

PENITAS TAX INCREMENT REINVESTMENT ZONE #1

**PROJECT PLAN AND REINVESTMENT ZONE FINANCING
PLAN**

CITY OF PENITAS, TEXAS

Hawes Hill Calderon, L.L.P., TIRZ Consultants and Planners

TABLE OF CONTENTS

PROJECT PLAN

INTRODUCTION.....	3
EXISTING USES AND CONDITIONS AND PROPOSED IMPROVEMENTS	3-4
Table A: Acreage Per Land Use Summary	
PROPOSED CHANGES OF ZONING ORDINANCES, THE MASTER PLAN OF THE CITY, BUILDING CODES, AND OTHER MUNICIPAL ORDINANCES.....	4
LIST OF ESTIMATED NON-PROJECT COST ITEMS.....	5
Table B: Non-Project Costs	
ZONE FINANCING PLAN	
ESTIMATED PROJECT COSTS OF THE ZONE.....	6
Table C: Estimated Zone Project Costs	
ECONOMIC FEASIBILITY STUDY.....	7
ESTIMATED BONDED INDEBTEDNESS TO BE INCURRED	7
TIME WHEN COSTS OR MONETARY OBLIGATIONS ARE INCURRED	7
METHODS OF FINANCING AND EXPECTED SOURCES OF REVENUE.....	7-8
Table D: Increment Dedicated to the Zone	
ESTIMATED CAPTURED APPRAISED VALUE OF THE ZONE DURING EACH YEAR OF ITS EXISTENCE.....	8
DURATION OF THE ZONE.....	8
SCHEDULES.....	9
MAPS.....	14
APPENDICES.....	18

PROJECT PLAN

INTRODUCTION

This document constitutes the Project Plan and Reinvestment Zone Financing Plan as required by Chapter 311, Texas Tax Code. The purpose of the Zone is to provide for the design and construction of both proposed connector streets and thoroughfares, regional drainage facilities, water, sanitary sewer, wastewater treatment facilities, public landscaping, lighting and other specific project costs in order to facilitate the development of both residential and commercial properties. The reinvestment zone includes open land where certain regional infrastructure is absent and consequently where residential and commercial development would not occur "but for" the creation of such a zone. All development will occur on undeveloped land.

Expenditures associated with the design and construction of public infrastructure, as well as other specific project related costs, will be funded (reimbursed) by tax increment revenues derived from increases in property values following the new development.

Location

The TIRZ is generally bounded by Tom Gill Road on the west, 2 mile Road on the north, Giles Road on the east, and Hwy 83 on the south, and as further described in the enclosed map. The property consists of approximately 716 acres of land. A property metes and bounds description is provided in Appendix A.

EXISTING USES AND CONDITIONS OF REAL PROPERTY IN THE ZONE AND PROPOSED IMPROVEMENTS TO AND PROPOSED USES OF THE PROPERTY

Existing Conditions

The property is generally undeveloped. The subject site has been utilized as farmland and is currently agriculturally exempted. The development of the property is further constrained by the lack of basic infrastructure including major thoroughfares and drainage facilities. There is a predominance of defective or inadequate sidewalk or street layout, as well as problems with faulty lot layout in relation to size, adequacy, accessibility, or usefulness. The area is predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality.

Surrounding Land Uses

Land uses surrounding the Zone are predominately undeveloped. However, there is a public school close to the reinvestment zone, which serves a small residential enclave to the west of the zone.

Proposed Land Uses

Property located within the Zone will be mixed use in its development with approximately 70% of the land developed for single family housing, and the remainder developed for commercial usages. In addition, it is contemplated that a regional drainage system will be developed which may include drainage detention outside the boundary of the reinvestment zone.

Table A below lists the various land uses per the Conceptual Master Plan, along with their respective acreages and percentage of the gross land area.

**Table A
Acreage Per Land Use Summary**

Land Use Category	Acreage	% of Gross Acreage
Undeveloped residential	343	48.1%
Public ROW	50	7.01%
Parks	30	4.2%
Commercial	290	40.69%
TOTALS	714	100.0%

PROPOSED CHANGES OF ZONING ORDINANCES, THE MASTER PLAN OF THE CITY, BUILDING CODES, AND OTHER MUNICIPAL ORDINANCES

All construction will be done in conformance with existing building code regulations of the City of Penitas. There are no proposed changes of any city zoning ordinances, master plans, or building codes.

LIST OF ESTIMATED NON-PROJECT COST ITEMS

Zone non-project costs include those development items that will be funded by the developer for which no tax increment reimbursement is expected. These non-project development items and their associated costs are shown in Table B.

**Table B
Non-Project Costs**

Non-Project Items	Estimated Cost
TXDOT funded projects	\$7,000,000
Drainage District funded projects	\$6,000,000
Total Non-Project Costs	13,000,000

STATEMENT OF METHOD OF RELOCATING PERSONS TO BE DISPLACED AS A RESULT OF IMPLEMENTING THE PLAN

The subject property is vacant and there will be no displacement of residents.

REINVESTMENT ZONE FINANCING PLAN

A DETAILED LIST DESCRIBING THE ESTIMATED PROJECT COSTS OF THE ZONE, INCLUDING ADMINISTRATIVE EXPENSES AND A STATEMENT LISTING THE KIND, NUMBER, AND LOCATION OF ALL PROPOSED PUBLIC WORKS OR PUBLIC IMPROVEMENTS IN THE ZONE

Table C lists the estimated project costs for the Zone. It is anticipated that the developer will advance funds for the improvements and will be reimbursed as provided in a separate agreement and other documentation between the developer, the TIRZ, the Penitas Redevelopment Authority (references made herein to the Authority are made in anticipation of its creation) and the Penitas Zone. It is anticipated that the infrastructure improvement costs will include additional financing costs associated with the projects. Line Item amounts may be adjusted with approval of the Zone Board of Directors, and will be reimbursed or disbursed based on actual audited costs for the infrastructure identified in the plan.

**Table C
Estimated Zone Project Costs**

Project Items	Estimated Costs
Water Improvements including wells	\$1,698,373
Waste Water Improvements	\$1,552,032
Drainage Improvements	\$6,093,650
Demolition Costs	0
Relocation of Utility Lines	0
Sidewalks	\$ 671,304
Streets	\$6,414,058
3 Bridges	\$2,250,000
Lights	\$ 724,388
Engineering / Surveying	\$1,800,000
Contingency	\$1,000,000
Zone Administration – 30 years	\$1,200,000
Financing costs including interest	\$ 6,800,000
Total	\$30,203,805

ECONOMIC FEASIBILITY STUDY

Appendix B contains an economic feasibility study prepared for the proposed commercial and residential development to assess the market for the proposed development. The study concludes that the proposed development is feasible and the demand for the projects is strong.

THE ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED

The amount of estimated bonded indebtedness is shown in Table C.

THE TIME WHEN RELATED COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

Schedule C shows the anticipated time when bonds could be issued based on the revenue-derived from the estimated build-out schedules. Bonds may be issued to pay the related project costs of the Zone.

DESCRIPTION OF THE METHODS OF FINANCING ALL ESTIMATED PROJECT COSTS AND THE EXPECTED SOURCES OF REVENUE TO FINANCE OR PAY PROJECT COSTS, INCLUDING THE PERCENTAGE OF TAX INCREMENT TO BE DERIVED FROM THE PROPERTY TAXES OF EACH TAXING UNIT THAT LEVIES TAXES ON REAL PROPERTY IN THE ZONE

Description of the Methods of Financing

In accordance with 311.015 of the Tax Increment Financing Act, the City may issue tax increment bonds or notes, the proceeds of which may be used to pay project costs on behalf of the Zone or Authority. Upon creation of a Redevelopment Authority for the Zone, the Authority may be authorized to incur debt and issue debt or obligations to satisfy developer reimbursements for eligible project costs. If either Zone or Authority bonds are issued, bond proceeds shall be used to provide for the project related costs outlined in this plan. It is anticipated that the Developer will advance project-related costs and be reimbursed through the issuance of Zone tax increment revenue bonds and/or be paid directly from increment revenues of the Zone as provided for in a Development Agreement. It is also contemplated that some project costs will be funded with grants from one or more entities.

No bonds will be issued until adequate tax increment has been created in the Zone to support bond debt service. Tax increment revenue will be applied to pay or reimburse all debt service on the Zone or Authority's bonds as prescribed in a Development Agreement.

Expected Sources of Revenue to Finance or Pay Project Costs

Schedule A shows the projected build-out schedule of the proposed commercial and residential development, which is supported by the Economic Feasibility Studies in Appendix B.

Table D
Increment Dedicated to the Zone

Taxing Unit	Dedicated Tax Rate	Years
Penitas* (2004 – 2034)	\$0.30/\$100 Valuation	30
Hidalgo County (2004 – 2034)	\$0.5015/\$100 Valuation	30

* Penitas may use its contributed tax increment funds for municipal zone related project costs in order to implement the Zone's Project Plan and Reinvestment Zone Financing Plan.

Tax Increment Fund

The City shall create and establish a Tax Increment Fund for the Zone, which may be divided into sub-accounts as provided for in the creation ordinance. The Tax Increment Fund and each account shall be maintained at the depository bank of the City of Penitas and shall be secured in the manner prescribed by law for funds of Texas cities. The annual Tax Increment shall equal the property taxes levied by the City or any other taxing unit participating in the Zone for that year on the captured appraised value, as defined by the Tax Increment Act (the "Act"), of real property located in the Zone that is taxable by the City or any other taxing unit participating in the Zone, less any amounts that are to be allocated from the Tax Increment pursuant to the Act.

THE ESTIMATED CAPTURED APPRAISED VALUE OF THE ZONE DURING EACH YEAR OF ITS EXISTENCE

It is projected that taxable property values in the zone will increase to approximately \$135 million by 2018. Schedule A shows the annual captured appraised value of these increases in property value during the build-out period.

DURATION OF THE ZONE

The City of Penitas shall establish the Zone by Ordinance. The ordinance shall establish that the Zone will take effect on January 1, 2005 and termination of the operation of the Zone shall occur on December 31, 2035. The Zone may terminate at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of proposed revenue bonds, notes or other obligations, if any, that all project costs, bonds, and interest on bonds have been paid in full.

SCHEDULES

- A. RESIDENTIAL BUILD-OUT SCHEDULE**
- B. ZONE CAPTURED APPRAISED VALUE AND REVENUE SCHEDULE**
- C. THE ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED**
- D. PROJECTED ZONE REVENUES**
- E. REVENUES FOR NON-PARTICIPATING JURISDICTIONS**

SCHEDULE A

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS

Residential Buildout Schedule (In Thousands)

Residential Project Values	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		
	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	
SINGLE FAMILY																					
50 X 130 Lots					30	\$ 2,400	20	\$ 1,600	29	\$ 2,000	25	\$ 2,000	25	\$ 2,000	22	\$ 1,750	20	\$ 1,600	20	\$ 1,600	197
50 x 130 Lots					30	\$ 3,960	30	\$ 3,300	30	\$ 3,300	25	\$ 2,750	25	\$ 2,750	25	\$ 2,750	25	\$ 2,750	35	\$ 3,950	231
75 x 140 Lots					32	\$ 5,320	32	\$ 4,480	34	\$ 4,760	25	\$ 3,500	25	\$ 3,500	25	\$ 3,500	30	\$ 4,200	30	\$ 4,200	239
Total Home Sales					104		82		89		75		76		72		75		85		657
Total Captured Value		\$0		\$0		\$11,680		\$9,380		\$10,080		\$9,250		\$9,250		\$8,010		\$9,550		\$9,650	\$73,830
Cumulative Captured Value		\$0		\$0		\$11,680		\$21,060		\$31,120		\$39,370		\$47,620		\$55,630		\$64,180		\$73,830	

(CONTINUED)

Residential Project Values	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		
	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	Home Construction	Captured Value (K)	
SINGLE FAMILY																					
50 X 130 Lots	20	\$ 1,600	20	\$ 1,600	10	\$ 800		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	237
50 x 130 Lots	25	\$ 2,750	25	\$ 2,750	11	\$ 1,210		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	232
75 x 140 Lots	32	\$ 4,480	32	\$ 4,480	16	\$ 2,240		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	319
Total Home Sales	77		77		37																848
Total Captured Value		\$8,830		\$9,830		\$4,250		\$0		\$0		\$0		\$0		\$0		\$0		\$0	\$95,740
Cumulative Captured Value		\$82,680		\$91,490		\$95,740		\$95,740		\$95,740		\$95,740		\$95,740		\$95,740		\$95,740		\$95,740	

Note.

1. Captured value is presented in thousands of dollars.
2. Projected value of home construction is in 2004 dollars excluding inflation.
3. Home construction in a calendar year results in captured appraised value in the following tax year.

SCHEDULE B

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS

Commercial Buildout Schedule (In Thousands)

Commercial Project Values	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		
	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	
Commercial Value		\$ 999		\$ 1,953		\$ 3,358		\$ 4,810		\$ 3,559		\$ 1,959		\$ 3,336		\$ 4,197		\$ 1,729		\$ 3,957	
Total Captured Value		\$999		\$1,953		\$3,358		\$4,810		\$3,559		\$1,959		\$3,336		\$4,197		\$1,729		\$3,957	\$29,857
Cumulative Captured Value		\$999		\$2,952		\$6,310		\$11,120		\$14,680		\$16,638		\$19,974		\$24,171		\$25,901		\$29,857	

Commercial Project Values	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		
	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	
Commercial Value		\$ 1,978		\$ 4,398		\$ 1,953		\$ 1,953													
Total Captured Value		\$1,978		\$4,398		\$1,953		\$1,953		\$0		\$0		\$0		\$0		\$0		\$0	\$40,138
Cumulative Captured Value		\$31,836		\$36,232		\$38,185		\$40,138		\$40,138		\$40,138		\$40,138		\$40,138		\$40,138		\$40,138	

Note:

1. Captured value is presented in thousands of dollars

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS

Projected Assessed Valuations

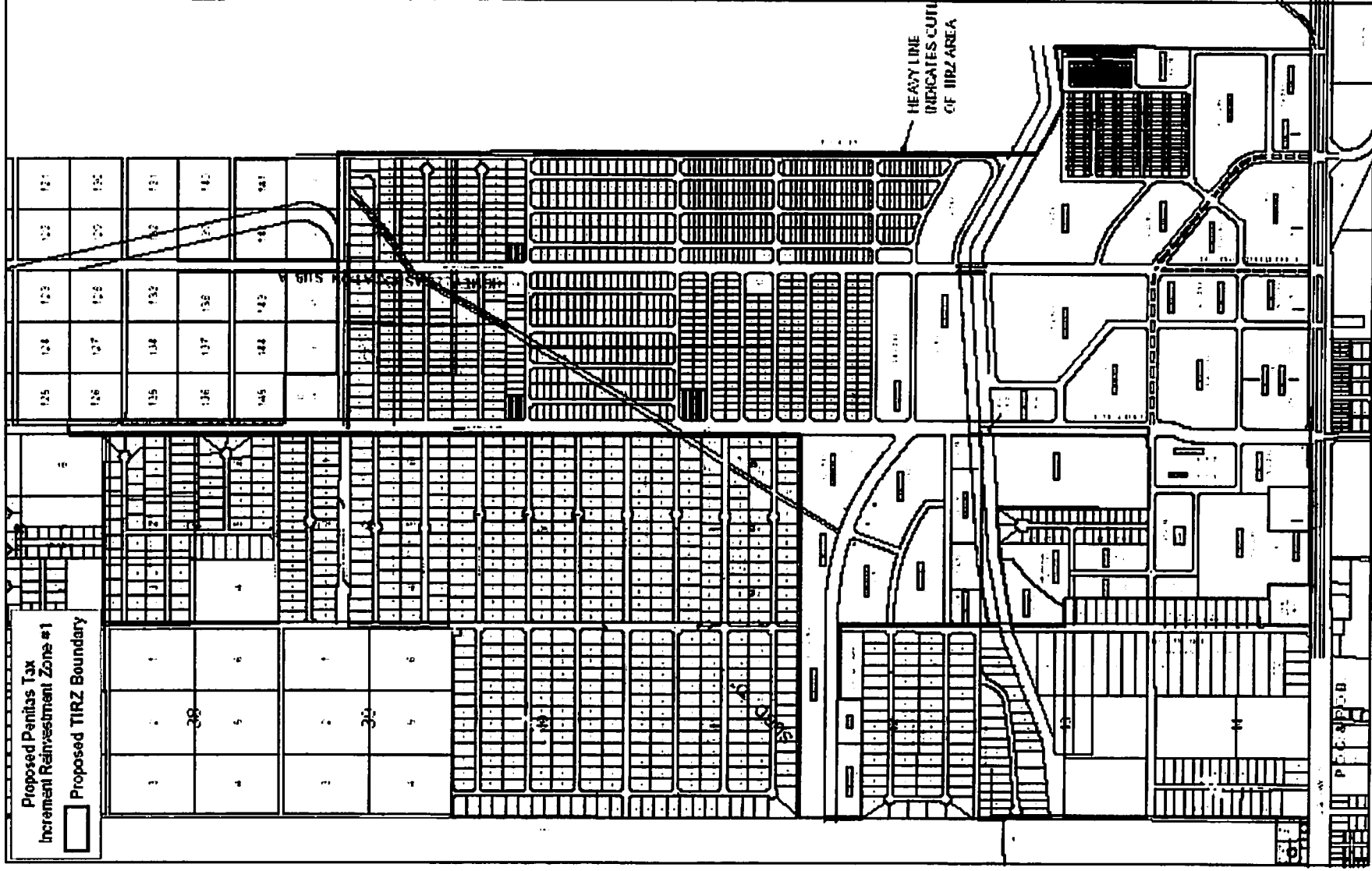
SCHEDULE C

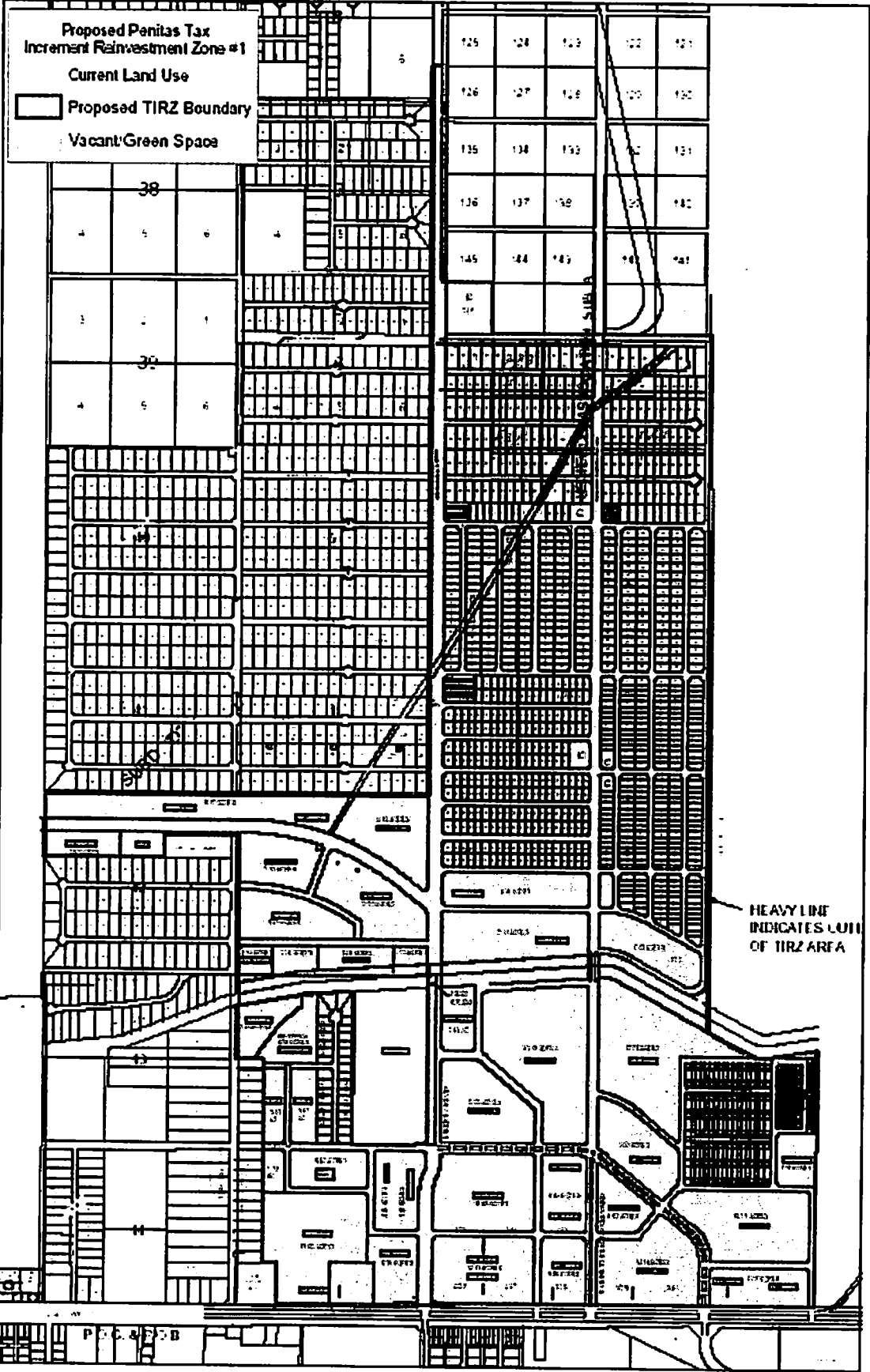
Tax Roll Jan 1	Incremental Residential Assessed Valuation	Residential Incremental Assessed Valuation	No. of Homes Added	Cum No of Homes	Senior Citizens Exemption		Commercial Valuation	City Projected Taxable Valuation	County Projected Taxable Valuation
					Number of Eligible Homes (1)	County Exemption Amount (2)			
2005	\$ -	\$ -	0	-	-	\$ -	\$ 998,974	998,974	998,974
2006	\$ -	\$ -	0	-	-	\$ -	2,952,151	2,952,151	2,952,151
2007	\$ 11,680,000	\$ 11,680,000	104	104	21	\$ (104,000)	\$ 6,310,049	17,990,048	17,886,048
2008	\$ 9,380,000	\$ 21,060,000	92	196	37	\$ (186,000)	\$ 11,120,235	32,180,235	31,994,235
2009	\$ 10,960,000	\$ 31,120,000	89	275	55	\$ (275,000)	\$ 14,679,606	46,799,606	45,524,606
2010	\$ 8,250,000	\$ 39,370,000	75	350	70	\$ (350,000)	\$ 16,638,379	56,038,379	55,658,379
2011	\$ 8,250,000	\$ 47,620,000	75	425	85	\$ (425,000)	\$ 19,973,890	67,593,890	67,168,890
2012	\$ 8,010,000	\$ 55,630,000	72	497	99	\$ (497,000)	\$ 24,171,261	79,801,261	79,304,261
2013	\$ 8,550,000	\$ 64,180,000	75	572	114	\$ (572,000)	\$ 25,900,578	90,080,578	89,508,578
2014	\$ 9,650,000	\$ 73,830,000	95	657	131	\$ (657,000)	\$ 29,857,300	103,687,300	103,030,300
2015	\$ 8,830,000	\$ 82,660,000	77	734	147	\$ (734,000)	\$ 31,835,661	114,495,661	113,751,661
2016	\$ 8,830,000	\$ 91,490,000	77	811	162	\$ (811,000)	\$ 36,231,708	127,721,708	126,910,708
2017	\$ 4,250,000	\$ 95,740,000	37	848	170	\$ (848,000)	\$ 38,184,885	133,924,885	133,076,885
2018	\$ -	\$ 95,740,000	0	848	170	\$ (848,000)	\$ 40,138,062	135,878,062	135,030,062
2019	\$ -	\$ 95,740,000	0	848	170	\$ (848,000)	\$ 40,138,062	135,878,062	135,030,062
2020	\$ -	\$ 95,740,000	0	848	170	\$ (848,000)	\$ 40,138,062	135,878,062	135,030,062
2021	\$ -	\$ 95,740,000	0	848	170	\$ (848,000)	\$ 40,138,062	135,878,062	135,030,062
2022	\$ -	\$ 95,740,000	0	848	170	\$ (848,000)	\$ 40,138,062	135,878,062	135,030,062
2023	\$ -	\$ 95,740,000	0	848	170	\$ (848,000)	\$ 40,138,062	135,878,062	135,030,062
2024	\$ -	\$ 95,740,000	0	848	170	\$ (848,000)	\$ 40,138,062	135,878,062	135,030,062
Total	\$ 95,740,000		848						

Note: (1) Senior Citizen Exemption projected @ 5% of total homes built
 (2) County Senior Exemption is \$15,000
 (*) The City has no exemptions for homestead or over 65.

MAPS

- A. ZONE BOUNDARIES**
- B. CURRENT LAND USES**
- C. PROPOSED LAND USES**
- D. PROPOSED IMPROVEMENTS**

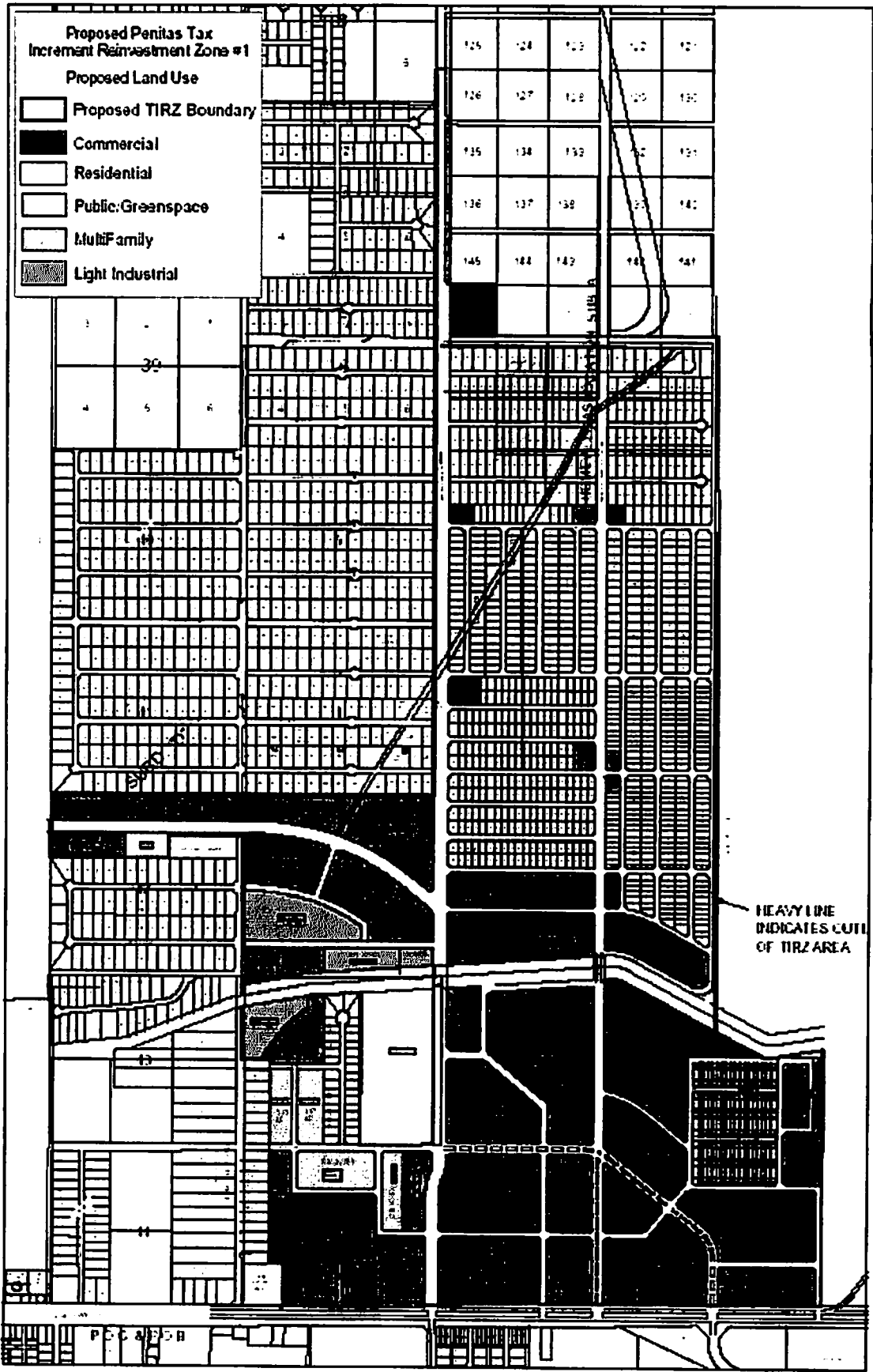


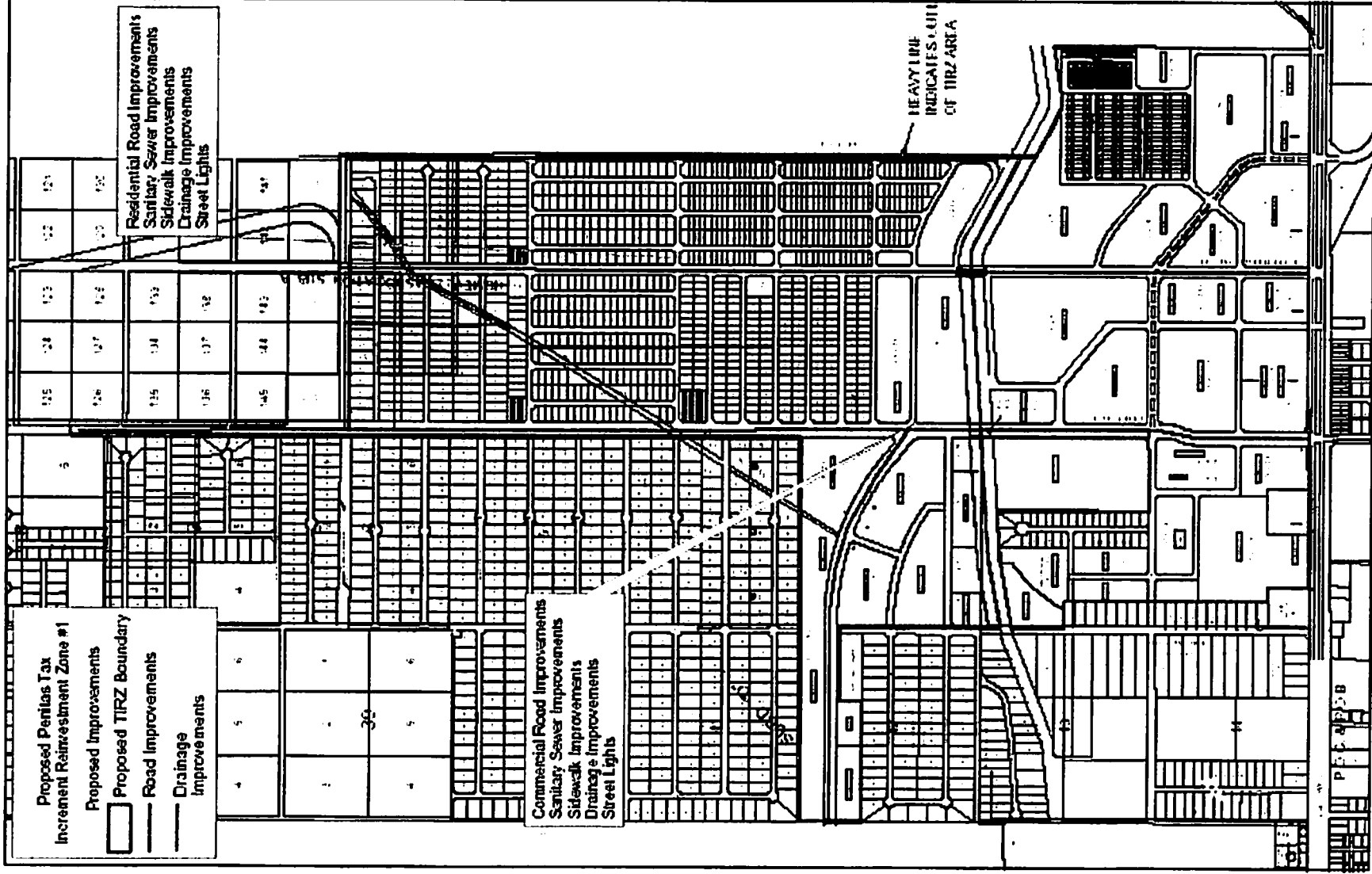


Proposed Penitas Tax
Increment Reinvestment Zone #1
Current Land Use
 Proposed TIRZ Boundary
 Vacant/Green Space

HEAVY LINE
INDICATES LIMIT
OF TIRZ AREA

P.O.C. & E.O.B.





APPENDIX A

Boundary Description of Penitas Zone

METES AND BOUNDS DESCRIPTION: BELL FARMS -TIRZ

BEING A 713.98 GROSS ACRE TRACT OF LAND, MORE OR LESS, CONSISTING IN PART OF:

LOTS 1, 2, 3, 4, AND 5, BLOCK 1, AND,
LOTS 2, 3, 4 AND 5, BLOCK 2, AND,
LOTS 1, 2, 3, 4, 5 AND 6, BLOCK 3, AND,
LOTS 1, 2 AND 3, BLOCK 42, ALL OUT OF HOMEVILLE ASSOCIATION
SUBDIVISION "D," ACCORDING TO THE MAP OR PLAT THEREOF
RECORDED IN VOLUME 66, PAGE 36, MAP RECORDS OF HIDALGO
COUNTY, TEXAS, INCLUDING ALL OF TOM GILL ROAD LOCATED
BETWEEN SAID LOT 3, BLOCK 42, HOMEVILLE ASSOCIATION
SUBDIVISION "D" AND LOT 3, BLOCK 3, HOMEVILLE ASSOCIATION
"A" SUBDIVISION.

AND, IN PART

BLOCKS 146, BLOCKS 151 THRU 235, AND,
BLOCKS 236 THRU 240, LYING NORTH OF THE NORTH RIGHT-OF-WAY
LINE OF U.S. EXPRESSWAY 83, ALL OUT OF HOMEVILLE
ASSOCIATION SUBDIVISION "A," ACCORDING TO THE MAP OR PLAT
THEREOF RECORDED IN VOLUME 9, PAGE 24 THRU 25, MAP RECORDS
OF HIDALGO COUNTY, TEXAS, INCLUDING ALL OF LIBERTY
BOULEVARD LOCATED WEST OF AND ADJACENT TO BLOCKS 146,
155, 156, 165, 166, 175, 176, 185, 186, 195, 196, 195, 196, 195, 196, 205, 206, 215, 216, 225, 226,
235, 236 AND NORTH OF THE NORTH RIGHT-OF-WAY LINE OF SAID
U.S. EXPRESSWAY 83 AND INCLUDING ALL OF EVERETT BELL
BOULEVARD LOCATED WEST AND ADJACENT TO BLOCKS 152, 159,
162, 169, 172, 179, 182, 189, 192, 199, 202, 209, 212, 219, 222, 229, 232, AND
240 LOCATED NORTH OF U.S. EXPRESSWAY 83, AND ALL OF GILES
ROAD EAST OF AND ADJACENT TO BLOCKS 151, 160, 161, 170, 171, 180,
181, 190, 191, 200, 201, 210, 211, 220, 221, 230, 231, AND 240, LOCATED
NORTH OF U.S. EXPRESSWAY 83, AND INCLUDING ALL OTHER UN-
NAMED PUBLIC DEDICATION COUNTY ROADWAYS CONTAINED
THEREIN.

AND, IN PART

ALL OF LIBERTY BOULEVARD LOCATED WEST OF AND ADJACENT
TO BLOCKS 126, 135, 136 AND 145, OUT OF SAID HOMEVILLE
ASSOCIATION SUBDIVISION "A."

METES AND BOUNDS DESCRIPTION

MARCH 04, 2004

PAGE 2 OF 8

AND, IN PART

ALL OF LOT 1, BELL NO. 1 SUBDIVISION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT RECORDED IN VOLUME 28, PAGE 197-A, MAP RECORDS OF HIDALGO COUNTY, TEXAS.

AND, IN PART

ALL OF THAT CERTAIN PORTION OF LAND OUT OF THE EAST 1,003.02 FEET OF THE SOUTH 64.0 ACRES OF PORCION 77 LYING NORTH OF THE NORTH RIGHT-OF-WAY LINE OF U.S. EXPRESSWAY 83.

AND, IN PART

ALL OF HIDALGO COUNTY IRRIGATION DISTRICT NO. 16 CANAL RIGHT-OF-WAYS LOCATED WITHIN THIS HEREIN DESCRIBED 713.98 ACRE TRACT AND WHOSE 713.98 GROSS ACRE TRACT OF LAND IS BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT 1/2 INCH DIAMETER IRON ROD FOUND AT THE SOUTHEAST CORNER OF WEST MOTOR BANK SUBDIVISION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 28, PAGE 49-B, MAP RECORDS OF HIDALGO COUNTY, TEXAS, FOR THE SOUTHWEST CORNER AND **POINT OF BEGINNING** OF THIS HEREIN DESCRIBED TRACT.

- (1) THENCE, NORTH 08 DEGREES 55 MINUTES 42 SECONDS EAST, COINCIDENT WITH THE EAST LINE OF SAID WEST MOTOR BANK SUBDIVISION, A DISTANCE OF 375.0 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE NORTHEAST CORNER OF SAID WEST MOTOR BANK SUBDIVISION FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (2) THENCE, NORTH 81 DEGREES 25 MINUTES 24 SECONDS WEST, COINCIDENT WITH THE NORTH LINE OF SAID WEST MOTOR BANK SUBDIVISION, A DISTANCE OF 126.42 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE SOUTHEAST CORNER OF BELL SUBDIVISION, NO. 2, PHASE I, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN

**METES AND BOUNDS DESCRIPTION
MARCH 04, 2004
PAGE 3 OF 8**

VOLUME 31, PAGE 170, MAP RECORDS OF HIDALGO COUNTY, TEXAS, FOR A CORNER OF THIS HEREIN DESCRIBED TRACT.

(3) THENCE, NORTH 08 DEGREES 55 MINUTES 42 SECONDS EAST, COINCIDENT WITH THE EAST LINE OF SAID BELL SUBDIVISION NO. 2, PHASE I, A DISTANCE OF 1,843.27 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE NORTHEAST CORNER OF SAID BELL SUBDIVISION NO. 2, PHASE I, FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(4) THENCE, NORTH 81 DEGREES 09 MINUTES 18 SECONDS WEST, COINCIDENT WITH THE NORTH LINE OF SAID BELL SUBDIVISION NO. 2, PHASE I, A DISTANCE OF 248.61 FEET TO A 3/4 INCH DIAMETER IRON ROD FOUND ON INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF SAID TOM GILL ROAD FOR A CORNER OF THIS HEREIN DESCRIBED TRACT.

(5) THENCE, NORTH 08 DEGREES 55 MINUTES 42 SECONDS EAST, COINCIDENT WITH THE EAST RIGHT-OF-WAY LINE OF SAID TOM GILL ROAD, A DISTANCE OF 430.47 FEET TO A POINT ON INTERSECTION WITH THE SOUTH LINE OF A HIDALGO COUNTY IRRIGATION DISTRICT NO. 16 MAIN CANAL FOR A CORNER OF THIS HEREIN DESCRIBED TRACT.

(6) THENCE, NORTH 77 DEGREES 31 MINUTES 55 SECONDS EAST, COINCIDENT WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID MAIN CANAL, A DISTANCE OF 129.79 FEET TO A POINT FOR A CORNER OF THIS HEREIN DESCRIBED TRACT.

(7) THENCE, NORTH 86 DEGREES 17 MINUTES 46 SECONDS EAST, CONTINUING WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID MAIN CANAL, A DISTANCE OF 184.85 FEET TO A POINT FOR A CORNER OF THIS HEREIN DESCRIBED TRACT.

(8) THENCE, NORTH 84 DEGREES 56 MINUTES 24 SECONDS EAST, CONTINUING WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID MAIN CANAL, A DISTANCE OF 754.56 FEET TO A POINT FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

METES AND BOUNDS DESCRIPTION
MARCH 04, 2004
PAGE 4 OF 8

- (10) THENCE, SOUTH 08 DEGREE 55 MINUTES 42 SECONDS WEST, A DISTANCE OF 1,432.46 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (11) THENCE, SOUTH 81 DEGREES 25 MINUTES 22 SECONDS EAST, A DISTANCE OF 701.67 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF LIBERTY BOULEVARD FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (12) THENCE, NORTH 08 DEGREES 55 MINUTES 42 SECONDS EAST, COINCIDENT WITH THE EAST RIGHT-OF-WAY LINE OF SAID LIBERTY BOULEVARD, A DISTANCE OF 1,581.40 FEET TO A POINT FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (13) THENCE, NORTH 81 DEGREES 04 MINUTES 18 SECONDS WEST, A DISTANCE OF 1,749.99 FEET TO A POINT ON INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF SAID TOM GILL ROAD FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (14) THENCE, NORTH 08 DEGREES 55 MINUTES 42 SECONDS EAST, COINCIDENT WITH THE EAST RIGHT-OF-WAY LINE OF SAID TOM GILL ROAD, A DISTANCE OF 1,225.0 FEET TO A POINT FOR THE AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (15) THENCE, NORTH 81 DEGREES 04 MINUTES 18 SECONDS WEST, PASSING THE WEST RIGHT-OF-WAY LINE OF SAID TOM GILL ROAD AND CONTINUING COINCIDENT WITH THE NORTH LINE OF LOT 1 OF FAITH FELLOWSHIP BIBLE CHURCH SUBDIVISION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 43, PAGE 178, MAP RECORDS OF HIDALGO COUNTY, TEXAS, AT DISTANCE OF 698.51 FEET IN ALL TO A 1/2 INCH DIAMETER IRON FOUND ON THE NORTHWEST CORNER OF SAID LOT 1, FAITH FELLOWSHIP BIBLE CHURCH SUBDIVISION, FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (16) THENCE, SOUTH 08 DEGREES 55 MINUTES 42 SECONDS WEST, COINCIDENT WITH THE WEST LINE OF SAID LOT 1, FAITH

THENCE, SOUTH 81 DEGREES 04 MINUTES 18 SECONDS EAST COINCIDENT WITH THE SOUTH LINE OF SAID TOM GILL SUBDIVISION NO. 1, PASSING THE WEST AND EAST RIGHT-OF-WAY LINES OF SAID TOM GILL ROAD, AND, CONTINUING COINCIDENT WITH THE SOUTH LINE OF TOM GILL SUBDIVISION NO. 6, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 36, PAGE 21, MAP RECORDS OF HIDALGO COUNTY, TEXAS, A DISTANCE OF 3,478.03 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE SOUTHEAST CORNER OF SAID TOM GILL SUBDIVISION NO. 6 AND FURTHER BEING LOCATED ON THE

(18)

THENCE, NORTH 68 DEGREES 55 MINUTES 42 SECONDS EAST COINCIDENT WITH THE WEST LINE OF SAID LOT 3, BLOCK 42, HOMEVILLE ASSOCIATION SUBDIVISION "D," A DISTANCE OF 557.19 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE SOUTHWEST CORNER OF TOM GILL SUBDIVISION NO. 1, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 30, PAGE 136, MAP RECORDS OF HIDALGO COUNTY, TEXAS, FOR THE NORTHWEST CORNER OF THIS HEREIN DESCRIBED TRACT.

(17)

THENCE, NORTH 81 DEGREES 04 MINUTES 18 SECONDS WEST COINCIDENT WITH THE NORTH LINE OF SAID NUEVO PENTAS NORTE NO. 1 SUBDIVISION, A DISTANCE OF 1,065.37 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE NORTHWEST CORNER OF SAID NUEVO PENTAS NORTE NO. 1 SUBDIVISION FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(16)

FELLOWSHIP BIBLE CHURCH SUBDIVISION, A DISTANCE OF 207.19 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE SOUTHWEST CORNER OF SAID LOT 1, FAITH FELLOWSHIP BIBLE CHURCH SUBDIVISION AND BEING LOCATED ON INTERSECTION WITH THE NORTH LINE OF NUEVO PENTAS NORTE NO. 1 SUBDIVISION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 29, PAGE 149, MAP RECORDS OF HIDALGO COUNTY, TEXAS, FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

MEETS AND BOUNDS DESCRIPTION

MARCH 04, 2004

PAGE 6 OF 8

WEST RIGHT-OF-WAY LINE OF SAID LIBERTY BOULEVARD FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(19) THENCE NORTH 08 DEGREES 55 MINUTES 42 SECONDS EAST, COINCIDENT WITH THE WEST RIGHT-OF-WAY LINE OF SAID LIBERTY BOULEVARD, A DISTANCE OF 6,545.41 FEET TO A POINT OF INTERSECTION OF THE WESTERLY PROJECTION OF THE NORTH LINE OF BLOCK 126 OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A" FOR AN OUTSIDE NORTHERN CORNER OF THIS HEREIN DESCRIBED TRACT.

(20) THENCE SOUTH 81 DEGREES 04 MINUTES 18 SECONDS EAST, COINCIDENT WITH THE WESTERLY PROJECTION OF SAID BLOCK 126 OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A", A DISTANCE OF 120.0 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF SAID LIBERTY BOULEVARD FOR A NORTHERN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(21) THENCE SOUTH 08 DEGREES 55 MINUTES 42 SECONDS WEST, ALONG A LINE PARALLEL TO AND 120.0 FEET EAST OF THE WEST RIGHT-OF-WAY LINE OF SAID LIBERTY BOULEVARD, A DISTANCE OF 1,922.24 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON INTERSECTION WITH THE NORTH LINE OF SAID BLOCK 146 OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A", A DISTANCE OF 388.15 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE NORTHEAST CORNER OF SAID BLOCK 146 FOR AN OUTSIDE NORTHERN CORNER OF THIS HEREIN DESCRIBED TRACT.

(22) THENCE SOUTH 81 DEGREES 04 MINUTES 18 SECONDS EAST, COINCIDENT WITH THE NORTH LINE OF SAID BLOCK 146 OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A", A DISTANCE OF 388.15 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE NORTHEAST CORNER OF SAID BLOCK 146 FOR AN OUTSIDE NORTHERN CORNER OF THIS HEREIN DESCRIBED TRACT.

(23) THENCE SOUTH 08 DEGREES 55 MINUTES 42 SECONDS WEST, COINCIDENT WITH THE WEST LINE OF SAID BLOCK 146, A DISTANCE OF 466.66 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE SOUTHEAST CORNER OF SAID BLOCK 146 FOR

METES AND BOUNDS DESCRIPTION

MARCH 04, 2004

PAGE 7 OF 8

AN INSIDE NORTHERN CORNER OF THIS HEREIN DESCRIBED TRACT.

(25) THENCE, SOUTH 81 DEGREES 04 MINUTES 18 SECONDS EAST, COINCIDENT WITH THE SOUTH LINE OF BLOCKS 147 AND 148, OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A", CONTINUING AND PASSING THE WEST RIGHT-OF-WAY LINE OF EVERETT BELL BOULEVARD, AND, CONTINUING COINCIDENT WITH THE SOUTH LINE OF BLOCKS 149 AND 150 OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A", AND, PASSING THE WEST RIGHT-OF-WAY LINE OF GILES ROAD, AT A DISTANCE OF 1,991.64 FEET IN ALL, TO A POINT ON INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF SAID GILES ROAD FOR A NORTHERN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(26) THENCE, SOUTH 08 DEGREES 55 MINUTES 42 SECONDS EAST, COINCIDENT WITH THE EAST RIGHT-OF-WAY LINE OF SAID GILES ROAD SAME BEING THE EAST LINE OF SAID HOMEVILLE ASSOCIATION "A", SUBDIVISION, A DISTANCE OF 6,157.47 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON THE NORTHWEST CORNER OF THE EAST 1,003.02 FEET OF THE SOUTH 64.0 ACRES OF PORCION 77 FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(26) THENCE, SOUTH 52 DEGREES 39 MINUTES 11 SECONDS EAST, A DISTANCE OF 444.86 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(27) THENCE, SOUTH 65 DEGREES 34 MINUTES 57 SECONDS EAST, A DISTANCE OF 94.75 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.

(28) THENCE, SOUTH 81 DEGREES 21 MINUTES 15 SECONDS EAST, A DISTANCE OF 73.84 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND FOR A CORNER OF THIS HEREIN DESCRIBED TRACT.

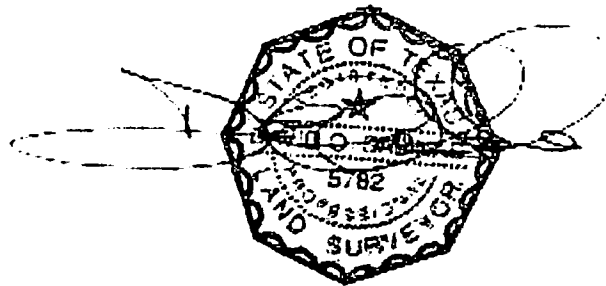
(29) THENCE, SOUTH 89 DEGREES 18 MINUTES 10 SECONDS EAST, A DISTANCE OF 451.77 FEET TO A 1/2 INCH DIAMETER IRON ROD

METES AND BOUNDS DESCRIPTION
MARCH 04, 2004
PAGE 8 OF 8

- (30) FOUND ON INTERSECTION WITH THE EAST LINE OF SAID PORCION 77 FOR THE NORTHEAST CORNER OF THIS HEREIN DESCRIBED TRACT.
- (31) THENCE, SOUTH 08 DEGREES 55 MINUTES 42 SECONDS WEST, COINCIDENT WITH THE EAST LINE OF SAID PORCION 77, A DISTANCE OF 2,312.19 FEET TO A 1/2 INCH DIAMETER IRON ROD FOUND ON INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF U.S. EXPRESSWAY 83 FOR THE SOUTHEAST CORNER OF THIS HEREIN DESCRIBED TRACT.
- (32) THENCE, NORTH 81 DEGREES 25 MINUTES 24 SECONDS WEST, COINCIDENT WITH THE NORTH RIGHT-OF-WAY LINE OF SAID EXPRESSWAY, A DISTANCE OF 4,848.19 FEET TO THE POINT OF BEGINNING, CONTAINING 713.98 ACRES OF LAND, MORE OR LESS.

BEARING SOURCE: THE TEXAS DEPARTMENT OF TRANSPORTATION RIGHT OF WAY MAP FOR THIS AREA.

N. SUBDIVISION PLATS EXAMINED REINVESTMENT ZONE SURVEY METES AND BOUNDS TO 1/4 ACRES.



APPENDIX B

Economic Feasibility Study

The study is currently underway. It will be concluded before the project plan is finalized.