903



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Last Update:	Jan 13 2023 9:37AM
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Value

Improvement Value	\$0
Land Market Value:	\$382,043
AG Market Value:	\$0
AG Value:	\$0
Total Market Value:	\$382,043
Appraised Value:	\$382,043
Land Acres	14.0410
Impr Area Size	0
Year Built	0

Land Detail

Description	Acres	Market Value
1	7.0000	\$228,690
2	7.0410	\$153,353

Improvement Detail

Description	Area Size	Year Built	Value
	0	0	\$0

Appraisal History

Year	Impr HS	Impr NHS	Land HS	Land NHS	Ag Market	Ag Value	Total Market
2023	\$0	\$0	\$0	\$382,043	\$00	\$00	\$382,043
2021	\$0	\$0	\$0	\$382,043	\$00	\$00	\$382,043



2020	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2019	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2018	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2017	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2016	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2015	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2014	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2013	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2012	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2011	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2010	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2009	\$0	\$0	\$0	\$382,043	\$0.00	\$0.00	\$382,043
2008	\$0	\$0	\$0	\$382,040	\$0.00	\$0.00	\$382,040
2007	\$0	\$0	\$0	\$40,720	\$0.00	\$0.00	\$40,720
2006	\$0	\$0	\$0	\$40,720	\$0.00	\$0.00	\$40,720
2005	\$0	\$0	\$0	\$40,720	\$0.00	\$0.00	\$40,720

* This information is intended for reference only and is subject to change. It may not accurately reflect the complete status of the account as actually carried in Anderson County Appraisal District's database and may not be used as a basis of protest or appeal.

**Values are not certified.

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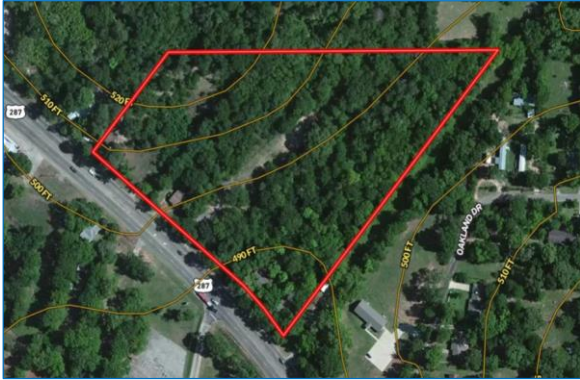
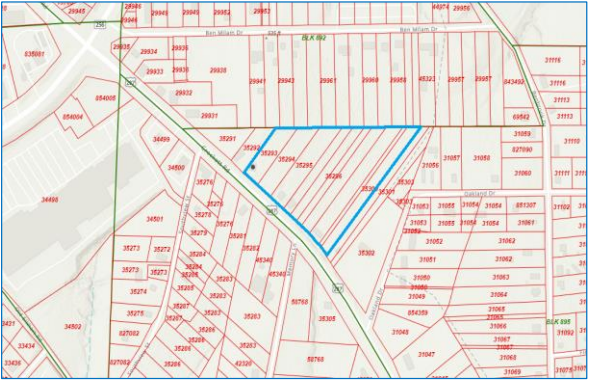


Appendix D

Comparable Transactions

Comparable Transactions

Vacant Land
2212 Crockett Road
Palestine, Texas

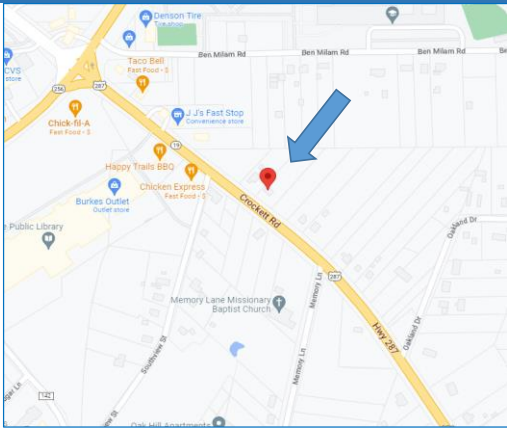



Property Description		Location / Legal / Land Use	
Property Type	Land	Address	2212 Crockett Road
Sub-Type	Vacant Land	Municipality, State	Palestine, Texas
Unit Count	-	County	Anderson
Unit Mix	-	Population	17,906
Average Suite Size (SF)	-	Median Income	\$40,684
Design / Layout	-	District Location	Average
Year Built	-	District Access	Average
Quality	-	Property ID	R0035293
Condition	-	Legal	SOUTHVIEW (CITY) BLOCK 3 LOT 3
		Size (Acres)	9.748 Acres
		Size (SF)	424,623 SF
		Access	Good
		Exposure	Good
		Servicing	Fully Serviced
		Topography	Variable / Rolling
		Configuration	Irregular
		Zoning / Land Use	RC Retail Commercial
		AADT	14,594

Transaction Details			
Sale Price (100% Equivalent)		\$450,000	\$46,163 / Acre
Expenditures After Sale		\$0	
Analysis Price		\$450,000	\$46,163 / Acre
Interest Transferred	100%		
Status	Closed / Conventional		
Date	6-Jan-23		
Occupancy	100%		
Vendor	TBD		
Purchaser	JJG Fishmore Properties LLC		
Document No.	1402028		
Rights Conveyed	Fee Simple		
Palestine MLS	C91176C		
DOM	801 Days		
Asking Price	\$450,000		
Listing Agent	Larry Miller, Sussdorf Real Estate		
Buying Agent	Jodi Davis, Combined Associates		

Realtor Comments:

High traffic count commercial property on Crockett Rd (US 287/19) just outside the loop. Property has approximately 680 feet of highway frontage. There are five older homes on the property that are used as rentals at this time. The houses are not considered to be of any value and are not available for inspection. Property is being sold as a commercial site and the owners are not aware of the condition of the houses and will make no repairs.





R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
1523 N. State Highway 155
Palatine, Texas



Property Description

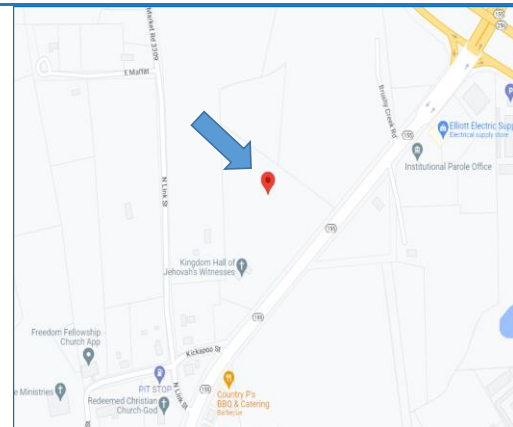
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	1523 N. State Highway 155
Municipality, State	Palatine, Texas
County	Anderson
Population	17,906
Median Income	\$40,684
District Location	Average
District Access	Average
Property ID	R0849964
Legal	PARADISE PARK LOT 3R
Size (Acres)	4.298 Acres
Size (SF)	187,221 SF
Access	Average - Good
Exposure	Average - Good
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	MUN Mixed Use Neighborhood
AADT	4,847

Transaction Details

Sale Price (100% Equivalent)	\$220,000	\$51,187 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$220,000	\$51,187 / Acre
Interest Transferred	100%	
Status	Closed / Conventional	
Date	15-Nov-22	
Occupancy	100%	
Vendor	TBD	
Purchaser	42 FI Palestine Lp	
Document No.	2022-7367	
Rights Conveyed	Fee Simple	
GTAR	C92128C	
DOM	337 Days	
Asking Price	\$296,000	
Listing Agent	Cynthia Castleberry, Century 21 Gold Award Realty	
Buying Agent	Unknown	



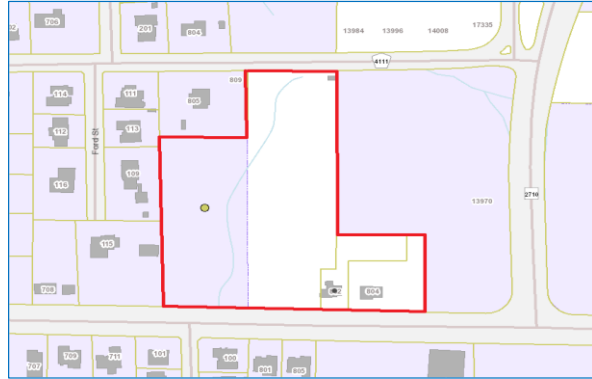
Realtor Comments:

Buildable Commercial Lot in High Traffic area inside of Loop 256 on North State Hwy 155. One of the busiest roads in town. Highvisibility, and Level land, waiting for your business to grow. Ideal for Retail, Restaurants, Office building, or Daycare. Plated entry off Hwy 155, approved by State Highway Department.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
802-804 E Hubbard Street
Lindale, Texas



Property Description

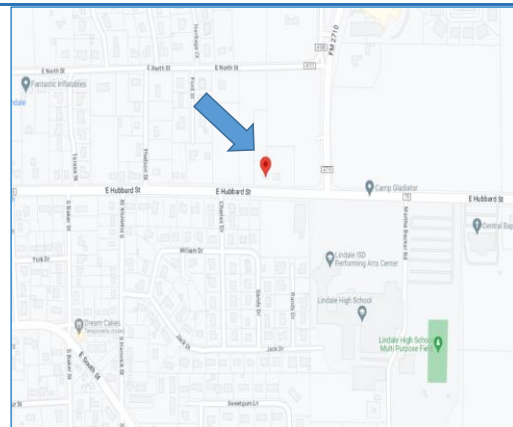
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	802-804 E Hubbard Street
Municipality, State	Lindale, Texas
County	Smith
Population	6,212
Median Income	\$79,871
District Location	Average
District Access	Average
Property ID	R028370, R136877, R028371, R138434
Legal	Tract 42.2, 42A, 42B, 42
Size (Acres)	6.910 Acres
Size (SF)	301,000 SF
Access	Average - Good
Exposure	Average - Good
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	R-1C Single Family Residential
AADT	7,943

Transaction Details

Sale Price (100% Equivalent)	\$325,000	\$47,033 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$325,000	\$47,033 / Acre
Interest Transferred	100%	
Status	Closed / Cash	
Date	12-Aug-22	
Occupancy	100%	
Vendor	TBD	
Purchaser	STOREHOUSE ENDEAVORS LLC	
Document No.	WDVL 31780	
Rights Conveyed	Fee Simple	
GTAR	10153704	
DOM	Unknown	
Asking Price	\$325,000	
Listing Agent	Melisa Terry, Better Homes & Gardens Real Estate	
Buying Agent	Melisa Terry, Better Homes & Gardens Real Estate	



Realtor Comments:

6.910 acres perfect for Commercial or Multi-Family development! Located just West of town center and within close proximity to schools and main areas of attraction, this property offers frontage on a well traveled Farm to Market road and features timber coverage as well as cleared areas. Adjoining property is also being offered for sale separately and could be purchased as well, allowing frontage on threesides with approximately 12 acres available for development!



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
17815 FM 2493
Flint, Texas



Property Description

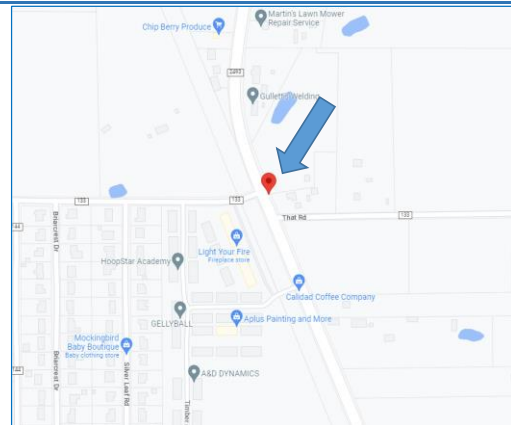
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	17815 FM 2493
Municipality, State	Flint, Texas
County	Smith
Population	45,000
Median Income	\$50,000
District Location	Average - Good
District Access	Average - Good
Property ID	R038697
Legal	ABST A0018 T QUEVADO
Size (Acres)	6.125 Acres
Size (SF)	266,805 SF
Access	Good
Exposure	Good
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	County / No Zoning
AADT	11,480

Transaction Details

Sale Price (100% Equivalent)	\$385,000	\$62,857 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$385,000	\$62,857 / Acre
Interest Transferred	100%	
Status	Closed / Cash	
Date	25-Apr-22	
Occupancy	100%	
Vendor	TBD	
Purchaser	CAPSTAR ASSETS LLC	
Document No.	WD 16354	
Rights Conveyed	Fee Simple	
GTAR	10147336	
DOM	9 Days	
Asking Price	\$355,000	
Listing Agent	Steve Clark, Berkshire Hathaway Home Services	
Buying Agent	Steve Clark, Berkshire Hathaway Home Services	



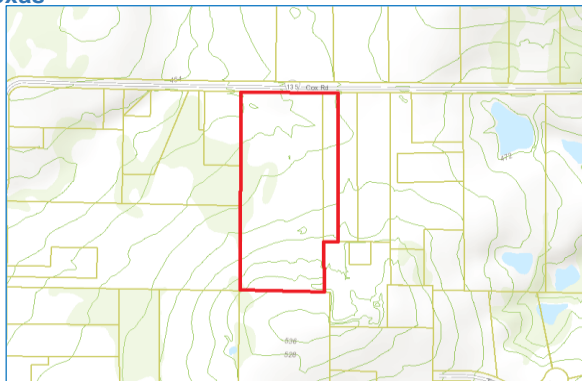
Realtor Comments:

HOME AND BUILDINGS ARE OF NO VALUE THE VALUE IS IN THE LAND AND THE LOCATION.GREAT LOCATION FOR ABUSINESS , CAR WASH,CONVENIENT STORE STORAGE BUILDINGS ETC.NOT A BETTER LOCATION FOR THEPRICE.SURVEY IN OFFICE.CITY UTILITIES.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
10263 CR 135
Flint, Texas



Property Description

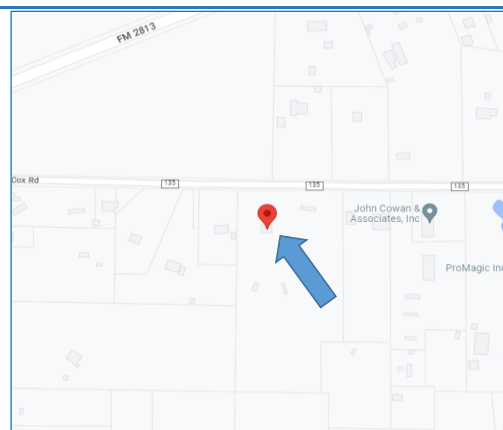
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	10263 CR 135
Municipality, State	Flint, Texas
County	Smith
Population	45,000
Median Income	\$50,000
District Location	Average - Good
District Access	Average - Good
Property ID	R042858, R042859, R215725
Legal	TR 9D & Part of 9P, ABST A0168 S BOX
Size (Acres)	10.016 Acres
Size (SF)	436,297 SF
Access	Average
Exposure	Average
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	County / No Zoning
AADT	5,811 (Nearby)

Transaction Details

Sale Price (100% Equivalent)	\$391,280	\$39,065 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$391,280	\$39,065 / Acre
Interest Transferred	100%	
Status	Closed / Conventional	
Date	23-Mar-22	
Occupancy	100%	
Vendor	TBD	
Purchaser	COOPER EMPIRE LLC	
Document No.	WD 11312	
Rights Conveyed	Fee Simple	
Palestine MLS	A92504C	
DOM	7 Days	
Asking Price	\$324,500	
Listing Agent	Land Staples, Staples Country International	
Buying Agent	Unknown	



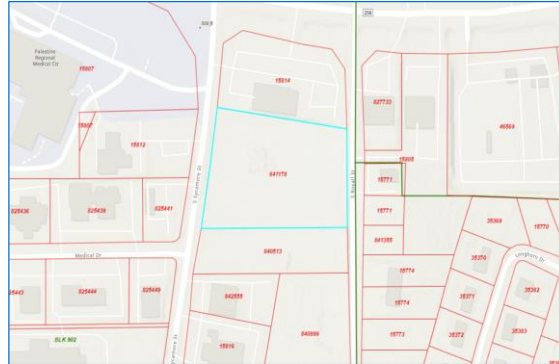
Realtor Comments:

Incredible opportunity for 10 +/- acre tract south of Tyler! Located several blocks from the 4 way stop in Gresham, this approximately 10 acre tract would be the perfect place to build the home of your dreams on a country estate conveniently located in
Incredible opportunity for 10 +/- acre tract south of Tyler! Located several blocks from the 4 way stop in Gresham, this approximately 10 acre tract would be the perfect place to build the home of your dreams.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
2220 South Sycamore Street
Palestine, Texas



Property Description

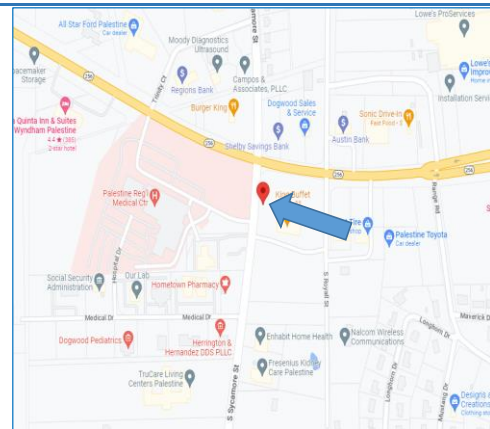
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	2220 South Sycamore Street
Municipality, State	Palestine, Texas
County	Anderson
Population	17,906
Median Income	\$40,684
District Location	Average
District Access	Average
Property ID	R0841178
Legal	RYANS SUBDIVISION BLOCK 1 LOT 2
Size (Acres)	3.690 Acres
Size (SF)	160,736 SF
Access	Average
Exposure	Average
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	MUN Mixed Use Neighborhood
AADT	3,734

Transaction Details

Sale Price (100% Equivalent)	\$98,000	\$26,558 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$98,000	\$26,558 / Acre
Interest Transferred	100%	
Status	Closed / Cash	
Date	26-Jan-22	
Occupancy	100%	
Vendor	TBD	
Purchaser	Anderson Team LLC	
Document No.	2022-2020	
Rights Conveyed	Fee Simple	
GTAR	10062445	
DOM	2,223 Days	
Asking Price	\$152,910	
Listing Agent	Matthew K Marshall, Drake Real Estate	
Buying Agent	Unknown	



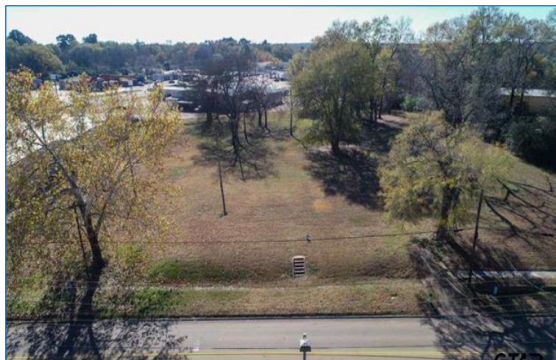
Realtor Comments:

Approx. 3.69 commercial acres inside the city limits Just south of the S. Loop 256 & S. Sycamore intersection Across from Palestine Regional Medical Center Convenient location with easy access to Hwy. 79 & 287 Neighbors include Walmart, Lowe's, McLarty Toyota, Cavender's Boot City and Austin Bank Minutes from Palestine High School



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
325 Jefferson Street
Pittsburg, Texas



Property Description

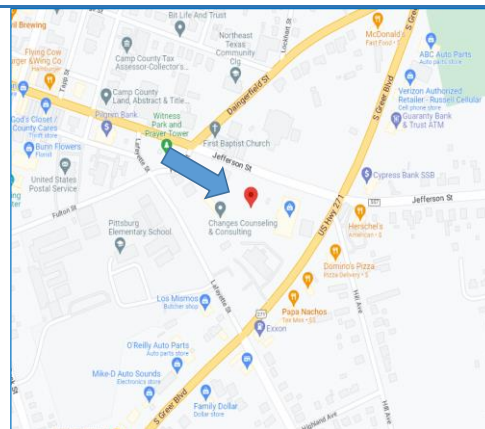
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	325 Jefferson Street
Municipality, State	Pittsburg, Texas
County	Camp
Population	4,645
Median Income	\$48,340
District Location	Average
District Access	Average
Property ID	5117
Legal	LOT 06 WEST SEC & 07 PT BLK 37 CITY OF PITTSBURG AKA LOT 6 & PT LOT 7 BLK 37
Size (Acres)	2.420 Acres
Size (SF)	105,415 SF
Access	Average
Exposure	Average
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	B-1 Local Business
AADT	1,636

Transaction Details

Sale Price (100% Equivalent)	\$110,000	\$45,455 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$110,000	\$45,455 / Acre
Interest Transferred	100%	
Status	Closed / Cash	
Date	27-Oct-21	
Occupancy	100%	
Vendor	TBD	
Purchaser	SALAS HENRY AARON	
Document No.	68081	
Rights Conveyed	Fee Simple	
GTAR	10131353	
DOM	223 Days	
Asking Price	\$120,000	
Listing Agent	Clayton Pilgrim, Century 21 Harvey Properties	
Buying Agent	Unknown	



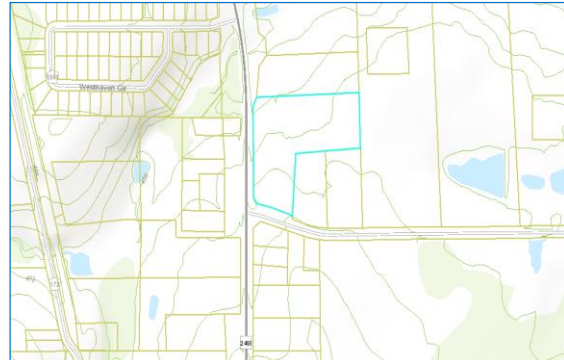
Realtor Comments:

2.241+- acre commercial tract of land in the heart of Pittsburg, Texas. Multiple future uses. Call for more details. 2.241+- acre commercial tract of land in the heart of Pittsburg, Texas. Multiple future uses. Call for more details



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
19725 FM 2493
Flint, Texas



Property Description

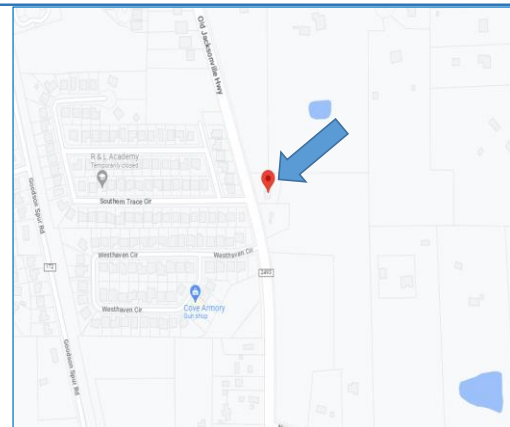
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	19725 FM 2493
Municipality, State	Flint, Texas
County	Smith
Population	45,000
Median Income	\$50,000
District Location	Average - Good
District Access	Average - Good
Property ID	R218652
Legal	MILLER ADDN LOT 1A
Size (Acres)	5.465 Acres
Size (SF)	238,055 SF
Access	Good
Exposure	Good
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	County / No Zoning
AADT	7,074

Transaction Details

Sale Price (100% Equivalent)	\$267,600	\$48,966 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$267,600	\$48,966 / Acre
Interest Transferred	100%	
Status	Closed / Conventional	
Date	4-Oct-21	
Occupancy	100%	
Vendor	TBD	
Purchaser	SCHMIDT CHARLES A & DON E MCKENZIE	
Document No.	WD 41036	
Rights Conveyed	Fee Simple	
GTAR	10140601	
DOM	114 Days	
Asking Price	\$289,000	
Listing Agent	Jeremy Caruthers, Drake Real Estate & Investments	
Buying Agent	Jeremy Caruthers, Drake Real Estate & Investments	



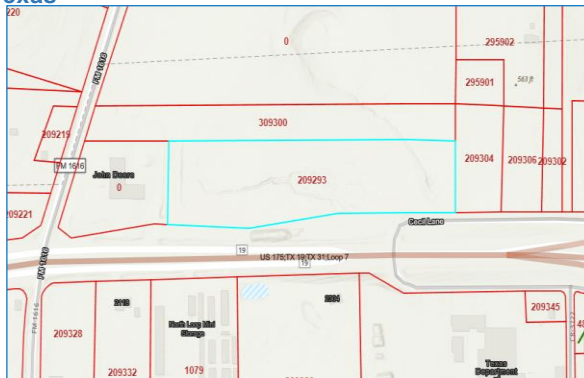
Realtor Comments:

5.465 acre Tract in Flint on FM 2493 south of FM 346 W. FM 2493 Frontage of approximately 500 +/- feet. Tyler ISD School: Owens, Hubbard, Tyler Legacy Water: Southern Utilities Sewer: Liberty



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

**Vacant Land
00 Loop 7
Athens, Texas**



Property Description

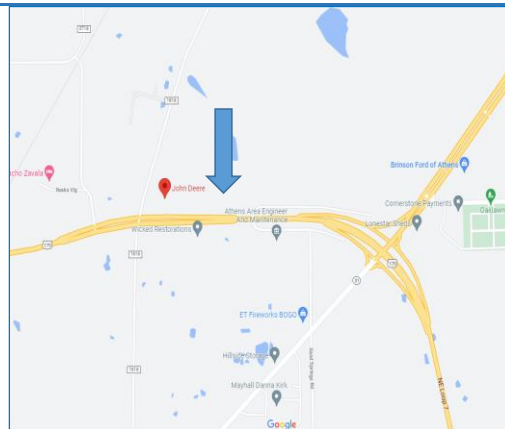
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	00 Loop 7
Municipality, State	Athens, Texas
County	Henderson
Population	12,667
Median Income	\$37,533
District Location	Average
District Access	Average
Property ID	209293
Legal	LT: TR 112A AB 19 J B ATWOOD SUR, TR 112A (RE:TR 69)
Size (Acres)	7.155 Acres
Size (SF)	311,672 SF
Access	Good
Exposure	Good
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	PD-2 Planned Development Zone 2
AAAT	13,836

Transaction Details

Sale Price (100% Equivalent)	\$230,000	\$32,145 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$230,000	\$32,145 / Acre
Interest Transferred	100%	
Status	Closed / Cash	
Date	16-Apr-21	
Occupancy	100%	
Vendor	TBD	
Purchaser	GK HOUSING LLC	
Document No.	2021-00012407	
Rights Conveyed	Fee Simple	
GTAR	10114667	
DOM	534 Days	
Asking Price	\$395,000	
Listing Agent	Frank Roberts, RE/MAX Landmark	
Buying Agent	Unknown	

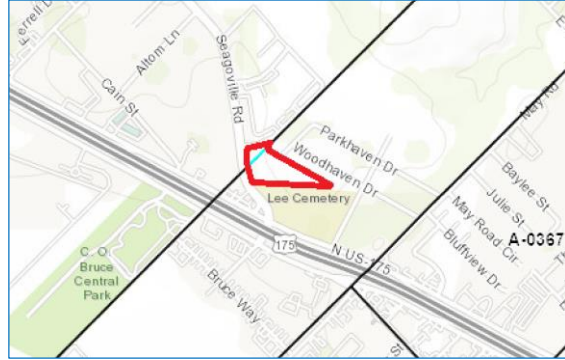


Realtor Comments:

With incredible frontage on Loop 7 in Athens, this 10 acre commercial property is a great opportunity to bring any business requiring acreage. This property has FANTASTIC visibility and a traffic count of 15,902 per day according to TxDOT. ApproximatWith incredible frontage on Loop 7 in Athens, this 10 acre commercial property is a great opportunity to bring any business requiring acreage. This property has FANTASTIC visibility and a traffic count of 15,902 per day according to TxDOT. Approximately 1,447 ft



Vacant Land
1700 Seagoville Road
Seagoville, Texas



Property Description

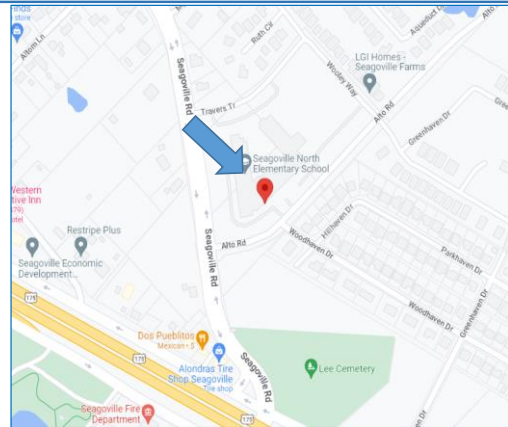
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	1700 Seagoville Road
Municipality, State	Seagoville, Texas
County	Dallas
Population	16,726
Median Income	\$62,038
District Location	Good
District Access	Good
Property ID	65085006110110000; 65054147510140000
Legal	JOHN D MERCHANT ABST 850 PG 061TR 11
Size (Acres)	4.919 Acres
Size (SF)	214,272 SF
Access	Average - Good
Exposure	Average - Good
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	LR Local Retail District
AADT	6,871 (Nearby)

Transaction Details

Sale Price (100% Equivalent)	\$250,000	\$50,823 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$250,000	\$50,823 / Acre
Interest Transferred	100%	
Status	Closed / Conventional	
Date	10-Mar-21	
Occupancy	100%	
Vendor	TBD	
Purchaser	THE BUTLER AT SEAGOVILLE LLC	
Document No.	0541475101400 4CJ05414751	
Rights Conveyed	Fee Simple	
GTAR	10116815	
DOM	180 Days	
Asking Price	\$250,000	
Listing Agent	Kelly Vessels, Exit Realty Pro	
Buying Agent	Unknown	



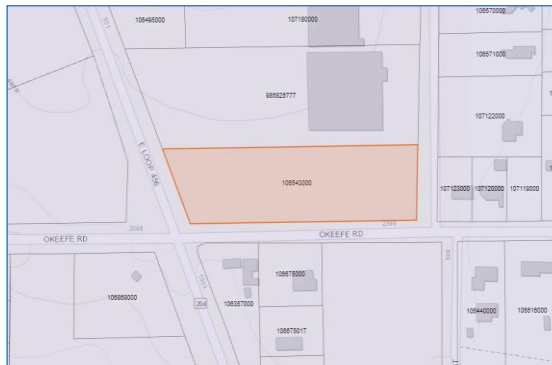
Realtor Comments:

LOCATION, LOCATION, LOCATION... AND PRICED TO SELL! This Incredible Commercial Property has plenty of room with almost Acres of land, high traffic area for your future business with Endless Opportunity and Easy Access to HWY 175. Must see this largecorner lot, partially cleared with some developed trees, a fire hydrant already installed on the property with lots of road frontage, concrete streets, curbs, and sidewalks.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Vacant Land
State Highway 204
Jacksonville, Texas



Property Description

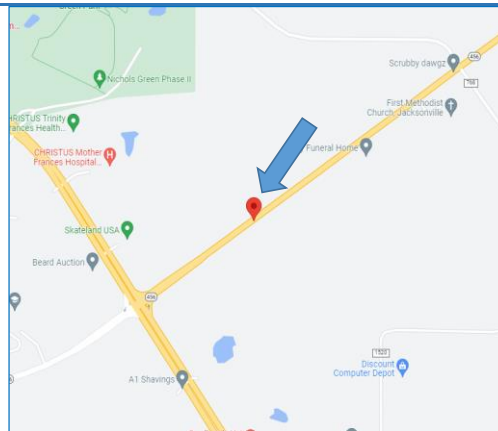
Property Type	Land
Sub-Type	Vacant Land
Unit Count	-
Unit Mix	-
Average Suite Size (SF)	-
Design / Layout	-
Year Built	-
Quality	-
Condition	-

Location / Legal / Land Use

Address	State Highway 204
Municipality, State	Jacksonville, Texas
County	Cherokee
Population	14,809
Median Income	\$43,769
District Location	Average
District Access	Average
Property ID	106543000
Legal	A 41 BLK 3449 TR 16 & 17 J PINEDA H07
Size (Acres)	2.413 Acres
Size (SF)	105,110 SF
Access	Average - Good
Exposure	Average - Good
Servicing	Fully Serviced
Topography	Variable / Rolling
Configuration	Irregular
Zoning / Land Use	J-Wholesale,Warehouse, Manufacturing
AADT	4,039

Transaction Details

Sale Price (100% Equivalent)	\$100,000	\$41,442 / Acre
Expenditures After Sale	\$0	
Analysis Price	\$100,000	\$41,442 / Acre
Interest Transferred	100%	
Status	Closed / Cash	
Date	13-Jan-21	
Occupancy	100%	
Vendor	TBD	
Purchaser	SHELLCO INVESTMENTS LLC	
Document No.	696540	
Rights Conveyed	Fee Simple	
GTAR	10077961	
DOM	1,380 Days	
Asking Price	\$115,000	
Listing Agent	Michael McEwen, Cherokee Real Estate	
Buying Agent	Michael McEwen, Cherokee Real Estate	



Realtor Comments:

REDUCED \$35,000!!! This is an excellent retail site, located on a state highway that ties in U.S. 69 & U.S. 79. It is also close to very nice, established urban and suburban neighborhoods. The land is level and has over 750' of road frontage. Multiple business could be constructed on this property.



Appendix E

Certification



Certification

**R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres)
Vacant Land
Willow Creek Drive, Palestine, Texas**

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Adam Payn (TX 1380514 G) has made a personal inspection of the property that is the subject of this report.
- Jacob Atkins (TX 1342993 Trainee) provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Adam M. Payn, MBA, MAI
Texas State Certified General Appraiser No. TX 1380514 G



Appendix F

Qualifications of the Appraiser / Trainee Scope of Work



Qualifications of the Appraiser

QUALIFICATIONS OF THE APPRAISER

Adam M. Payn, MBA, MAI
123 Medical Drive, Suite A, Palestine, TX 75801
Mobile: 903.922.0977 / Office: 903.815.8233 / Email: adam@e45appraisals.com

EDUCATION:

UNIVERSITY

- Dalhousie University, Halifax, NS, Canada, 2003-2005
 - Master of Business Administration, MBA, International Business
- Bishop's University, Sherbrooke, QC, Canada, 1996-2000
 - Bachelor of Business Administration, BBA Finance
- Sauder School of Business, UBC, Vancouver, BC, Canada, 2011-2013
 - Post-Graduate Certificate Program in Real Property Valuation
- Envision Halifax, Halifax, Nova Scotia Canada, 2007
 - Community Leadership Program

HIGH SCHOOL

- Charles P. Allen High School, Bedford, Nova Scotia, Canada
 - Graduated May 1996

PRIMARY REAL ESTATE EDUCATION

University of British Columbia, Sauder School of Business – Real Estate Division:

- Income Property Guided Case Study, UBC, 2013
- Case Studies in Appraisal II, UBC, 2012
- Urban and Real Estate Economics, UBC, 2012
- Case Studies in Appraisal, UBC, 2012
- Commercial Property Analysis, UBC, 2012
- Real Estate Investment Analysis and Advanced Income Appraisal, UBC, 2010
- Foundations of Real Estate Appraisal, UBC, 2008

REAL ESTATE CONTINUING EDUCATION

McKissock Learning:

- Florida Appraisal Laws and Regulations, 10/31/2022
- Commercial Land Valuation, 10/30/2022
- Residential Property Measurement and ANSI Z765, 10/18/2022
- Supervisor-Trainee Course for Florida, 10/15/2022
- Introduction to Expert Witness Testimony for Appraisers, 10/30/2022
- The FHA Handbook 4000.1, 10/28/2022
- 2022-2023 7-hour National USPAP Update Course, 9/4/2022
- Appraising Small Apartment Properties, 01/03/2022
- That's a Violation, 11/13/2021, 01/09/2022
- Residential Property Inspection for Appraisers, 01/03/2022
- Supervisor-Trainee Course for Texas, 11/13/2021
- 2020-2021 7-Hour National USPAP Update Course, 11/08/2021
- Florida Appraisal Laws and Regulations, 04/06/2020

Appraisal Institute:

- Supervisory Appraiser/Trainee Appraiser Course, 2020
- Introduction to Green Buildings: Principles & Concepts, 2019
- Data Verification Methods, 2019
- Valuation Resources for Solar Photovoltaic Systems, 2019
- Business Practices and Ethics, 2019

Revised 12/2022



- Basic Appraisal Principles, AI, 2017
- National USPAP, 2016-2017, AI, 2017
- National USPAP, 2015-2016, 2015
- Basic Appraisal Procedures, 2016
- General Appraiser Income Approach, 2015
- Business Practices and Ethics, 2015

REAL ESTATE EXPERIENCE:

- June 2018 – Present
 - President, East 45 Appraisal Services, LLC
 - Commercial Appraiser
 - Certified General Real Estate Appraiser
 - Business Owner / Operator
- March 2015 – May 2018
 - Commercial Appraiser, Tyler Appraisal Associates Inc.
 - Certified General Real Estate Appraiser
- November 2011 – July 2019
 - Commercial Appraiser, Colliers International Inc.
 - Senior Associate & Commercial Real Estate Appraiser
- May 2008 – October 2011
 - AEC International Inc.
 - Real Estate Tax Consultant
- Sep 2001 – Sep 2004
 - Bank of Nova Scotia (Scotiabank)
 - Personal Banking Officer

ASSOCIATION MEMBERSHIPS:

- Texas Appraiser Licensing & Certification Board
 - Certified General Real Estate Appraiser TX 1380514 G
- State of Florida, Department of Business & Professional Regulation
 - General Appraiser RZ4167
- Appraisal Institute (USA)
 - MAI (No. 588233)
- National Association of Realtors (Member ID 802004732)
 - Texas Association of Realtors
 - Palestine Association of Realtors & Greater Tyler Association of Realtors
- Appraisal Institute of Canada (Member ID 906540)
- Real Estate Council of Alberta (Past Member)

Revised 12/2022



Certified General Real Estate Appraiser

Appraiser: **Adam Mitchell Payn**

License #: **TX 1380514 G**

License Expires: **01/31/2024**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Certified General Real Estate Appraiser

Chelsea Buchholtz
Commissioner

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Appraiser Trainee

Trainee: **Jacob A Atkins**

Authorization #: **TX 1342993 Trainee**

Expires: **12/31/2023**

Review the list of the above Trainee's Supervisors on the License Holder Search at www.talcb.texas.gov.

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

Chelsea Buchholtz
Commissioner

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas

Trainee Scope of Work

Jacob Atkins performed the following:

- I. Site Description
- II. Building Inspection & Description
- III. Neighborhood Description & Analysis
- IV. Highest & Best Use Analysis
- V. Research of Comps-Sales
- VI. Income Analysis
- VII. Cost Analysis
- VIII. Sales Analysis
- IX. Final Reconciliation
- X. Subject Listing / Sales Analysis
- XI. Other (please attach explanation)




Appendix G

Letter of Engagement



Letter of Engagement



East 45 Appraisal Services
PROFESSIONAL SERVICES AGREEMENT

Agreement made 01/30/2023

between:

Name/Address: Mr. Christophe Trahan, Palestine Economic Development Corporation /
903-729-4100 / edcdirector@palestine-tx.org
100 Willow Creek Parkway, Suite A
Palestine, Texas 75801

Hereinafter known as "Client," and **East 45 Appraisal Services**, hereinafter known as "Appraiser":

The Client engages the Appraiser who agrees to provide the following:

Type of Report / Scope

Commercial Narrative
 Letter of Opinion
 Feasibility Study

The appraisal report is to conform to:

FIRREA (Market Value)
 Uniform Standards of Professional Appraisal Practice (USPAP)
 Comptroller Rule 7.3025 - Other Real Estate (Fair Value)

Property Description:

1. Willow Creek Drive
WILLOW CREEK BUSINESS PARK PHASE 1
BLOCK 3 LOT 1
Palestine, Texas
Property ID No. R0843451

2. Willow Creek Drive
WILLOW CREEK BUSINESS PARK PHASE 1
BLOCK 2 LOT 3R (REPLAT)
Palestine, Texas
Property ID No. R0843449

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123 Medical Drive, Suite A, Palestine, TX 75801
903.815.8233 / info@e45appraisals.com



R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas



3. Willow Creek Drive

WILLOW CREEK BUSINESS PARK PHASE 2

BLOCK 2 LOT 5

Palestine, Texas

Property ID No. R0015837

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R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas



Document last modified: Yesterday at 3:55 PM

Subject Property Map: WILLOW CREEK DRIVE (14.04 ACRES)



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Subject Property Map: WILLOW CREEK DRIVE (12.71 ACRES)



Subject property highlighted in red.

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Purpose / Premise

The purpose of the Appraisal will be to estimate the market value of the Fee Simple Estate for litigation / internal decision-making purposes. **The property will be valued on an “AS IS” basis.**

Effective Date of Valuation

TBD – Date of inspection

Client acknowledges that the Appraisal Report will be prepared in the context of the market conditions and such other factors (including assumptions and/or materials provided by Client, third parties and sources outside of the Appraiser’s control) prevailing as of the Effective Date of valuation. Client further acknowledges that real estate markets and assets are subject to significant volatility and change; and can be affected by numerous conditions, including but not limited to economic and political conditions. The value(s) contained in the Appraisal Report is made as of the Effective Date of valuation only and should not be relied on as of any other date without receiving prior written authorization from the Appraiser.

Intended Use

The appraisal will be provided on a confidential basis and for the sole and exclusive use by the Client for internal decision-making purposes only and any third-party use of or reliance on this Appraisal Report or any materials prepared by the Appraiser is strictly prohibited, except to the extent that the Appraiser has provided prior permission in writing, such permission to be provided or withheld in the Appraiser sole and exclusive discretion. In the event that the Appraiser has provided said permission, the Client shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report(s) and any use by such third party of the Appraisal Report(s) or any materials prepared by the Appraiser shall be at its own risk and that the Appraiser makes no representations or warranties of any kind. Notwithstanding anything to the contrary, the Appraiser shall not owe any duty to any third party with respect to the Appraisal Report(s). The Client shall indemnify, defend and hold harmless the Appraiser for any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) in connection with or arising out of any breach of this Agreement by the Client or any unauthorized use or reliance by third parties of the Appraisal Report(s) or any materials prepared by the Appraiser. The Appraisal Report(s) must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Third Party Information

All statements of fact in the Report which are used as the basis of the Appraiser analyses, opinions and conclusions will be true and correct to the best of the Appraiser’s knowledge. The Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information and materials provided to the Appraiser by third parties or by Client. The Appraiser cannot

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be held liable for any errors in the information that was provided by third parties or by Client. The Appraisal Report(s) must be used in its entirety and any reliance on any portion of the appraisal report(s) independent of others may lead to erroneous conclusions. The Client acknowledges and agrees that any opinions and conclusions expressed by the professionals of the Appraiser pursuant to the Agreement are made as employees and not as individuals.

Data

The data gathered in the course of the preparation of the Report(s) (except data provided to the Appraiser by the Client) will remain the property of the Appraiser

Indemnification & Limitation of Liability

Client shall indemnify, defend and hold the Appraiser fully harmless from and against any and all Liabilities resulting from or arising out of the Client's breach of this Agreement, negligence, wrongful acts or omissions (including any failure to perform any duty imposed by law), misrepresentation, distortion or failure to provide complete and accurate information. Except for the client's indemnification obligations, neither party shall be liable to the other party for any special, consequential, punitive or incidental damages of any kind whatsoever. Moreover, the Appraiser's total liability for any losses, claims or damages arising out of or relating to this agreement shall be limited in the aggregate to the total sum of fees and costs received by the Appraiser from the Client. To the maximum extent allowed by law, the Appraiser's total liability arising out of or in connection with this agreement shall be limited in the aggregate to the total sum of fees and costs received by the Appraiser under this agreement for the subject report(s).

Marketing Use

The Report(s) and the name the Appraiser may not be used in any marketing or investment material or offering memoranda without the Appraiser's prior written consent. The Appraiser shall have no liability to any recipients of any prepared materials and disclaim all liability to any party other than the Client.

Standards of Performance

The Appraiser agrees to exercise independent judgment and to appraise the property or perform such other services as herein required in accordance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Authorization and Date to be Furnished

The Client authorizes the Appraiser to inspect the premises and agrees to furnish the Appraiser with all pertinent data which the Appraiser requests in connection with this assignment. Specific items required include, but are not limited to, the following:

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- Survey and legal description (if available)
- "As built" plans and specifications
- Construction drawings for proposed improvements
- Construction specifications
- Site plan / Survey (if available)
- Building descriptions; dimensions, age, etc.
- Floor plan(s)
- Property income/expense statements for past three years (if available)
- Owner's pro-forma income and/or expense statement & rent roll (if applicable)
- Current annual hazard insurance premium
- Copies of all existing leases (if applicable)
- Name and phone number of person to contact for entry into property
- Itemized construction cost estimate
- Copy of current feasibility study

Compensation

Client agrees to pay the Appraiser in Anderson County, Texas, for services rendered regarding the above-described property a total fee of **\$4,000**. **A retainer of 50% or \$2,000 is due upon signing of this agreement.** Payment by check payable to **"East 45 Appraisal Services"** at time of site inspection to John Carroll (Appraiser) of East 45 Appraisal Services or by mail at 123 Medical Drive, Suite A, Palestine, Texas 75801. Cash, debit or credit not accepted. Client agrees that the fee is reasonable and not contingent on the conclusion of the Appraiser as to the value of the subject property. If for any reason this contract is terminated prior to the completion of the services to be rendered, Client agrees to pay the Appraiser for the services rendered to date of termination.

Testimony and Litigation Fee

If the Client requests the testimony of the Appraiser concerning his appraisal report or other services at any legal proceeding, the Appraiser agrees to render such testimony, provided he is furnished with reasonable written notice by Client of the pendency of such legal proceedings and of the time and place the Appraiser is to testify. In the event Client requests the Appraiser to testify at legal proceedings, Client agrees to pay \$250.00 per hour for the Appraiser's services in connection with time spent in preparation for litigation, depositions or other pretrial proceedings, court appearances or appearances at other legal proceedings, and related travel time to and from the Appraiser's office and the place of such proceedings. Client also agrees to pay all reasonable expenses in connection therewith upon receipt of the Appraiser's itemized statement. In lieu of a court appearance, video conference is assumed to be acceptable by all parties. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.

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Fee Adjustments

Unless signed by both parties, all fees set forth herein are subject to adjustment at the end of 30 days from the date of this contract offering.

Estimated Completion Date

The Appraiser estimates the foregoing assignment will be completed **IN 10 BUSINESS DAYS**, from the time this contract is executed and received by The Appraiser along with the information requested. Client recognizes that this date is the Appraiser's best estimate of the completion date and is not a guarantee of completion by said date. In the event the appraisal report is not completed within five days of the estimated completion date set forth above, and if such failure to complete is not due to the occurrence of any event, condition or contingency beyond the control of the Appraiser, then Client may terminate this Agreement upon payment of a fee representing the time spent on the assignment as of the date of cancellation.

Extent of Agreement

This agreement represents the entire agreement between Client and the Appraiser and supersedes all prior agreements, either written or oral.

Modifications or Amendments

This agreement may not be modified except by an instrument in writing signed by all parties hereto.

Successors and Assigns

This agreement shall be binding upon all heirs, successors and assigns of Client.

Contractual Lien

Owner grants to the Appraiser a lien upon the property described above and all improvements to secure the payment of the Appraiser's fee for services and expenses incurred in appraising the property or performing such other services as required by this agreement.

Interest and Collection Costs

All sums due to appraiser shall bear interest at the rate of ten percent (10%) per annum from date due until paid. Client agrees to pay to the Appraiser all costs of collection, including, but not limited to, court costs and reasonable attorney fees.

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R0843451 (14.041 Acres), R0843449 (12.707 Acres), R0015837 (3.913 Acres) Willow Creek Drive, Palestine, Texas



Other Conditions: Hypothetical condition that assumes land has been subdivided.

IN WITNESS HEREOF, each of the parties hereto has dated and executed this agreement and caused it to be delivered to the other party.

By: Christophe Trahan Date 1/31/23
Signature & Name (Please Print) _____
Christophe Trahan

East 45 Appraisal Services

By: [Signature] Date January 30, 2023
Signature _____
Date _____
Adam M. Payn, MAI
Certified General Real Estate Appraiser
TX-1380514 G

East 45 Appraisal Services, LLC
123 Medical Drive, Suite A, Palestine, TX 75801
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Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Discussion and possible action regarding the termination of the Purchase Option Agreement with Blue Cord Devgroup, LLC.

SUMMARY:

Discussion and possible action regarding the termination of the Purchase Option Agreement with Blue Cord Devgroup, LLC.

RECOMMENDED ACTION:

Staff recommends the PEDC Board discuss and take possible action regarding the termination of the Purchase Option Agreement with Blue Cord Devgroup, LLC.

Attachments

Termination of POA

TERMINATION OF PURCHASE OPTION AGREEMENT

This Termination of Purchase Option Agreement (this “Termination”) is made effective as of the Effective Date (as defined below), by and between the PALESTINE ECONOMIC DEVELOPMENT CORPORATION (the “EDC”), and BLUE CORD DEVGROUP, LLC (“Blue Cord”). The EDC and Blue Cord may be referred to individually as a “Party” and collectively as the “Parties.”

WHEREAS, the EDC and Blue Cord previously entered into that certain Purchase Option Agreement for the purchase of the property located along Willow Creek Parkway, known as Lot 1R-1, Palestine, Texas 75801, and consisting of approximately 9.44 acres of land, dated on or about June 14, 2021, and extended through January 7, 2024 (as extended, the “Agreement”); and

WHEREAS, the EDC and Blue Cord now wish to terminate the Agreement;

NOW, THEREFORE, the EDC and Blue Cord agree as follows:

1. **Authorization of Termination.** This Termination has been approved and authorized by the governing body of the EDC.
2. **Purpose, Terms, Rights, and Duties of the Parties.** The purpose, terms, rights, and duties of the Parties shall be as set forth in this Termination.
3. **Termination.** The EDC and Blue Cord agree and acknowledge that the Agreement is hereby terminated and shall have no further force or effect as of the Effective Date. The Parties expressly agree that neither party shall have any additional duties or obligations pursuant to the Agreement.
4. **Venue and Applicable Law.** This Termination is subject to all present and future valid laws, orders, rules, ordinances, and regulations of the United States of America, the State of Texas, the Parties, and any other regulatory body having jurisdiction. This Termination shall be construed and governed according to the laws of the State of Texas. The sole venue for any action, controversy, dispute, or claim arising under this Termination shall be *exclusively* in a court of appropriate jurisdiction in Anderson County, Texas.
5. **Public Information.** This Termination is public information. To the extent, if any, that any provision of this Termination is in conflict with [Texas Government Code Chapter 552 et seq.](#), as amended (the “Texas Public Information Act”), such provision shall be void and have no force or effect.
6. **Sovereign Immunity Acknowledged and Retained.** **THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT NO PROVISION OF THIS TERMINATION IS IN ANY WAY INTENDED TO CONSTITUTE A WAIVER BY THE EDC OF ANY IMMUNITY FROM SUIT OR LIABILITY THAT THE EDC MAY HAVE BY OPERATION OF LAW. THE EDC RETAINS ALL GOVERNMENTAL IMMUNITIES.**
7. **Effective Date.** The Effective Date of this Termination shall be the date on which the second of the two Parties executes this Termination.

[signature page follows]

AGREED and SIGNED to be effective as of the Effective Date.

BLUE CORD:

BLUE CORD DEVGROUP, LLC

By: _____

Name: _____

Title: _____

Date: _____

EDC:

PALESTINE ECONOMIC DEVELOPMENT
CORPORATION

By: _____

Ben Campbell
President

Date: _____

APPROVED:

CITY OF PALESTINE, TEXAS

By: _____

Mitchell Jordan
Mayor



Agenda Date: 11/20/2023

To: Palestine Economic Development Corporation

From: Lisa Bowman, Economic Development Admin

Agenda Item: Discussion regarding budgetary amendments to PEDC's fiscal year 2023-2024 budget.

SUMMARY:

Discussion and possible action regarding budgetary amendments to PEDC's fiscal year 2023-2024 budget.

RECOMMENDED ACTION:

Staff recommends discussion and possible action regarding budgetary amendments to PEDC's fiscal year 2023-2024 budget.



Agenda Date: 11/20/2023
To: Palestine Economic Development Corporation
From: Lisa Bowman, Economic Development Admin
Agenda Item: Public Hearing regarding PEDC offering an economic development grant to incentivize LS Tractor USA, LLC.

SUMMARY:

Public Hearing regarding PEDC offering an economic development grant to incentivize LS Tractor USA, LLC.

RECOMMENDED ACTION:

Staff recommends hearing public comments regarding PEDC offering an economic development grant to incentivize LS Tractor USA, LLC.
