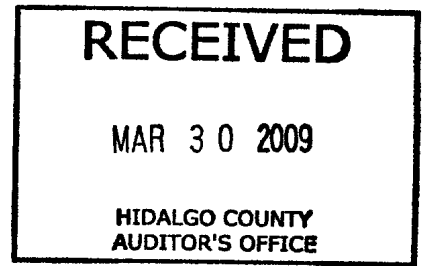


**AMENDMENT
TO
INTERLOCAL AGREEMENT
AMONG
THE CITY OF PENITAS, TEXAS,
HIDALGO COUNTY, TEXAS,
AND**



REINVESTMENT ZONE NUMBER ONE, CITY OF PENITAS, TEXAS

This amendment (the "Amendment") is made by and among the **CITY OF PENITAS, TEXAS** ("City"), a municipal corporation and home-rule city of the State of Texas principally situated in Hidalgo County, Texas, acting by and through its governing body, the City Commission; **HIDALGO COUNTY, TEXAS**, a body corporate and politic under the laws of the State of Texas, acting by and through its governing body, the Hidalgo County Commissioners Court ("County"); and **REINVESTMENT ZONE NUMBER ONE, CITY OF PENITAS, TEXAS** (the "Zone"), a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code, acting by and through its Board of Directors) and amends that certain Interlocal Agreement among the City, the County and the Zone (the "Agreement").

WITNESSETH:

WHEREAS, on November 3, 2004, the City created the Zone by adoption of City Ordinance No. 2004-05, for the purposes of development and redevelopment of the property within the Zone pursuant to the Project Plan; and

WHEREAS, on February 14, 2005, the County originally determined to enter into the Interlocal Agreement but such Interlocal Agreement was not entered into and on October 14, 2008, the County determined to enter into the Interlocal Agreement subject to completion of certain legal and audit review of the Interlocal Agreement; and,

WHEREAS, such review raised concerns about the interaction of Article III and certain other parts of the Interlocal Agreement particularly with respect to the applicable rate of participation by the County ; and

WHEREAS, following such review and discussions of concerns about the effect of Article III of the Interlocal Agreement, on March 3, 2009, the County entered into the Interlocal Agreement with the acknowledgment from the City and the Zone that Article III of the Interlocal Agreement controls any provisions to the contrary, whether in the Interlocal Agreement's exhibits or otherwise, concerning any higher rate of participation by the County; and

WHEREAS, it is in the best interests of the parties to clarify the Interlocal Agreement to confirm the applicable rate of participation by the County.

NOW, THEREFORE, the City, the County and the Zone, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged do hereby contract, covenant and agree as follows:

1. **Definitions.** All terms defined in the Interlocal Agreement and used herein shall have the meaning set forth therein unless otherwise defined herein.
2. **Tax Increment Participation by County.** Notwithstanding any provision to the contrary in the Interlocal Agreement, including the Project Plan and other exhibits thereto, or any other document or agreement, the parties agree that for the purpose of calculating the County's contribution into the Tax Increment Fund, Article III of the Interlocal Agreement shall control over any higher tax rate or calculation.
3. **Commissioners Court Authorization.** This Amendment was authorized by Order of the Commissioners Court dated the 3rd day of March, 2009, authorizing the County Judge to execute this Amendment on behalf of the County.
4. **Severability.** In the event any term, covenant or condition herein contained is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained. In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations on the County's contributions or participation, then neither the County, nor any other party, shall have any liability for any incremental or other payments as may otherwise be provided for in the Interlocal Agreement as amended hereby.
5. **Applicable Law.** This Amendment shall be construed under the laws of the State of Texas and is performable in Hidalgo County, Texas.

6. **Ratification of Interlocal Agreement.** The Interlocal Agreement, as amended hereby, is ratified and confirmed.

EXECUTED IN DUPLICATE ORIGINALS and made effective as of this 3rd day of March, 2009.

CITY OF PENITAS, TEXAS

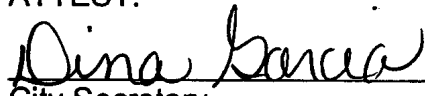


Mayor

City of Peñitas, Texas

Date: _____

ATTEST:



City Secretary

City of Peñitas, Texas

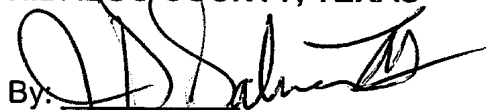
Date: _____

COUNTERSIGNED:

City Attorney

Date: _____

HIDALGO COUNTY, TEXAS



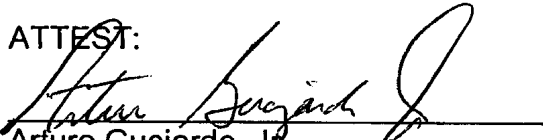
By:

Name: J.D. Salinas III

Title: County Judge

Date: _____

ATTEST:



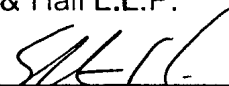
Arturo Guajardo, Jr.

County Clerk

Date: _____

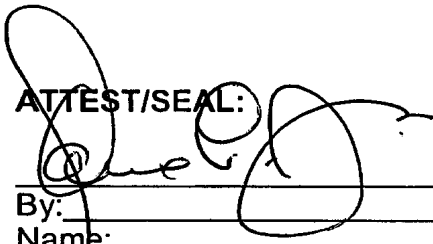
APPROVED AS TO FORM:

Atlas & Hall L.L.P.

By: 
Name: Stephen L. Crain
Date: 3-3-09

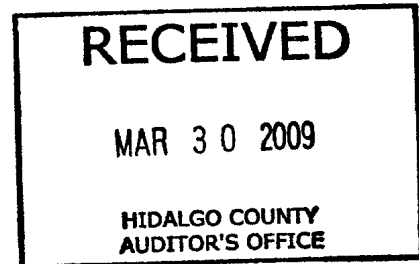
**REINVESTMENT ZONE NUMBER ONE,
CITY OF PENITAS, TEXAS**

By: 
Name: _____
Title: Chairman, Board of Directors
Date: _____

ATTEST/SEAL: 
By: _____
Name: _____
Title: Secretary, Board of Directors
Date: _____

INTERLOCAL AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF HIDALGO §



THIS INTERLOCAL AGREEMENT ("Agreement") is made by and between the **CITY OF PENITAS, TEXAS** ("City"), a municipal corporation and home-rule city of the State of Texas principally situated in Hidalgo County, acting by and through its governing body, the City Commission; **HIDALGO COUNTY, TEXAS**, a body corporate and politic under the laws of the State of Texas, acting by and through its governing body, the Hidalgo County Commissioners Court ("County"); and **REINVESTMENT ZONE NUMBER ONE, CITY OF PENITAS, TEXAS** (the "Zone"), a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code, acting by and through its Board of Directors. This Agreement is made pursuant to Chapter 791 of the Texas Government Code and Chapter 311 of the Texas Tax Code.

The City, the County and the Zone hereby agree to the following terms and conditions of this Agreement.

I. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set out below:

"Agreement" means this Interlocal Agreement between the City, the County and the Zone.

"Captured Appraised Value" means the captured appraised value of the Zone, as defined by Chapter 311, Texas Tax Code.

"City" means the City of Penitas, Texas, and its successors and assigns.

"Countersignature Date" means that date shown as the date countersigned by the City

Attorney on the signature page of this Agreement.

“County” means Hidalgo County, Texas, and its successors and assigns.

“County Tax Increment Participation” means the amount of the County tax levy on the Captured Appraised Value which the County agrees to contribute to the Zone pursuant to Subsections A and B of Section III of this Agreement.

"Project" means the development of property within the boundary of the reinvestment zone, and as described in the Preliminary Project Plan.

“Project Plan” means the project plan and reinvestment zone financing plan for the Zone, a true and correct copy of which is attached to this Agreement as **Exhibit 2**, and such amendments and revisions to such plan as may be adopted by the board of directors of the Zone and approved by the City Council of the City.

“Tax Increment Fund” means the tax increment fund created by the City in the City Treasury for the Zone.

“TIRZ Obligation” means any financial obligation of the TIRZ related to the implementation of the Project Plan, as amended, including reimbursement agreements with developers within the Zone.

“Zone” means Reinvestment Zone Number One, City of **Penitas**, Texas, created by the City on November 3, 2004, by Ordinance No. 2004-05, a true and correct copy of said ordinance is attached to this Agreement as **Exhibit 1**, which ordinance was amended by the City on

February 11, 2005, by Ordinance No.2005-01, a true and correct copy of which is attached to this agreement as **Exhibit 3**.

Otherwise, the terms used herein have the meanings ascribed to them in Chapter 311, Texas Tax Code.

II. BACKGROUND

On November 3, 2004, the City created the Zone by adoption of City Ordinance No. 2004-05, for the purposes of development and redevelopment of the property within the Zone pursuant to the Project Plan. The City has agreed to participate in the Zone by contributing tax increments produced in the Zone to the Tax Increment Fund. The County desires to participate in the Zone, beginning with the 2005 tax year, in consideration for the agreements set forth below. The parties now desire to enter into an interlocal agreement pursuant to Section 311.013(f) of the Texas Tax Code.

III. OBLIGATIONS OF COUNTY

A. Tax Increment Participation.

For and in consideration of the agreements of the parties set forth herein, and subject to the remaining subsections of this section, the County agrees to participate in the Zone by contributing to the Tax Increment Fund during the term of this Agreement equal to the tax increment with respect to the Captured Appraised Value in the Zone attributable to the County based on 95% of the lesser of (i) \$0.5095 per \$100 of taxable valuation, or (ii) the actual

Maintenance and Operations ad valorem tax rate levied by the County for the applicable tax year.

B. County Tax Increment Limitation

The County is not obligated to pay the County Tax Increment Participation from any source other than taxes collected on the Captured Appraised Value. Furthermore, the County has no duty or obligation to pay the County Tax Increment Participation from any other County taxes or revenues, or until the County Tax Increment Participation in the Zone is actually collected. The obligation to pay the County Tax Increment Participation accrues as taxes representing the County Tax Increment Participation are collected by the County, and payment with respect to all taxes collected as of January 31, shall be due 90 days after the delinquency date for such taxes in accordance with Section 311.013(c) of the Texas Tax Code (as of the date hereof, the delinquency date is February 1) for each year the County participates in the Zone, it being agreed by the parties that the first payment shall be due May 1, 2009 and shall include the tax increment collected by the County beginning with tax year 2005 with no penalty or interest due with respect to any payments for tax years 2005, 2006 and 2007 made on or before May 1, 2009 because this Agreement had not been executed in time for such payment or any portion thereof to have been due at any earlier time. Any portion of the taxes representing the County Tax Increment Participation that are paid to the County and subsequently refunded pursuant to the provision of the Texas Tax Code shall be offset against future payments to the Tax Increment Fund. Taxes

remaining delinquent for five years shall be considered uncollectible and any taxes thereafter collected by the County shall not be deemed part of the County Tax Increment Participation.

Further, as provided in Section 311.013(d), Texas Tax Code, the County is not required to pay a tax increment into the tax increment fund of the zone after three years from the date the zone is created unless the following conditions exist or have been met within the three year period: (1) bonds have been issued for the zone under Section 311.015, Texas Tax Code; (2) the municipality has acquired property in the zone pursuant to the Project Plan; or (3) construction of improvements pursuant to the Project Plan has begun in the zone. The Zone represents to the other parties that construction pursuant to the Project Plan commenced within three years of creation of the Zone.

C. Expansion of the Zone.

The obligation of the County to participate in the Zone is limited to the area described in the Project Plan. The County's participation does not extend to the tax increment on any additional property added to the Zone unless the County specifically agrees to participate in the additional area.

D. Board of Directors

Notwithstanding anything to the contrary in City's Ordinance creating the Zone, pursuant to the provisions of Section 311.009(a), Texas Tax Code, the County shall have the unequivocal right to appoint and thereafter at all times maintain one (1) member on the Board of Directors of

the Zone. Failure of the County to appoint a person to the Board of Directors of the Zone shall not be deemed a waiver of the County's right to make an appointment at a later date. The County will make best faith efforts to appoint and maintain a person to serve on the Board of Directors. The County may also appoint and maintain as many non-voting ex officio members on the Board of Directors of the Zone as the County may desire.

IV. OBLIGATIONS OF THE CITY AND THE ZONE

A. Project Plan

Any member of the County Commissioners Court may review and comment upon any amendment to the Project Plan prior to its approval by the City Commission. The City agrees to provide the County Judge and the County Auditor with any proposed amendments to the Project Plan at least thirty (30) days prior to their submission to the City Commission for approval. The City agrees to work with the Zone Board of Directors to implement the Project Plan.

The City and the Zone agree to comply with the Project Plan. The City agrees to provide prior written notice to the County of any proposed amendments to the Project Plan. The County shall have a period of 30 business days from the date of receipt of such notice of a proposed change to provide comments and objections to the proposed change. If the County timely provides written notice to the City that it objects to the proposed change, and (i) the change materially alters the Project Plan (which may include previously approved amendments) in its form

prior to the proposed amendment (the “Project Plan Prior to Proposed Amendment”); (ii) the objection, as set out in the notice, is not resolved within 45 business days from the date of the City’s receipt of the County’s notice; and (iii) the City approves such change notwithstanding the County’s objection, then the County may thereafter discontinue its Tax Increment Payments and terminate its participation in the Zone; *provided that* the County’s discontinuation shall not become effective until such time as all TIRZ Obligations incurred with respect to the Project Plan Prior to Proposed Amendment are paid in full (the “County’s Termination Effective Date”). Prior to the County’s Termination Effective Date, the County shall remain a participant in this Agreement and shall be bound by its terms.

A change to the Project Plan is not considered material under the preceding paragraph unless it provides for improvements or costs unrelated to the projects and costs in the Project Plan as of the date of this Agreement. If the County does not provide notice of its objections within 45 days as provided above, the changes to the Project Plan are deemed approved.

B. Disposition of Tax Increments

Upon termination of the Zone, and after all obligations and bonded indebtedness of the Zone have been paid, the City and the Zone shall pay to the County, within sixty (60) days of said termination, all monies remaining in the Tax Increment Fund that are attributable on pro rata basis to the County Tax Increment Participation paid by the County into the Tax Increment Fund.

C. Audits and Annual Reports

(i) In the event the City recreates a redevelopment authority in connection with the Zone, the City shall provide to the County Judge, with a copy to the County Auditor, a copy of each of the audits required by the agreement between the City, the Zone and any such redevelopment authority within thirty (30) days of receipt of each audit.

(ii) All annual or other reports required by Chapter 311 of the Tax Code shall be provided to the County Judge as required therein with a copy to the County Auditor, and if the applicable report is filed late, the County shall not be required to make payments under Article III until it has received such reports (and penalties and interest shall not accrue for any such payment until 30 days following receipt of a late-filed report). The County Auditor shall be authorized to audit Zone records at the County's expense upon reasonable notice to the Zone and the City.

D. Plats and Subdivisions

The Parties agree to cooperate to so that the City and the County can properly account for all tax accounts within the Zone. The Zone agrees to use its best efforts to (i) provide such information as the County and the Hidalgo County Appraisal District may reasonably need to properly allocate tax accounts to the Zone, and (ii) provide copies of all plats approved within the Zone to the County Judge, the County Auditor, and the Hidalgo County Appraisal District.

V. TERM AND TERMINATION

A. Agreement Term

This Agreement becomes effective as of the date of the final signature hereto. The term of this Agreement shall commence with the tax year beginning on January 1, 2005. This Agreement terminates on the earlier of (i) December 31, 2034; (ii) the termination of the Zone as provided in Section 311.017 of the Texas Tax Code; or (iii) termination by the parties hereto consistent with all applicable laws. Nothing in this Agreement limits the authority of the Hidalgo County Commissioners Court to extend the term of this Agreement. Upon termination of this Agreement, the obligation of the County to contribute to the Tax Increment Fund for the Zone shall end; however, any refund obligations of the City, the Zone or any related redevelopment authority shall survive such termination.

B. Early Termination

The Zone may terminate pursuant to the provisions of Section 311.017 of the Texas Tax Code.

VI. MISCELLANEOUS

A. Severability

In the event any term, covenant or condition herein contained is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained.

In the event any term, covenant or condition shall be held invalid and affects in any manner

the limitations on the County's, or any other party's, contributions or participation, then neither the County, nor any other party, shall have any liability for any incremental or other payments as may otherwise be provided for in this Agreement.

B. Entire Agreement

This Agreement merges the prior negotiations and understandings of the parties hereto and embodies the entire agreement of the parties, and there are no other agreements, assurances, conditions, covenants (express or implied) or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

C. Written Amendment

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly executed on behalf of each party.

D. Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received or, if earlier, on the third (3rd) day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other party at the address set out below or at such other address as the receiving party may have theretofore prescribed by notice to the sending

party.

The initial addresses of the parties, which any party may change by giving written notice of its changed address to the other parties, are as follows:

City

City Manager
P.O Box 204
Penitas, Texas 78576

Hidalgo County

Hidalgo County Commissioners Court
Hidalgo County Courthouse
100 North Closner Blvd
Edinburg, Texas 78539
Attention: County Judge

Zone

Reinvestment Zone No. 1
c/o Hawes Hill Calderon, LLP
10103 Fondren Road # 300
Houston, Texas 77096
Attn: Bill Calderon

E. Non-Waiver

Failure of any party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any other right or remedy occurring as a result of any future default or failure of performance.

F. Assignment

No party shall assign this Agreement at law or otherwise without the prior written consent of the other parties. No party shall delegate any portion of its performance under this Agreement without the written consent of the other parties.

G. Successors

This Agreement shall bind and benefit the parties and their legal successors. This Agreement does not create any personal liability on the part of any officer, agent or employee of the City, the Zone or the County.

H. No Waiver of Immunity

No party hereto waives or relinquishes any immunity or defense on behalf of itself, its trustees, officers, employees, and agents as a result of its execution of this Agreement and performance of the covenants contained herein.

I. Force Majeure

The parties agree that in the event a party's performance of any obligation under this Agreement is delayed due to the act or failure or delay in acting of another party or another government entity (so long as such failure is not caused by an act or omission of the delaying party), then such party's time to perform shall be extended by the length of the delay provided that the party whose performance has been delayed gives prompt written notice thereof to the other parties hereto. The parties further agree that in the event any payment hereunder is miscalculated due to errors in the information provided to the party making the calculation or making the payment based on such calculation, that such payment shall be promptly adjusted upon the parties becoming aware of the miscalculation and agreeing to the proper calculation (e.g., in the event the Hidalgo County Appraisal District omits a tax account that should be in the Zone from calculations of the tax increment attributable to the Zone). It is the parties intention that all

of the parties work together in good faith to correct any such delays or miscalculations and that no interest or penalty shall be due with respect to any such delays or miscalculations.

J. Exhibits

This Agreement includes the following exhibits:

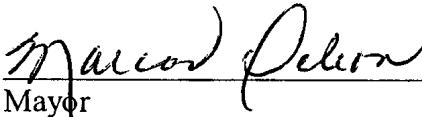
Exhibit 1: City of Penitas Ordinance No. 2004-05

Exhibit 2: Project Plan

Exhibit 3: City of Penitas Ordinance No. 2005-01

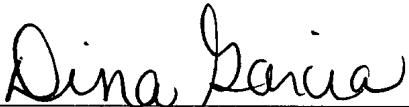
IN WITNESS HEREOF, the City, the County and the Zone have made and executed this Agreement in multiple copies, each of which is an original.

CITY OF PENITAS, TEXAS



Mayor
City of Peñitas, Texas
Date: _____

ATTEST:



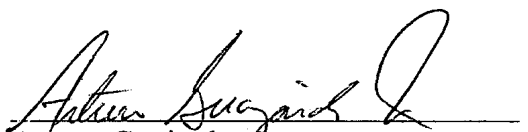
City Secretary
City of Peñitas, Texas
Date: _____
COUNTERSIGNED:

City Attorney
Date: _____

HIDALGO COUNTY, TEXAS

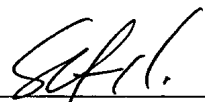
By: 
Name: J.D. Salinas III
Title: County Judge
Date: _____

ATTEST:

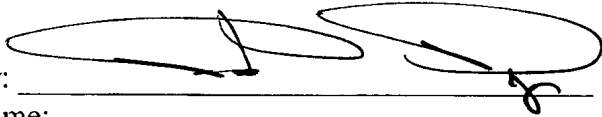

Arturo Guajardo, Jr.
County Clerk
Date: _____

APPROVED AS TO FORM:

Atlas & Hall LLP

By: 
Name: Stephen L. Crain
Date: 3-3-09

**REINVESTMENT ZONE NUMBER ONE,
CITY OF PENITAS, TEXAS**


By: _____
Name: _____
Title: Chairman, Board of Directors
Date: _____

ATTEST/SEAL:

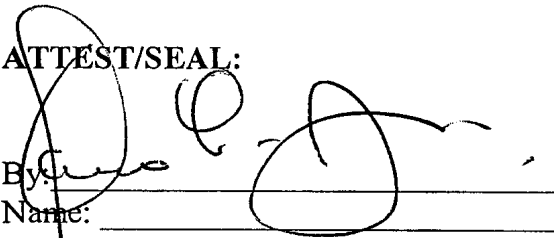
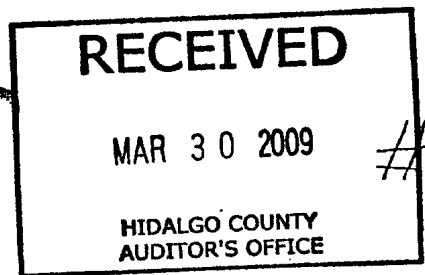

By: _____
Name: _____
Title: Secretary, Board of Directors
Date: _____

Exhibit 1
City Ordinance No. 2004-05



CITY OF PENITAS, Texas, Ordinance No. 2004-05

AN ORDINANCE DESIGNATING A CONTIGUOUS GEOGRAPHIC AREA WITHIN CITY OF PENITAS AS REINVESTMENT ZONE NUMBER ONE, CITY OF PENITAS, TEXAS, FOR TAX INCREMENT FINANCING PURPOSES PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; CREATING A BOARD OF DIRECTORS FOR SUCH ZONE; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT; PROVIDING A SEVERABILITY CLAUSE; AND DECLARING AN EMERGENCY.

*** * * * ***

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, the City may designate a contiguous geographic area within the City as a reinvestment zone if the area satisfies the requirements of certain sections of Chapter 311 of the Texas Tax Code; and

WHEREAS, the City has prepared a preliminary reinvestment zone financing plan, which provides that CITY OF PENITAS City ad valorem taxes are to be deposited into the tax increment fund, and that taxes of other taxing units may be utilized in the financing of the proposed zone; and

WHEREAS, the City provided written notice of the public hearing on the creation of the proposed zone, complying with the requirements of Chapter 311, Texas Tax Code, to the governing body of all taxing units levying taxes on property in the proposed zone; and

WHEREAS, a notice of the public hearing on the creation of the proposed zone was published on OCTOBER 26, 2004, in the McALLEN MONITOR, a newspaper of general circulation in the City; and

WHEREAS, the total appraised value of real property taxable by the South Texas College District, in which the proposed zone is located, is \$3,610,638; and

WHEREAS, the total appraised value of real property taxable by the Hidalgo County Drainage District #1, in which the proposed zone is located, is \$3,610,638; and

WHEREAS, the total area within the proposed zone is approximately 716 acres, excluding property that is publicly owned; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEÑITAS, TEXAS:

Section 1. Findings.

(a) That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are adopted as part of this Ordinance for all purposes.

(b) That the City Council further finds and declares that the proposed improvements in the zone will significantly enhance the value of all the taxable real property in the proposed zone and will be of general benefit to the City.

(c) That the City Council further finds and declares that the proposed zone meets the criteria and requirements of Section 311.005 of the Texas Tax Code because the proposed zone contains substantial areas that are predominantly open and underdeveloped, and lack public water distribution, wastewater collection and storm drainage facilities which conditions substantially impair and arrest the sound growth of the City.

(d) That the City Council, pursuant to the requirements of Chapter 311, Texas Tax Code, further finds and declares:

Section 3. Board of Directors

That there is hereby created a Board of Directors for the Zone, which shall consist of seven (7) members. Positions One through Five on the Board of Directors shall be reserved for the City. Positions Six and Seven shall be reserved for other taxing units levying taxes within the Zone, each of whom may appoint one director. Any taxing unit that appoints a director shall be assigned a Board position number in the order the City receives the appointment. Failure of a taxing unit to appoint a director by June 15, 2005, shall be deemed a waiver of the right to appoint a director, and the City shall be entitled to appoint persons to the position, which shall be filled as provided below. If more than two taxing units levying taxes within the Zone appoint a director, the number of directors on the Board of Directors shall be increased by one for each taxing unit above two that appoints a director to the board; provided, if more than four taxing units levying taxes within the Zone appoint a director, the number of directors on the Board of Directors shall be increased by two for each taxing unit above four that appoints a director to the board, provided, further, that the maximum number of directors shall not exceed fifteen (15). The City shall be entitled to appoint a person to one position of each of the two positions created as a result of more than four taxing units appointing directors, which position shall be filled as provided below.

The Mayor is hereby authorized to nominate and appoint, subject to City Council approval, the directors to Positions One through Five of the Board of Directors, any position unfilled on June 15, 2005, and any City position created by the appointment of a director by more than two taxing units levying taxes within the Zone, subject to the consent and approval of the City Council.

Section 4. Duration of the Zone

That the Zone shall take effect on January 1, 2004, for the deposit of tax increments into the Tax Increment Fund established pursuant to Section 7 of this Ordinance, and termination of the operation of the Zone shall occur on December 31, 2034, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of the Zone, and the interest thereon, have been paid in full.

Section 5. Tax Increment Base

That the Tax Increment Base of the City or any other taxing unit participating in the Zone for the Zone is the total appraised value of all real property taxable by the City or other taxing unit participating in the Zone and located in the Zone, determined as of January 1, 2004, the year in which the Zone was designated as a reinvestment zone (the "Tax Increment Base").

Section 6. Tax Increment Fund

That there is hereby created and established a Tax Increment Fund for the Zone which may be divided into subaccounts as authorized by subsequent ordinances. All Tax Increments, as defined below, shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any subaccount shall be maintained at the depository bank of the City 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 and any other taxing unit participating in the Zone for that year on the captured appraised value, as defined by Chapter 311 of the Texas Tax Code, of real property located in Zone that is

Section 8. Open Meetings

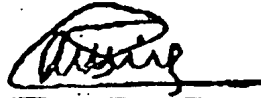
It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the Time required by law preceding its meeting, as required by the Open Meetings Law, Texas Government Code, ch. 551, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 9. Notices

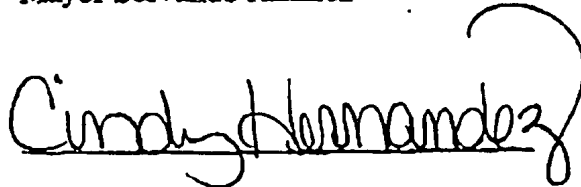
The contents of the notice of the public hearing, which hearing was held before the City Council on November 3, 2004, and the publication of said notice, are hereby ratified, and confirmed.

PASSED AND ADOPTED this 3rd day of November, 2004.

APPROVED this 3rd day of November, 2004.



Mayor Servando Ramirez



Cindy Hernandez, City Secretary

Exhibit 2

Project Plan

RECEIVED

MAR 30 2009

HIDALGO COUNTY
AUDITOR'S OFFICE

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	20	\$2,000	20	\$2,000	20	\$2,000	20	\$2,000	20	\$2,000	20	\$1,750	20	\$1,600	20	\$1,500
50 x 130 Lots	25	\$3,950	30	\$3,300	30	\$3,300	30	\$3,300	30	\$3,300	25	\$2,750	25	\$2,750	25	\$2,750	25	\$2,750	25	\$3,850
75 x 140 Lots	35	\$5,320	32	\$4,480	34	\$4,750	34	\$4,750	34	\$4,750	25	\$3,500	25	\$3,500	25	\$3,500	20	\$4,200	20	\$4,200
Total Home Sales	104		82		89		78		78		78		78		72		78		88	
Total Captured Value		\$0		\$0		\$11,650		\$10,050		\$10,050		\$8,250		\$8,250		\$8,010		\$8,350		\$73,830
Cumulative Captured Value		\$0		\$0		\$11,650		\$21,700		\$31,750		\$39,970		\$47,630		\$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	1		1		5		3		1		5		1	
50 x 130 Lots	25	\$2,750	25	\$2,750	11	\$1,210	1		1		5		3		1		5		1	
75 x 140 Lots	32	\$4,450	30	\$4,450	16	\$2,240	1		1		5		3		1		5		1	
Total Home Sales	77		77		37															
Total Captured Value		\$8,830		\$8,830		\$4,240		\$0		\$0		\$0		\$0		\$0		\$0		\$0
Cumulative Captured Value		\$8,830		\$17,660		\$21,900		\$21,900		\$21,900		\$21,900		\$21,900		\$21,900		\$21,900		\$21,900

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.

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS

Commercial Buildout Schedule (In Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Commercial Protect Values										
Commercial Value	1,399	\$1,953	\$3,358	\$4,810	\$3,559	\$1,959	\$2,395	\$4,187	\$1,729	\$1,267
Total Captured Value	\$989	\$1,863	\$3,358	\$4,810	\$3,559	\$1,959	\$3,396	\$4,187	\$1,728	\$1,957
Cumulative Captured Value	\$989	\$2,852	\$6,310	\$11,120	\$14,680	\$16,638	\$19,974	\$24,171	\$25,901	\$29,457

[illegible]

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		No. of Homes Added	Senior Citizens Exemption			Cum. No. of Homes	City			County Projected Taxable Valuation
	Residential Assessed Valuation	Residential Incremental Assessed Valuation		Number of Eligible Homes (1)	Exemption Amount (2)	County		Projected Taxable Valuation	Commercial Valuation	Projected Taxable Valuation	
2005 \$	- \$	- \$	0	-	- \$		-	998,974	998,974	998,974	998,974
2006 \$	- \$	- \$	0	-	- \$		-	2,952,151	2,952,151	2,952,151	2,952,151
2007 \$	11,080,000 \$	11,080,000 \$	104	2.1	(104,000) \$		104	17,990,049	9,310,049	17,990,049	17,990,049
2008 \$	9,380,000 \$	21,050,000 \$	92	3.7	(182,000) \$		196	32,180,235	11,120,235	32,180,235	31,994,235
2009 \$	10,950,000 \$	31,120,000 \$	99	5.5	(275,000) \$		275	46,799,605	14,679,605	46,799,605	45,524,605
2010 \$	8,250,000 \$	39,370,000 \$	75	7.0	(350,000) \$		350	56,038,279	16,638,279	56,038,279	55,658,279
2011 \$	8,250,000 \$	47,620,000 \$	75	9.5	(425,000) \$		425	67,593,890	19,973,890	67,593,890	67,168,890
2012 \$	8,010,000 \$	55,630,000 \$	72	9.9	(497,000) \$		497	79,801,261	24,171,261	79,801,261	79,304,261
2013 \$	8,550,000 \$	64,180,000 \$	75	11.4	(572,000) \$		572	90,090,579	25,900,579	90,090,579	89,538,579
2014 \$	9,650,000 \$	73,830,000 \$	95	13.1	(657,000) \$		657	103,687,300	29,857,300	103,687,300	103,030,300
2015 \$	8,830,000 \$	82,660,000 \$	77	14.7	(734,000) \$		734	114,495,651	31,835,651	114,495,651	113,791,651
2016 \$	8,830,000 \$	91,490,000 \$	77	15.2	(811,000) \$		811	127,721,708	36,231,708	127,721,708	126,910,708
2017 \$	4,250,000 \$	95,740,000 \$	37	17.0	(848,000) \$		848	133,924,895	38,184,895	133,924,895	133,076,895
2018 \$	- \$	95,740,000 \$	0	17.0	(848,000) \$		848	135,878,052	40,138,052	135,878,052	135,030,052
2019 \$	- \$	95,740,000 \$	0	17.0	(848,000) \$		848	135,878,052	40,138,052	135,878,052	135,030,052
2020 \$	- \$	95,740,000 \$	0	17.0	(848,000) \$		848	135,878,052	40,138,052	135,878,052	135,030,052
2021 \$	- \$	95,740,000 \$	0	17.0	(848,000) \$		848	135,878,052	40,138,052	135,878,052	135,030,052
2022 \$	- \$	95,740,000 \$	0	17.0	(848,000) \$		848	135,878,052	40,138,052	135,878,052	135,030,052
2023 \$	- \$	95,740,000 \$	0	17.0	(848,000) \$		848	135,878,052	40,138,052	135,878,052	135,030,052
2024 \$	- \$	95,740,000 \$	0	17.0	(848,000) \$		848	135,878,052	40,138,052	135,878,052	135,030,052
Total \$	95,740,000		949								

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.

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS

Projected Zone Revenues

SCHEDULE D

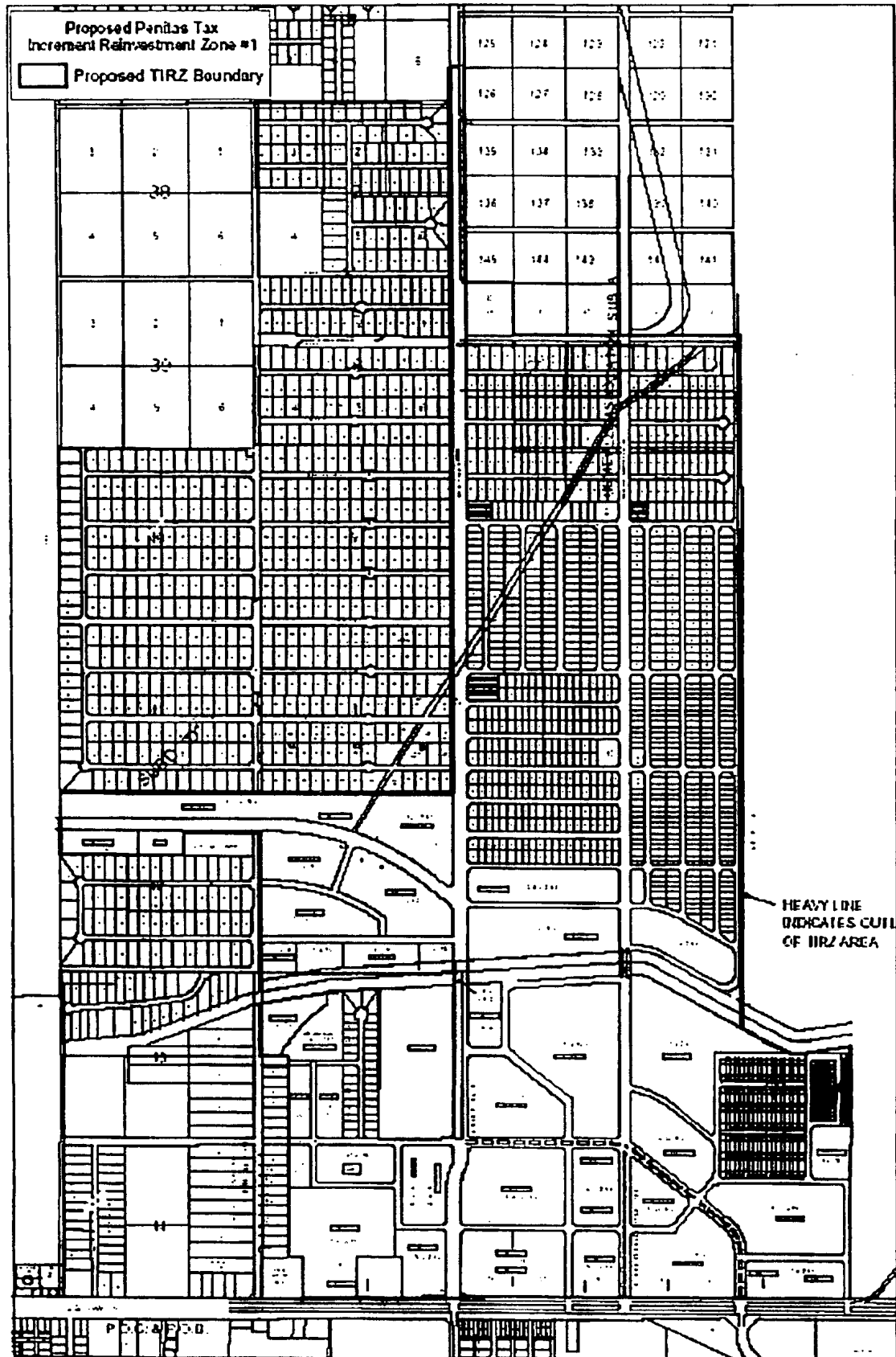
Year	Cell Year	City Tax Rate	City Zone Collection	County Rate	County Proposition	County Zone Collection	Total Zone Revenues Available	City Rate for Services	County Revenue Returned	Zone Revenue Available for Project Costs	Cumulative Zone Revenue Available for Project Costs
2005	2006	\$ 0.3000	\$ 2,987	\$ 0.5000	25%	\$ 5,010	\$ 9,007	\$ -	\$ (984)	\$ 7,123	\$ 7,123
2006	2007	\$ 0.3000	\$ 6,956	\$ 0.5000	25%	\$ 14,909	\$ 23,865	\$ -	\$ 12,913	\$ 21,049	\$ 28,172
2007	2008	\$ 0.3000	\$ 53,970	\$ 0.5000	25%	\$ 95,959	\$ 143,959	\$ 128,000	\$ (15,329)	\$ 128,640	\$ 130,811
2008	2009	\$ 0.3000	\$ 95,541	\$ 0.5000	25%	\$ 160,451	\$ 255,932	\$ 148,500	\$ (28,315)	\$ 182,177	\$ 312,188
2009	2010	\$ 0.3000	\$ 137,359	\$ 0.5000	25%	\$ 228,308	\$ 385,702	\$ 168,750	\$ (40,289)	\$ 258,569	\$ 568,553
2010	2011	\$ 0.3000	\$ 198,028	\$ 0.5000	25%	\$ 279,127	\$ 447,152	\$ 187,500	\$ (49,258)	\$ 310,364	\$ 879,248
2011	2012	\$ 0.3000	\$ 232,782	\$ 0.5000	25%	\$ 338,952	\$ 539,834	\$ 1108,250	\$ (59,444)	\$ 373,939	\$ 1,253,187
2012	2013	\$ 0.3000	\$ 239,404	\$ 0.5000	25%	\$ 337,711	\$ 637,115	\$ 1,24,250	\$ (70,184)	\$ 442,860	\$ 1,696,967
2013	2014	\$ 0.3000	\$ 270,242	\$ 0.5000	25%	\$ 448,868	\$ 719,127	\$ (143,000)	\$ (79,215)	\$ 498,912	\$ 2,192,779
2014	2015	\$ 0.3000	\$ 311,082	\$ 0.5000	25%	\$ 518,687	\$ 827,759	\$ (164,250)	\$ (91,182)	\$ 572,327	\$ 2,765,106
2015	2016	\$ 0.3000	\$ 343,487	\$ 0.5000	25%	\$ 570,515	\$ 914,002	\$ (183,500)	\$ (100,979)	\$ 639,523	\$ 3,394,928
2016	2017	\$ 0.3000	\$ 383,189	\$ 0.5000	25%	\$ 538,457	\$ 1,019,822	\$ (202,750)	\$ (112,316)	\$ 704,556	\$ 4,099,485
2017	2018	\$ 0.3000	\$ 431,779	\$ 0.5000	25%	\$ 597,381	\$ 1,083,152	\$ (212,000)	\$ (117,773)	\$ 739,382	\$ 4,838,968
2018	2019	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 5,592,178
2019	2020	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 6,345,484
2020	2021	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 7,098,793
2021	2022	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 7,852,101
2022	2023	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 8,605,409
2023	2024	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 9,358,718
2024	2025	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 10,112,028
2025	2026	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 10,865,334
2026	2027	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 11,618,643
2027	2028	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 12,371,951
2028	2029	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 13,125,259
2029	2030	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 13,878,568
2030	2031	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 14,631,878
2031	2032	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 15,385,184
2032	2033	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 16,138,493
2033	2034	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 16,891,801
2034	2035	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 17,645,109
2035	2036	\$ 0.3000	\$ 437,834	\$ 0.5000	25%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 18,398,418
			\$ 9,967,119			\$ 16,541,059	\$ 26,498,178	\$ (5,180,750)	\$ (2,919,010)	\$ 18,388,418	

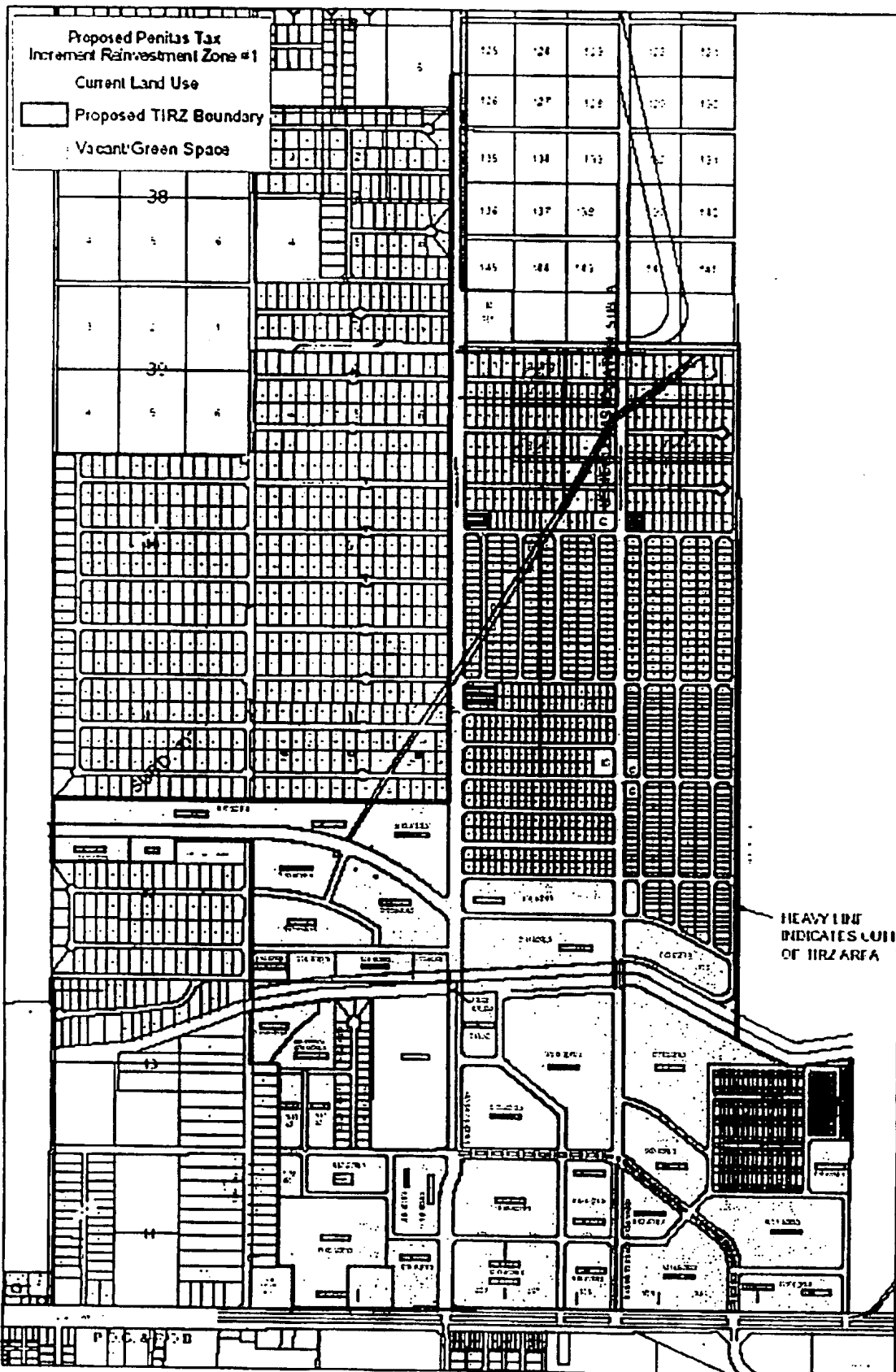
SCHEDULE E

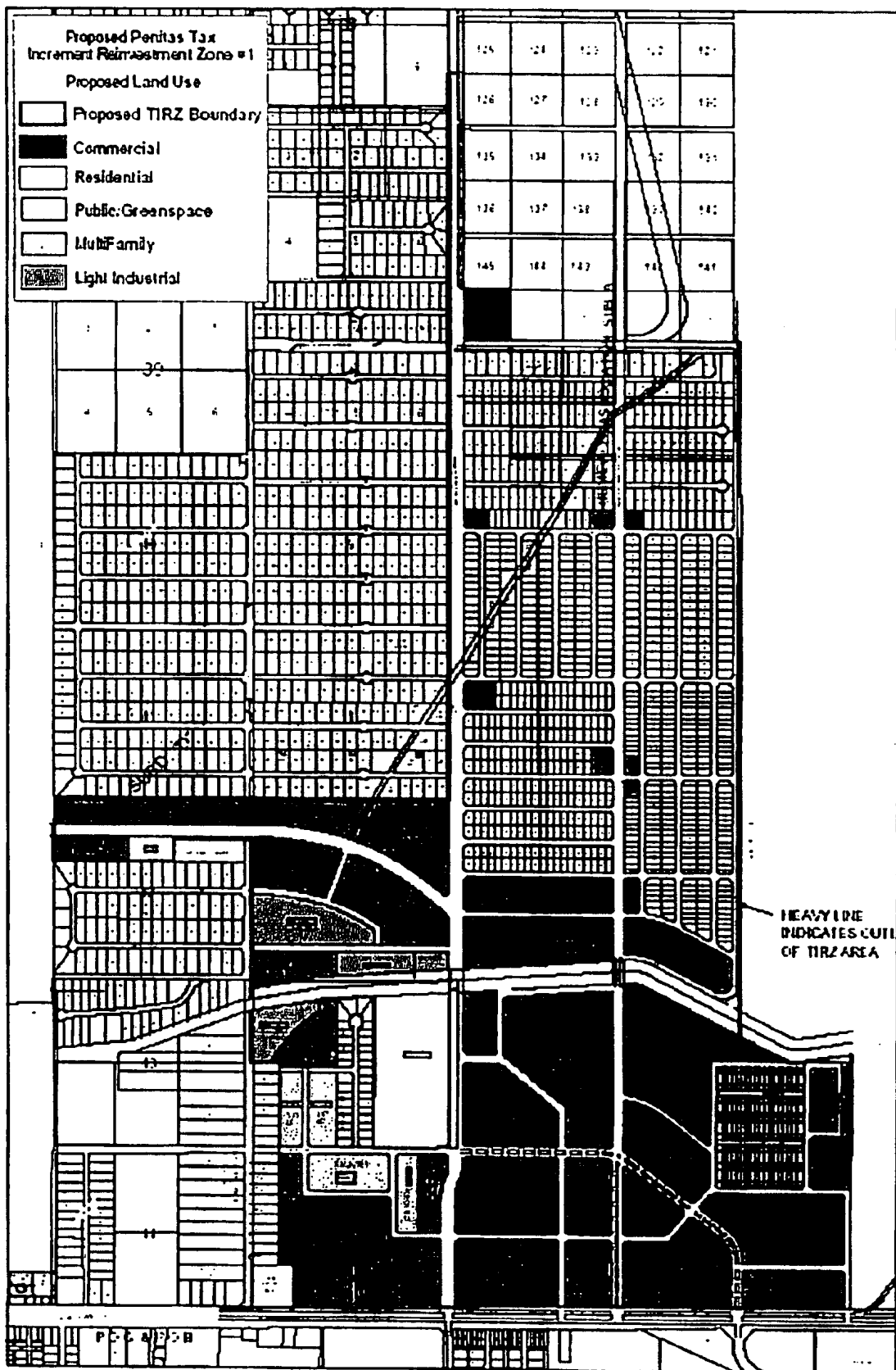
10/21/2005

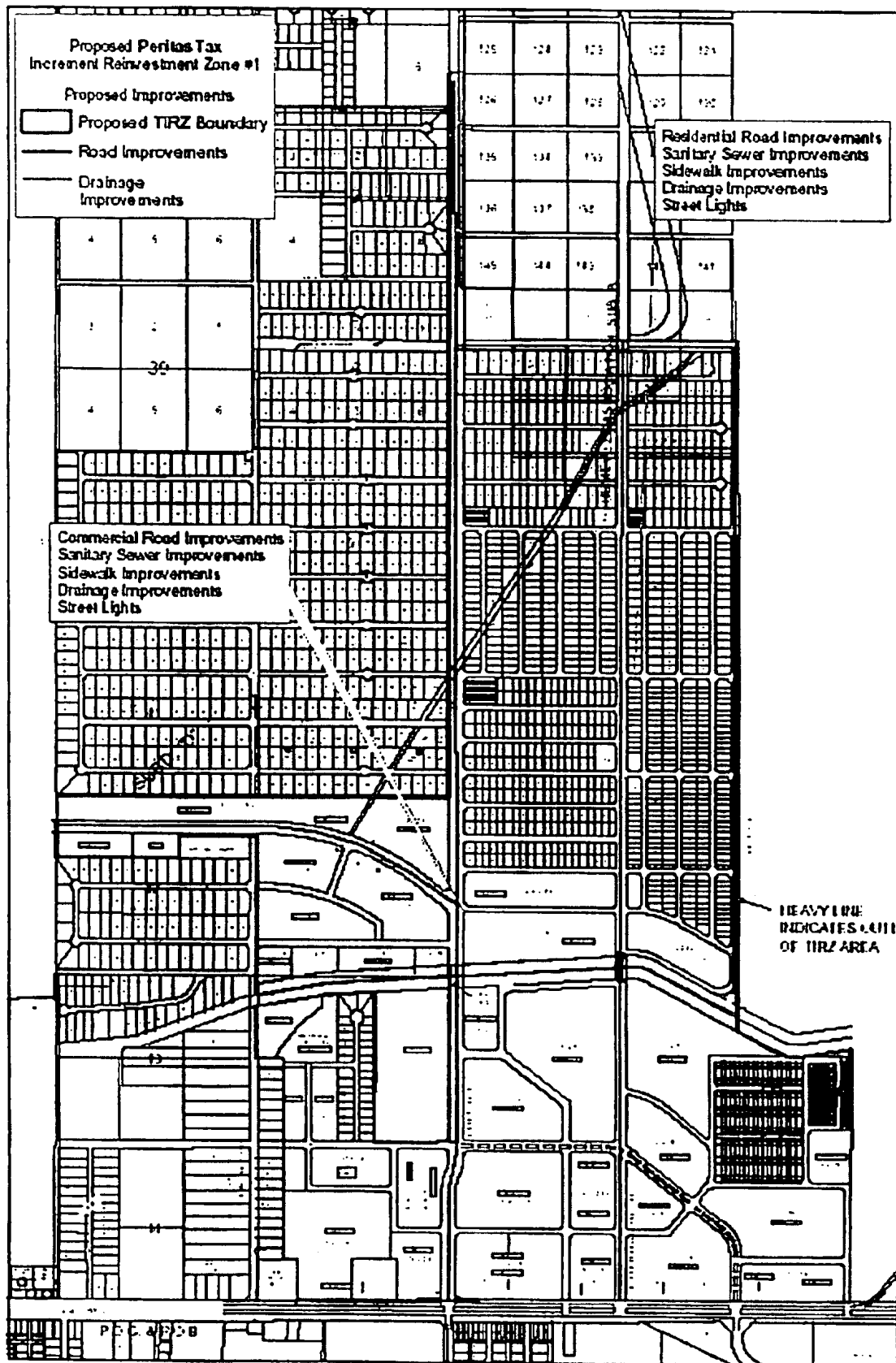
MAPS

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









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, 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 129, 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 1,603.02 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 68 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 176, 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 1, 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 1, FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT;
- (4) THENCE, NORTH 81 DEGREES 04 MINUTES 18 SECONDS WEST, COINCIDENT WITH THE NORTH LINE OF SAID BELL SUBDIVISION NO. 2, PHASE 1, A DISTANCE OF 248.61 FEET TO A 1/2 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

- (01) 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.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) 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.
- (14) 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.
- (15) THENCE, SOUTH 08 DEGREES 55 MINUTES 42 SECONDS WEST, COINCIDENT WITH THE WEST LINE OF SAID LOT 1, FAITH

METES AND BOUNDS DESCRIPTION

MARCH 04, 2004

PAGE 5 OF 8

FELLOWSHIP BIBLE CHURCH SUBDIVISION, A DISTANCE OF 207.19 FEET TO A ½ 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 PENITAS 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.

- (16) THENCE, NORTH 81 DEGREES 04 MINUTES 18 SECONDS WEST, COINCIDENT WITH THE NORTH LINE OF SAID NUEVO PENITAS NORTE NO. 1 SUBDIVISION, A DISTANCE OF 1,065.37 FEET TO A ½ INCH DIAMETER IRON ROD FOUND ON THE NORTHWEST CORNER OF SAID NUEVO PENITAS NORTE NO. 1 SUBDIVISION FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT.
- (17) THENCE, NORTH 08 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 ½ 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.
- (18) 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 3,478.05 FEET TO A ½ INCH DIAMETER IRON ROD FOUND ON THE SOUTHEAST CORNER OF SAID TOM GILL SUBDIVISION NO. 6 AND FURTHER BEING LOCATED ON THE

METES 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" FOR A NORTHERN INSIDE 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.

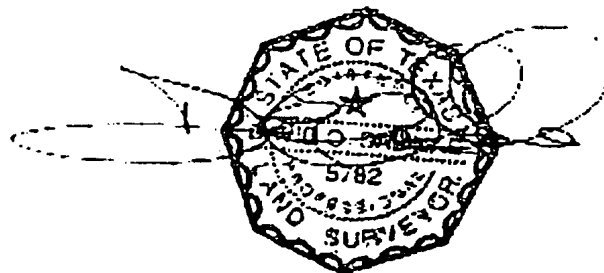
- (24) THENCE, SOUTH 81 DEGREES 04 MINUTES 18 SECONDS EAST, COINCIDENT WITH THE SOUTH LINE OF BLOCKS 147 AND 148, OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A," CONTINUING AND PASSING THE WEST RIGHT-OF-WAY LINE OF EVERETT BELL BOULEVARD, AND, CONTINUING COINCIDENT WITH THE SOUTH LINE OF BLOCKS 149 AND 150 OF SAID HOMEVILLE ASSOCIATION SUBDIVISION "A," AND, PASSING THE WEST RIGHT-OF-WAY LINE OF GILES ROAD, AT A DISTANCE OF 1,921.64 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.
- (25) 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. SURVEYING PLAT 14 INCREMENTAL REINVESTMENT ZONE SURVEY METES AND BOUNDS 713.98 ACRES



APPENDIX B

Economic Feasibility Study

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

Exhibit 3
City Ordinance (as amended) No. 2005-01

CITY OF PENITAS, Texas, Ordinance No. 2005-01

AN ORDINANCE AMENDING AND RESTATING ORDINANCE NO. 2004-05, DESIGNATING A CONTIGUOUS GEOGRAPHIC AREA WITHIN CITY OF PENITAS AS REINVESTMENT ZONE NUMBER ONE, CITY OF PENITAS, TEXAS, FOR TAX INCREMENT FINANCING PURPOSES PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; CREATING A BOARD OF DIRECTORS FOR SUCH ZONE; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT; PROVIDING A SEVERABILITY CLAUSE; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, the City may designate a contiguous geographic area within the City as a reinvestment zone if the area satisfies the requirements of certain sections of Chapter 311 of the Texas Tax Code; and

WHEREAS, the City has prepared a preliminary reinvestment zone financing plan, which provides that CITY OF PENITAS City ad valorem taxes are to be deposited into the tax increment fund, and that taxes of other taxing units may be utilized in the financing of the proposed zone; and

WHEREAS, the City provided written notice of the public hearing on the creation of the proposed zone, complying with the requirements of Chapter 311, Texas Tax Code, to the governing body of all taxing units levying taxes on property in the proposed zone; and

WHEREAS, a notice of the public hearing on the creation of the proposed zone was published on OCTOBER 26, 2004, in the McALLEN MONITOR, a newspaper of general circulation in the City; and

WHEREAS, at the public hearing on November 3, 2004, interested persons were allowed to speak for or against the creation of the proposed zone, its boundaries, or the concept of tax increment financing; and owners of property in the proposed zone were given a reasonable opportunity to protest the inclusion of their property in the proposed zone; and

WHEREAS, evidence was received and presented at the public hearing in favor of the creation of the proposed zone under the provisions of Chapter 311, Texas Tax Code; and

WHEREAS, no owner of real property in the proposed zone protested the inclusion of their property in the proposed zone; and

WHEREAS, the City has provided all information, and made all presentations, given all notices and done all other things required by Chapter 311, Texas Tax Code, or other law as a condition to the creation of the proposed zone; and

WHEREAS, the total appraised value of taxable real property in the proposed zone and all other tax increment reinvestment zones previously created by the City is \$0; and

WHEREAS, the total appraised value of taxable real property taxable by Hidalgo County, in which the proposed zone is located, is approximately \$3,610,638; and

WHEREAS, the total appraised value of real property taxable by the La Jolla Independent School District, in which the proposed zone is located, is \$3,610,638; and

WHEREAS, the total appraised value of real property taxable by the South Texas

Independent School District, in which the proposed zone is located, is \$3,610,638; and

WHEREAS, the total appraised value of real property taxable by the South Texas College District, in which the proposed zone is located, is \$3,610,638; and

WHEREAS, the total appraised value of real property taxable by the Hidalgo County Drainage District #1, in which the proposed zone is located, is \$3,610,638; and

WHEREAS, the total area within the proposed zone is approximately 716 acres, excluding property that is publicly owned; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEÑITAS, TEXAS:

Section 1. Findings.

(a) That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are adopted as part of this Ordinance for all purposes.

(b) That the City Council further finds and declares that the proposed improvements in the zone will significantly enhance the value of all the taxable real property in the proposed zone and will be of general benefit to the City.

(c) That the City Council further finds and declares that the proposed zone meets the criteria and requirements of Section 311.005 of the Texas Tax Code because the proposed zone contains substantial areas that are predominantly open and underdeveloped, and lack public water distribution, wastewater collection and storm drainage facilities which conditions substantially impair and arrest the sound growth of the City.

(d) That the City Council, pursuant to the requirements of Chapter 311, Texas

Tax Code, further finds and declares:

- (1) That the proposed zone is a contiguous geographic area located wholly within the corporate limits of the CITY OF PEÑITAS;
- (2) That the total appraised value of taxable real property in the proposed zone does not exceed fifteen percent of the total appraised value of taxable real property in the City;
- (3) That the proposed zone does not contain more than fifteen percent of the total appraised value of real property taxable by Hidalgo County, the La Jolla Independent School District, the South Texas Independent School District, the South Texas College District, and the Hidalgo County Drainage District #1; and
- (4) That the development or redevelopment of the property in the proposed zone will not occur solely through private investment in the reasonably foreseeable future.

Section 2. Designation of the Zone

That the City, acting under the provisions of Chapter 311, Texas Tax Code, including Section 311.005(a), does hereby designate as a reinvestment zone, and create and designate a reinvestment zone over, the area described in Exhibit "A" and depicted in the map attached hereto as Exhibit "B" to promote the redevelopment of the area. The reinvestment zone shall hereafter be named for identification as Reinvestment Zone Number One, CITY OF PEÑITAS, Texas, (the "Zone"). The City Council specifically declares that the Zone is designated pursuant to Section 311.005(a)(1) and (2) of the

Texas Tax Code.

Section 3. Board of Directors

That there is hereby created a Board of Directors for the Zone, which shall consist of seven (7) members. Positions One through Five on the Board of Directors shall be reserved for the City. Positions Six and Seven shall be reserved for other taxing units levying taxes within the Zone, each of whom may appoint one director. Any taxing unit that appoints a director shall be assigned a Board position number in the order the City receives the appointment. Failure of the County to appoint a person to the Board of Directors of the Zone shall not be deemed a waiver of the County's right to make an appointment at a later date. Failure of any other taxing unit to appoint a director by June 15, 2005, shall be deemed a waiver of the right to appoint a director, and the City shall be entitled to appoint persons to the position, which shall be filled as provided below. If more than two taxing units levying taxes within the Zone appoint a director, the number of directors on the Board of Directors shall be increased by one for each taxing unit above two that appoints a director to the board; provided, if more than four taxing units levying taxes within the Zone appoint a director, the number of directors on the Board of Directors shall be increased by two for each taxing unit above four that appoints a director to the board, provided, further, that the maximum number of directors shall not exceed fifteen (15). The City shall be entitled to appoint a person to one position of each of the two positions created as a result of more than four taxing units appointing directors, which position shall be filled as provided below.

The Mayor is hereby authorized to nominate and appoint, subject to City Council approval, the directors to Positions One through Five of the Board of Directors, any

position unfilled on June 15, 2005, and any City position created by the appointment of a director by more than two taxing units levying taxes within the Zone, subject to the consent and approval of the City Council.

The directors appointed to odd-numbered positions shall be appointed for two year terms, beginning on the effective date of this Ordinance, while the directors appointed to even-numbered positions shall be appointed to a one year term, beginning on the effective date of this Ordinance. All subsequent appointments shall be for two-year terms. The member of the Board of Directors appointed to Position One is hereby designated to serve as the chair of the Board of Directors for a one-year term beginning on the effective date of this Ordinance. Thereafter the Mayor shall annually nominate and appoint, subject to City Council approval, a member to serve as chair for a term of one year beginning on the anniversary of the effective date of this Ordinance. The City Council authorizes the Board of Directors to elect from its members a vice-chairman and such other officers as the Board of Directors sees fit.

The Board of Directors shall make recommendations to the City Council concerning the administration of the Zone. The Board of Directors shall prepare or cause to be prepared and adopt a project plan and a reinvestment zone financing plan for the Zone as described in Section 311.011, Texas Tax Code, and shall submit such plans to the City Council for its approval. The City hereby delegates to the Board of Directors all powers necessary to prepare and implement the project plan and reinvestment zone financing plan, subject to approval by the City Council, including the power to employ any consultants or enter into any reimbursement agreements payable solely from the Tax Increment Fund established pursuant to Section 6 of this Ordinance that may be

reasonably necessary or convenient to assist the Board of Directors in the preparation of the project plan and reinvestment zone financing plan and in the issuance of tax increment obligations.

Section 4. Duration of the Zone

That the Zone shall take effect immediately upon passage of the ordinance, for the deposit of tax increments into the Tax Increment Fund established pursuant to Section 6 of this Ordinance, and termination of the operation of the Zone shall occur on December 31, 2034, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of the Zone, and the interest thereon, have been paid in full.

Section 5. Tax Increment Base

That pursuant to Section 311.012(c), Texas Tax Code, the Tax Increment Base of the City or any other taxing unit participating in the Zone for the Zone is the total appraised value of all real property taxable by the City or other taxing unit participating in the Zone and located in the Zone, determined as of January 1, 2004, the year in which the Zone was designated as a reinvestment zone (the "Tax Increment Base").

Section 6. Tax Increment Fund

That there is hereby created and established a Tax Increment Fund for the Zone which may be divided into subaccounts as authorized by subsequent ordinances. All Tax

Increments, as defined below, shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any subaccount shall be maintained at the depository bank of the City 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 and any other taxing unit participating in the Zone for that year on the captured appraised value, as defined by Chapter 311 of the Texas Tax Code, of real property located in 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 Chapter 311 of the Texas Tax Code. All revenues from the sale of any tax increment bonds, notes or other obligations hereafter issued for the benefit of the Zone by the City, if any; revenues from the sale of property acquired as part of the project plan and reinvestment zone financing plan, if any; and other revenues to be used in the Zone shall be deposited into the Tax Increment Fund. Prior to the termination of the Zone, money shall be disbursed from the Tax Increment Fund only to pay project costs, as defined by the Texas Tax Code, for the Zone, to satisfy the claims of holders of tax increments bonds or notes issued for the Zone, or to pay obligations incurred pursuant to agreements entered into to implement the project plan and reinvestment zone financing plan and achieve their purpose pursuant to Section 311.010(b) of the Texas Tax Code.

Section 7. Severability

If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person to set circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this

Ordinance or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or regulations connected herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any portion hereof, and all provisions of this Ordinance are declared severable for that purpose.

Section 8. Open Meetings

It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the Time required by law preceding its meeting, as required by the Open Meetings Law, Texas Government Code, ch. 551, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 9. Notices

The contents of the notice of the public hearing, which hearing was held before the City Council on November 3, 2004, and the publication of said notice, are hereby ratified, and confirmed.

PASSED AND ADOPTED this 11th day of February, 2005.

Ordinance or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or regulations connected herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any portion hereof, and all provisions of this Ordinance are declared severable for that purpose.

Section 8. Open Meetings

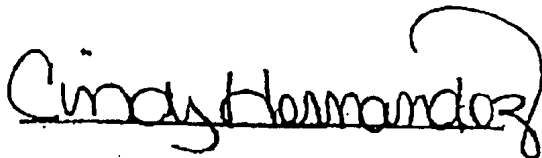
It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the Time required by law preceding its meeting, as required by the Open Meetings Law, Texas Government Code, ch. 551, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 9. Notices

The contents of the notice of the public hearing, which hearing was held before the City Council on November 3, 2004, and the publication of said notice, are hereby ratified, and confirmed.

PASSED AND ADOPTED this 11th day of February, 2005.

APPROVED this 11th day of February, 2005.

A handwritten signature in cursive script, reading "Cindy Hernandez", written over a horizontal line.

Cindy Hernandez, City Secretary

A handwritten signature in cursive script, reading "Servando", written over a horizontal line.

Mayor, Servando Ramirez

EXHIBIT "A"
BOUNDARY DESCRIPTION

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 06, 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 0, 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, 105, 106, 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 DIAMETER IRON ROD FOUND ON THE SOUTHEAST CORNER OF BELL SUBDIVISION, NO. 2, PHASE 1, 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 176, 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 1/4 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 04 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 1/4 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 754.50 FEET TO A POINT FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT;

METES AND BOUNDS DESCRIPTION

MARCH 04, 2004

PAGE 4 OF 8

- (9) THENCE, SOUTH 08 DEGREE 55 MINUTES 42 SECONDS WEST, A DISTANCE OF 1,432.46 FEET TO A ½ INCH DIAMETER IRON ROD FOUND FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT;
- (10) THENCE, SOUTH 81 DEGREES 25 MINUTES 22 SECONDS EAST, A DISTANCE OF 701.67 FEET TO A ½ 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;
- (11) 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;
- (12) 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;
- (13) 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;
- (14) 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 ½ 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;
- (15) THENCE, SOUTH 08 DEGREES 55 MINUTES 42 SECONDS WEST, COINCIDENT WITH THE WEST LINE OF SAID LOT 1, FAITH

METES AND BOUNDS DESCRIPTION

MARCH 04, 2004

PAGE 5 OF 8

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 PENITAS 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.

- (16) THENCE NORTH 81 DEGREES 04 MINUTES 18 SECONDS WEST, COINCIDENT WITH THE NORTH LINE OF SAID NUEVO PENITAS 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 PENITAS NORTE NO. 1 SUBDIVISION FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT;
- (17) THENCE, NORTH 08 DEGREES 43 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;
- (18) 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

METES 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" FOR A NORTHERN INSIDE 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;

- (24) 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 1,091.64 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;
- (25) 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 PORCUPINE 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.

HEARING SOURCE:
AREA

THE TEXAS DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY MAP FOR THIS

MAP SUBDIVISION PLATS TAX INCREMENT DEED INVESTMENT ZONE SURVEY BOUNDS 713.98 ACRES

