



BRAZOS RIVER FARM

McLennan County, Texas



Circle **P**



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BRAZOS RIVER FARM

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OVERVIEW

PROPERTY OVERVIEW// This 1,090-acre Brazos Valley irrigated farm, located approximately 10 miles southeast of Waco, Texas, is one contiguous tract of land with 920 cultivated acres (87.5% irrigated, 12.5% dryland). The farm has a long history of use for



irrigated crop production with indications via water rights documents that it was irrigated as far back as 1918. While corn and cotton have historically been the primary crops produced (evidenced by 864.5 acres of USDA-FSA crop bases - 73.6% corn, 20.6% cotton, and balance in wheat base), the land is suitable for production of grain sorghum, wheat, oats and soybeans. Some specialty crops such as melons could likely be produced on the property as well.

Crops on the property are irrigated using water pumped from the Brazos River and Tehuacana Creek via an underground pipe distribution system to seven center pivot irrigation sprinklers. Grain storage facilities, accommodating approximately 340,000 bushels of grain, and a 12,000 SF shop provide additional revenue sources and support for the farm. Other improvements include multiple farm buildings, an office building, and two houses.



The farm is offered with rights adjudicated by the State of Texas to divert 1,060 acre-feet of surface water per annum from the Brazos River and Tehuacana Creek for irrigation purposes. These water rights represent a property right that can be severed from the farm and sold to a third party subject to state law. They are among the oldest rights along the Brazos River (1918

& 1929), and are much higher in priority date than those of most of the Brazos River System's agricultural and municipal users.

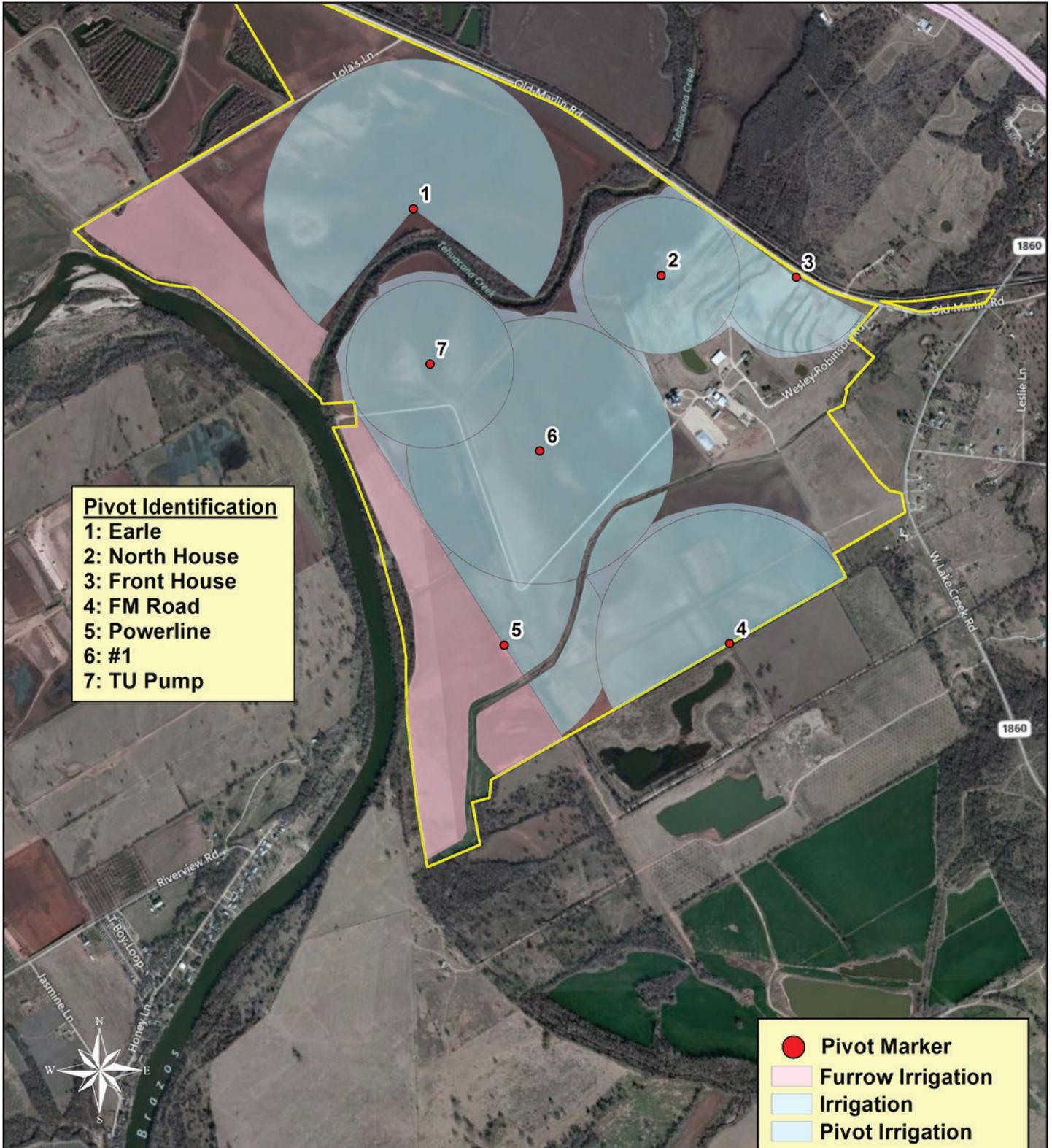
This farm's diverse features – size, high percentage of quality cropland, irrigation water delivery system, grain storage facilities, and other revenue-producing improvements – combine to offer a substantial base for producing consistent annual returns. Coupled with the senior adjudicated water rights, the farm offers significant potential for appreciation in value - an added premium for the property as a single asset purchase.



BRAZOS RIVER FARM

IMPROVEMENTS

IRRIGATED CROPLAND//



CENTER PIVOTS//

Seven Zimmatic center pivot irrigation sprinklers furnish water to the farm's irrigated crops. Each center pivot sprinkler is equipped with a hydraulic end gun.

Irrigation water, pumped from the Brazos River and Tehuacana Creek, is delivered to the center pivots through an underground piping system. The Irrigated Crop Map shows the approximate location and coverage of the center pivot sprinklers.

See the table below for the length, approximate age, and coverage of each of each sprinkler:

System No.	Manufacturer	Age	Length (feet)	Approximate Coverage (acres)
1	Zimmatic	Late 1990's	1793	172
2	Zimmatic	Late 1990's	939	68
3	Zimmatic	Late 1990's	895	31
4	Zimmatic	Late 1990's	1600	99
5	Zimmatic	Late 1990's	1275	40
6	Zimmatic	Late 1990's	1592	160
7	Zimmatic	Late 1990's	1002	80
TOTAL				650

IMPROVEMENTS

PUMPING EQUIPMENT//

The following table summarizes irrigation pumps and engine descriptions. The engines are diesel fueled.

Manufacturer	Model	Serial No.	Pump
John Deere	6T155	PE6068T634968	Cornell 5R-2
John Deere	6T155	PE6068T634969	Cornell 5R-2
John Deere	8.1L	RG6081A176774	Cornell 6R-2
Caterpillar	3306	64723117	Cornell 62-2
Case International	6591TA	DJA0011640	Berkeley H2889



BUILDING IMPROVEMENTS//



BRAZOS RIVER FARM

IMPROVEMENTS

GRAIN ELEVATOR//

Scale/Office/Shed: A 10'x71' Central Texas Scale Company scale is located under the receiving shed at the elevator. This 50-ton truck scale is equipped with an electronic reader/printer. The dump pit, built under the scale, is a unique characteristic of the elevator. Spouting is provided to allow trucks to be on the scale during loading, which facilitates shipments from the elevator. An 8'x12' office building is located adjacent to the scale. The office and scale are both located under a 2,011 SF receiving shed which is built with a sheet frame and contains a sheet metal exterior.

Elevator Leg: The elevator leg, installed in 2005, is an 11-section York elevator leg estimated to be 110 feet high. The head is equipped with a six hole distributor which feeds the seven bins, and two unloading spouts as indicated in the photo below. The elevator leg is configured to convey 5,500 bushels per hour.



Note: Fertilizer tanks are property of tenant and not included as part of the farm offering.



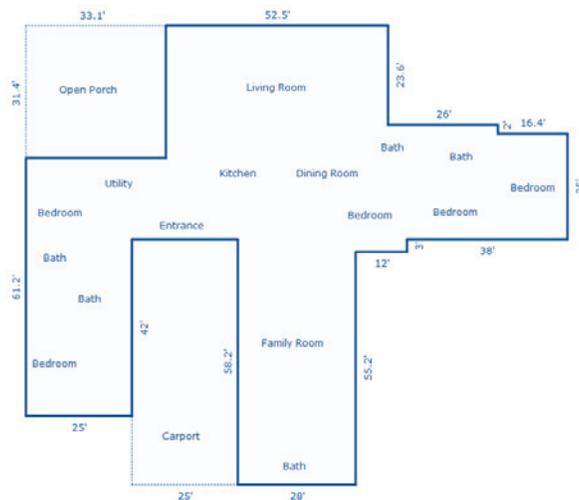
Bin #	Capacity (Approx.)	Description
1	11,500 bu.	Welded steel bin, mounted on concrete slab foundation. The bin is aerated and contains a cone bottom. The bin contains a side mounted aeration fan.
2	11,500 bu.	Welded steel bin, mounted on concrete slab foundation. The bin is aerated and contains a cone bottom. The bin contains a side mounted aeration fans.
3	11,500 bu.	Welded steel bin, mounted on concrete slab foundation. The bin is aerated and contains a cone bottom. The bin contains a side mounted aeration fans.
4	11,500 bu.	Welded steel bin, mounted on a concrete slab foundation. The bin is aerated and contains a cone bottom. The bin contains a side mounted aeration fans.
5	72,000 bu.	Corrugated steel bin, manufactured by Brock, mounted on a concrete slab foundation. This is the newest bin to date, installed in 2006. The grain bin contains external stiffeners and is equipped with a 15-horsepower fan, an aerated floor, and sweep auger.
6	60,000 bu.	Corrugated steel bin, manufactured by Brock, is mounted on a concrete slab foundation. The bin contains an aerated floor with a sweep auger.
7	113,000 bu.	Corrugated steel bin, manufactured by Brock, is mounted on a concrete slab foundation. The grain bin contains external stiffeners and is equipped with two, 15-horsepower fans, a 15-horsepower unloading auger and a sweep auger to aid in the efficient unloading of the bin.
Total	291,000 bu.	

IMPROVEMENTS

HOMES//

HOUSE #1

McLennan County Appraisal District records indicate the main house was originally built in 1985 with additions made from time to time thereafter. 7,120 square feet in size, the wood frame structure is built on a mix of concrete slab and pier and beam foundations. The exterior of the house is covered with brick veneer and contains a sheet metal roof that was installed in 2011. A 1,455 SF steel frame carport, attached to the house, is constructed with a sheet metal roof and a concrete slab floor. A 1,039 SF open concrete porch/patio is located at the north corner of the house.



The Main House interior includes a kitchen, living room, dining room, family room, five bedrooms, five bathrooms and a utility room with a restroom. The kitchen is equipped with double ovens, a cook top and vent system, refrigerator, dishwasher and ice maker. The family room is an approximate 1,545 SF area that contains a filled-in therapeutic swimming pool covered with a tile floor. The family room contains a bath and two shower areas. The interior floor cover consists of a mix of ceramic tile and sheet vinyl. Heat and air conditioning is provided by four central heat and air conditioning systems with a fireplace located in the dining room.

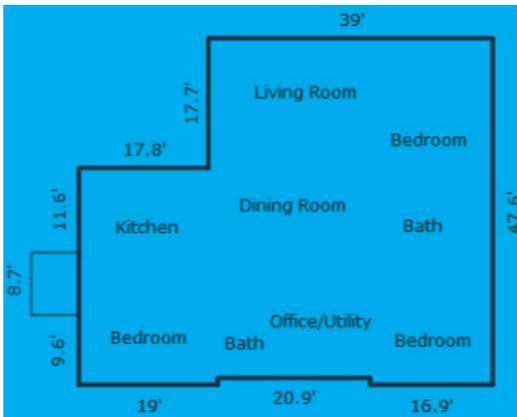


IMPROVEMENTS

HOUSE #2

The second house is located to the south of the Main House, and is 2,368 SF in size. The wood frame structure was built on a pier and beam foundation in 1973 according to the McLennan County Appraisal District records. The exterior of the house is covered with brick veneer and contains a composition shingle roof. A 57 SF enclosed concrete porch is attached to the house. The interior includes a kitchen, living room, dining room, three bedrooms, two bathrooms and a utility/office room. The kitchen is equipped with a basic appliance package and has sheet vinyl floors. The remainder of the house contains hardwood flooring. Heat and air conditioning is provided by a central heat and air conditioning system with a fireplace located in the living room.

A rectangular 20'x25' (500 SF) garage/carport built with a concrete slab foundation, hardboard siding exterior and a composition shingle roof is located near the second house.



BRAZOS RIVER FARM



IMPROVEMENTS

BUILDINGS//

Livestock Shed

A Livestock Shed is located between the two houses. It is a wood pole frame structure with a dirt floor. This 60'x24' (1,440 SF) building has a corrugated sheet metal exterior and sheet metal roof.



Equipment/Grain Storage Shed #1

Equipment/Grain Storage Shed #1 is a 160'x100' (16,000 SF) steel frame structure with a sheet metal exterior. The structure is divided into two sections. The first section is a shed area of 11,000 SF which is improved with a gravel floor and mercury vapor lighting. The second or northeast section is a fully enclosed area of 5,000 SF built with a concrete slab foundation. This area contains a 25-foot sliding door and a reinforced metal wall system which allows the building to be utilized for grain storage. The enclosed grain storage area is equipped with a roof mounted loading auger system.



Equipment Shed #2

Equipment Shed #2 is a rectangular 76.5'x40' (3,060 SF) steel frame structure with a sheet metal exterior. The shed contains a gravel floor cover and is open on one side. The equipment shed #2 is currently utilized for equipment storage.



Equipment Shed #3

Equipment Shed #3 is a rectangular 120'x36' (4,320 SF) wood frame structure with a sheet metal exterior. The shed contains a dirt floor and is open on one side. Equipment Shed #3 is currently utilized for equipment and general farm storage.



IMPROVEMENTS

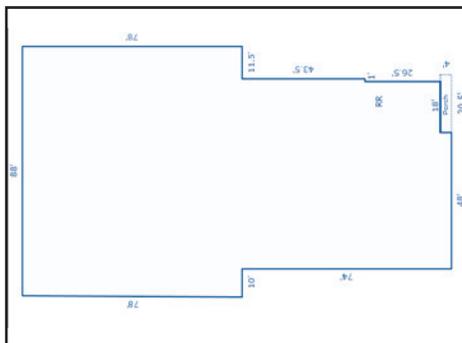
Equipment Shed #4

Equipment Shed #4 is a rectangular 132'x38' (5,016 SF) wood frame structure with a sheet metal exterior. The shed contains a dirt floor cover and is open on one side. The building is equipped with lighting.



Shop

The shop is an 11,739 SF steel frame structure constructed on a concrete slab foundation with a mix of sheet metal and wood siding exterior. The shop contains approximately 1,303 SF of mezzanine area, utilized for storage, that is supported by a steel frame. The shop is equipped with a restroom and a mix of mercury vapor and fluorescent lighting. Access to the building is provided by an electric overhead door, two sets of sliding doors and two entry doors. An 82 SF porch area with a concrete slab foundation and a sheet metal roof is provided along the northwest part of the building. Interior shop equipment is property of the tenant and not included as part of the farm offering.



Office

The office building is a 18'x11' (198 SF) wood frame structure, built on a concrete slab foundation. The building has a vinyl siding exterior and a single slope roof. The building utilizes a window unit for air conditioning.



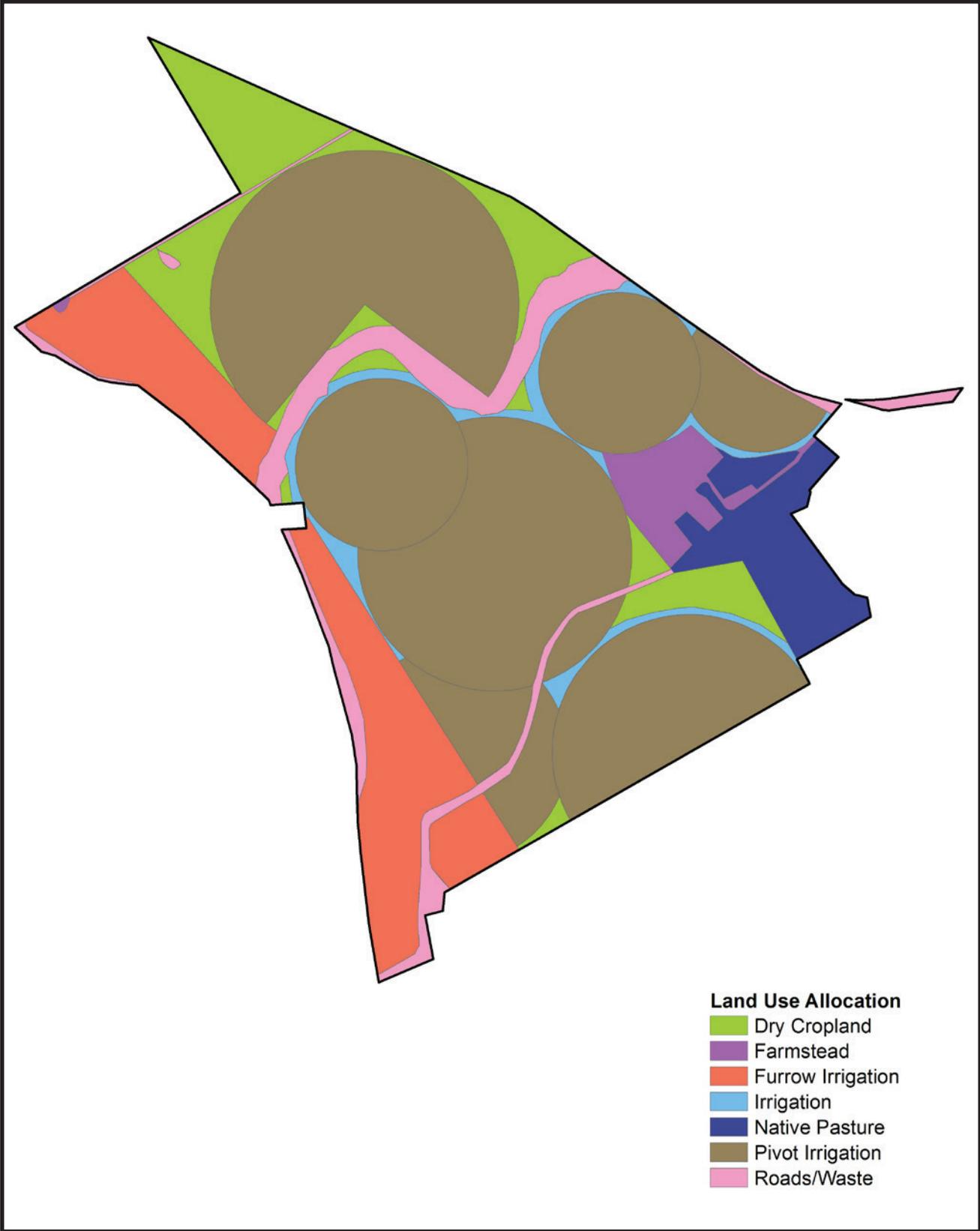
FENCING//

The pasture land is fully fenced with barbed wire. Additionally, the property is fenced along the north, east and south sides with barbed wire. The fields and river banks are not fenced.



CROP PRODUCTION

LAND USE MAP//



TOPOGRAPHY//

The farm has a nearly level to gently sloping topography throughout with the exception of gently rolling areas near the southeast corner and the banks along the Brazos River and Tehuacana Creek (see Appendix, Topography Map for detail). The west portion of the property has been precision leveled to facilitate furrow irrigation.

LAND USE//

The farm is currently used primarily for cultivated crop production. It is mostly open land with about 74% being irrigated cropland. The Land Use Allocation map on the preceding page provides a breakdown of the land uses currently evident across the property.

Based on coverage as computed through the use of ESRI ArcMap software, the farm contains approximately 805 acres of irrigated crop land. The seven center pivot irrigation systems irrigate ±650 acres, and the remaining ±155 acres are irrigated through furrow or flood irrigation. The balance of the ±920 acres of cropland is operated as dry cropland.

Land Use	Acres	%
Irrigated Class 1	186.71	17.17%
Irrigated Class 2+	617.70	56.82%
Dry Cropland 1&2	97.19	8.94%
Dry Cropland 3+	18.30	1.68%
Native Pasture	59.47	5.47%
Farmstead	30.77	2.83%
Roads/Waste	77.08	7.09%
Total	1,087.22	100%

SOILS//

According to the Soils Survey of McLennan County, Texas published by the U.S.D.A., the farm contains a variety of soil types dominated by Ships clay soil. The following table summarizes the various soil types based on estimates made by an appraisal consultant. A Soils Map is located in the Appendix for further reference.

Soil Symbol	Soil Name	Capability Class	% of Farm	% of Cropland
AxB	Axtell fine sandy loam, 1-3% slopes	IIIe	4.16%	2.86%
Go	Gowen clay loam, frequently flooded	Vw	1.87%	1.15%
MnC2	Minwells fine sandy loam, 3-5% slopes, eroded	IIIe	6.07%	2.03%
Ov	Ovan silty clay, frequently flooded	Vw	6.28%	3.52%
Sh	Ships clay, rarely flooded	IIs	61.40%	56.10%
To	Tinn clay, frequently flooded	Vw	0.06%	0.05%
Wd	Weswood silt loam, rarely flooded	I	3.70%	2.75%
We	Weswood silty clay loam, rarely flooded	I	15.98%	15.70%
Yg	Yahola-Gaddy complex, occasionally flooded	Iiw	0.48%	0.44%

As evidenced by the table above, the soils on the farm are dominated by Ships clay which represents about 61% of the surface and about 56% of the cropland. Ships clay is a moderately heavy Class II clay soil common to the cultivated areas along the Brazos River system. Ships clay is readily tillable with modern farm machinery and is a common soil upon which cotton and grain crops are produced.

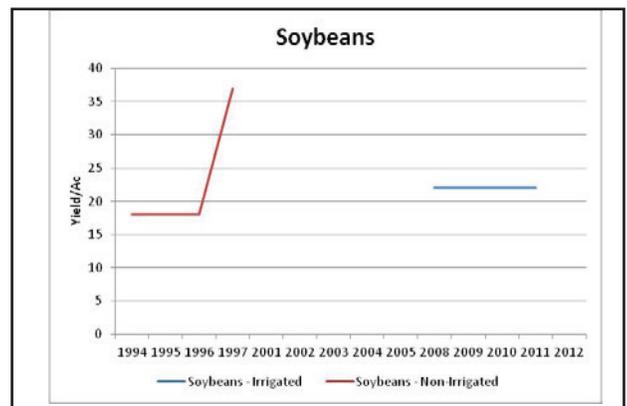
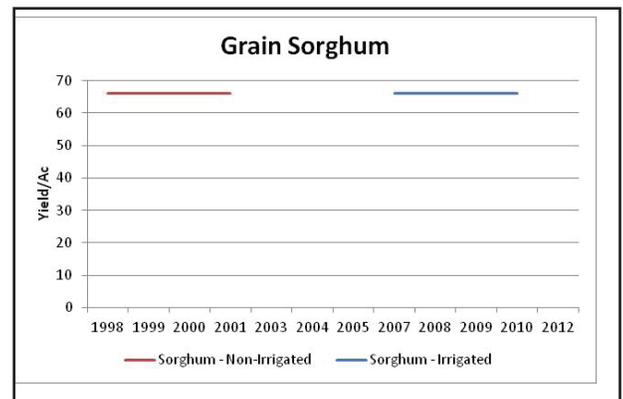
CROP PRODUCTION

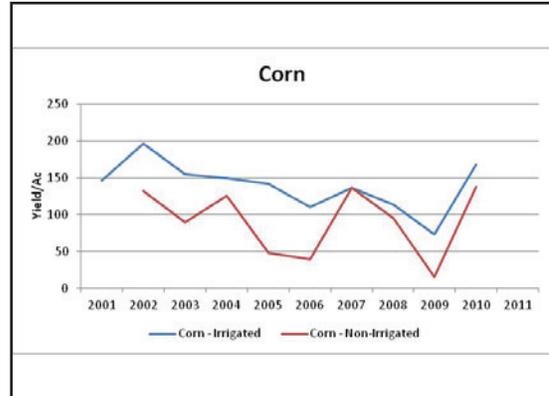
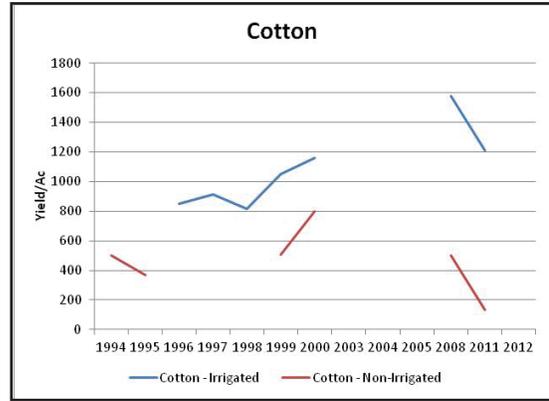
Weswood silt loam and Weswood silty clay loam are Class I soils which are highly desirable cultivated soils along the Brazos River. These soils are more friable and more easily plowed than the heavier Ships clay soils. Weswood soils are also better drained soils. Approximately 20% of the farm is classified as having Weswood soils which are mostly located along the west and north parts of the farm.

The remaining soils on the farm are a mix of mostly sandy loam and clay loam soils with the majority of these soils being found on the southeast part of the property in the area planted to pasture. These soils are mostly Class III and V soils which are not generally cultivated over wide areas. Pivot No. 3 and part of Pivot No. 2's coverage is over Class III and Class V soils.

HISTORICAL PRODUCTION//

Based on crop insurance reports, the following yields were reported for grain, soybean, cotton, and corn crops:





Crop/Year	Corn (bu/ac)		Cotton (lbs/ac)		Grain Sorghum (bu/ac)		Soybeans (bu/ac)	
	Irrigated	Dryland	Irrigated	Dryland	Irrigated	Dryland	Irrigated	Dryland
1994				502				18
1995				366				18
1996			849					18
1997			913					37
1998			818			66		
1999			1051	508		66		
2000			1159	797		66		
2001	146					66		
2002	196	132				66		
2003	155	90						
2004	150	125						
2005	142	48						
2006	110	39						
2007	136	136			66			
2008	114	95	1575	500	66			
2009	73	15			66			
2010	168	137			66			
2011			1210	134				

USDA CROP BASES//

The farm is designated Farm Number 6026 by the USDA. The following table provides a summary of its current USDA crop bases.

Crop	Base Acres	Direct Yield	CC Yield
Wheat	50.5	23 bu.	39 bu.
Upland Cotton	177.8	573 lbs.	914 lbs.
Corn	636.2	48 bu.	150 bu.
Total	864.5		

DESCRIPTIVE INFORMATION

LOCATION//

The farm is located east of Waco in McLennan County, Texas at 558 Wesley Robinson Road. It is bounded along the south side by Old Marlin Road and along the west side by FM 1860.

ACCESS//

The farm stretches approximately 9,150 feet along the south side of Old Marlin Road which is a county maintained, gravel road. The farm also has approximately 230 feet of frontage along the west side of FM 1860, which is a paved, two-lane state maintained road. Additionally, the property includes a 3.339 acre tract which has frontage approximately 1,270 feet along the north side of Old Marlin Road and approximately 200 feet along the west side of FM 1860.

ZONING//

This farm is located in an unincorporated area of McLennan County, outside any municipalities. There is no zoning in the county which impacts legally permissible uses of the farm. Based on a general review of the public records and a recent title commitment, no land use restrictions appear to have been placed on the property by the current or previous property owners.

EASEMENTS//

A recent title commitment indicates a number of easements on the property. The majority of these easements are related to typical underground utilities and electric service lines which have no impact on operation of the farm. The most significant easement, which does in fact affect farm operations somewhat, is the right-of-way easement in favor of Texas Power and Light Company (now Oncor Electric Delivery Company) for an electric transmission line which crosses the western portion of the property traveling in a north/south direction. This easement is believed to be 100 feet wide and encumbers about 19 acres. A recent survey plat designating specific easements and their location is available for reference in this regard.

UTILITIES//

The property utilizes H&H Water Supply Corporation for potable water at the improvements. Two shallow water wells located on the farm are not currently in use. Septic systems are utilized for wastewater disposal at the two residences and the shop. Electric service is provided by Direct Energy, through Oncor Electric Delivery lines.

WATER RIGHTS//

Rights to divert 1,060 acre-feet per annum of surface water from the Brazos River and Tehuacana Creek are included with the farm offering. These rights are historic rights to irrigation water from the Brazos River System with priority dates senior to most water rights holders on the Brazos River System (including many major water rights holders such as the Brazos River Authority and Dow Chemical Company). The high priority insures the owner of these rights access to the river water to the exclusion of others who have junior priority dates, and represents a major factor influencing the rights’ value. The rights are described legally in the table below:

Certificate of Adjudication #	Priority Date	Volume	Diversion Point
12 - 4341	16-Mar-18	400 acre-feet	Brazos River
12 - 4341	26-Jan-29	660 acre-feet	Two Tehaucana Creek & One Brazos River
Total		1,060 acre-feet	

Since these adjudicated water rights are severable from the land, they can be sold to a third party. In terms of the property’s highest and best use, the sale of the existing water rights and subsequent development of subsurface water irrigation wells on the property, or purchase of irrigation water from the BRA, represents a strategy available to potentially reduce the total investment and enhance return on investment from crop & rental revenues.

MINERAL RIGHTS//

No prior mineral reservations were reported in the aforementioned recently prepared title commitment. The owner will reserve 50% of future royalties received by the buyer from oil and gas production on the property. No other mineral interests will be reserved.

The area along the Brazos River in and to the east of Waco has a long history of use for the production of sand and gravel as can be observed from review of aerial photographs of the neighborhood. The property adjacent to the north and east of the farm has been mined or partially mined for sand and gravel in years past. While the farm likely contains sand and gravel deposits that may be of commercial value, the potential for and quantity of such reserves can only be determined through core testing and geological analysis. Prospective buyers may note that production of sand and gravel from the farm could at some point be a land use option, but would result in the destruction of the property’s use for cultivated agriculture.

FINANCIAL INFORMATION

LEASE OPTION//

The farm offering is subject to Seller having the option to lease the Main House for twelve (12) months following the closing date at the rate of \$1,500.00 per month. The Lease Agreement will be generally in accordance with the terms set forth in the Texas Association of Realtors standard lease agreement.

TAXES//

The 2012 values assessed by the McLennan County Appraisal District on the property are as follows:

2012 Values

Property ID/Account No.	Acreage	Market Land Value	Agriculture Land Value	Improvement Value	Value
127645	310.703	\$311,085	\$71,461	\$0	\$71,461
155194	55	\$52,056	\$5,822	\$428,277	\$434,099
154211	97.25	\$97,279	\$17,913	\$0	\$17,913
154212	332.87	\$332,978	\$93,024	\$0	\$93,024
154415	3.339	\$3,340	\$0	\$0	\$3,340
155195	246.663	\$246,732	\$68,745	\$0	\$68,745
Totals	1,045.82	\$1,043,470	\$256,965	\$428,277	\$688,582

The 2012 ad valorem taxes for the property are summarized below.

Taxing Jurisdiction	2012 Taxes*
McLennan County	\$3,171.42
McLennan Co. Roads	\$163.09
La Vega ISD	\$1,014.74
Riesel ISD	\$8,040.47
McLennan & Hill Cos. Water District	\$173.22
McLennan Community College	\$1,043.41
Total	\$13,606.35

*The subject property is assessed under agricultural use valuation. A change in the use of the property may trigger a roll-back tax.

SALE PRICE//

Cash Sales Price (Lump Sum Amount) - \$ 5,570,000.00



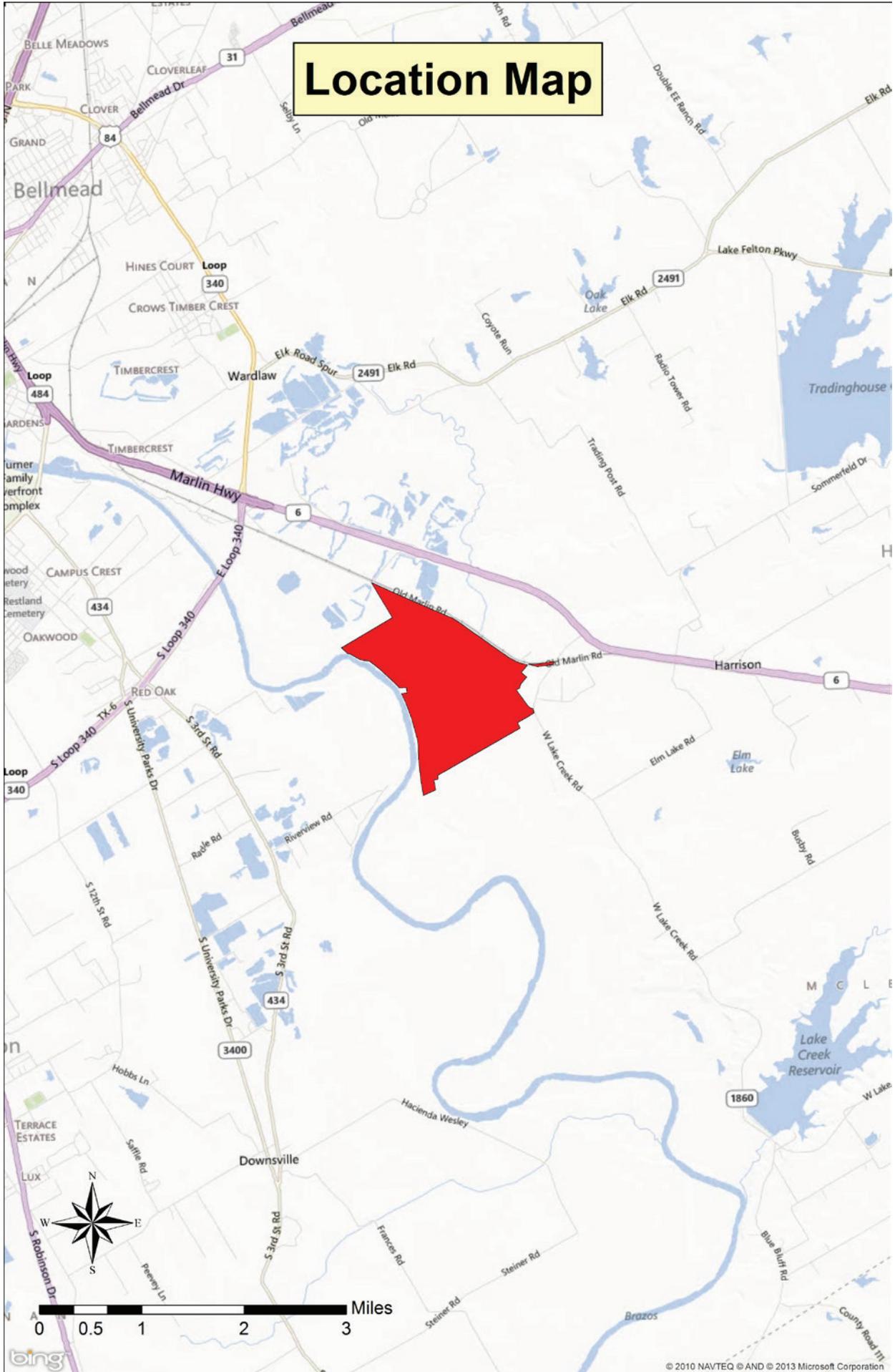
BRAZOS RIVER FARM

APPENDIX

MAPS//

- Location map
- Aerial Map
- Soils Map
- Topography Map

Location Map



BRAZOS RIVER FARM

Aerial Map



BRAZOS RIVER FARM

0 750 1,500 3,000 Feet
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Date of Imagery 2011

Image courtesy of USGS © 2013 Microsoft Corporation ImagePatch.com © 2013 FAVT/BC © AND

Soils Map



Image courtesy of USGS © 2013 Microsoft Corporation ImagePatch.com © 2013 FARM/BA © ARD

Topography Map

