

September 24, 2010

The Honorable Rene A. Ramirez
 Hidalgo County Judge
 County Administration Building, 2nd Floor
 100 East Cano
 Edinburg, TX 78539

Sent via Certified Mail #7008 0500 0001 1799 7909

RE: 2009 Annual Compliance Report for Economic Development Agreement

Honorable Judge Ramirez,

Enclosed is the 2009 Compliance Report as provided for in the March 6, 2008 Economic Development Agreement. The enclosed provides our calculations for grant back payments as follows:

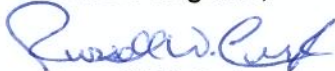
Type	HCAD Acct #	For	Amount
Taxes-Real Property	R611089	Distribution Facility	\$136,863.64
Taxes-Personal Property	P697370	Facility Racking	\$11,717.22
			\$148,580.86
Less Base Year Site Taxes			(\$12,539.73)
Sub-Total Facility Grant Back Tax Payments			\$136,041.13
Taxes-Personal Property	P697368	Road Improvements	\$ 71,234.81
Total Grant Back Tax Payments			\$207,275.94

In addition, we are including the following exhibits for support:

Exhibit #	Description
1	Annual Compliance Report
2	Payment Request
3	Paid Property Tax Receipts
4	Proof of Road Construction Completion
5	Proof of Employment Levels
6	Texas Workforce Commission's Quarterly Reports
7	Benefit Information

After reviewing, please call or email if you have questions or need additional information. We appreciate Hidalgo County working with HEB in this matter.

Kindest Regards,



Russell W. Turk
 Manager of Property Tax
 HEB Grocery Company
 Phone: 210-938-8211
 FAX: 210-938-6350
 Email: turk.russell@heb.com

Cc: County Auditor, Ray Eufrazio

ANNUAL COMPLIANCE REPORT OF CONSTRUCTION, JOBS AND TAXES

Reporting period: **January 1, 2009 to December 31, 2009**

AMOUNT OF TAXES TO BE GRANTED BACK TO HEB (per attached calculation page):

Real Estate	Personal Property	TOTAL
\$136,041.13	\$71,234.81	\$207,275.94

Job Creation (sections 2.2 and 5.1.1)					
Exhibit (if any)	Description	Year	Count	Minimum Needed	In Compliance?
1	Beginning jobs (prior reporting period)	2007	62		
	Total jobs (current reporting period)	2009	189		
	Total jobs created to date at Facility		127	120	YES
	Grant Back Pro-Rata (maximum 100%)		100%		
	--Current year jobs maintained / minimum needed				

Real Property Improvements (see attached calculation form)					
Exhibit (if any)	Description	Area (sq ft)	Assessment	M&O Tax Rate (section 2.3)	Taxes
	Current Year Reporting Totals				
	Qualified taxable Real Property	396,312			
2	Distribution facility		\$26,694,683	\$0.0051270	\$136,863.64
3	Fixtures-Racking		\$2,285,395	\$0.0051270	\$11,717.22
					\$148,580.86
4	Less 2006 Base Year Taxes (section 4.2)		\$2,125,378	\$0.0059000	(\$12,539.73)
	NET TAXES GRANTED BACK TO DEVELOPER				\$136,041.13
	Totals	396,312	\$31,105,456		\$136,041.13

Personal Property for Road Improvements (see attached calculation form)					
Exhibit (if any)	Description	Assessment	M&O Tax Rate	Taxes	
	Current Year Reporting Totals				
5	Business Personal Property	\$13,894,053	\$0.0051270	\$71,234.81	
	Prior years Reporting Totals				\$0.00
	Totals See section 2.4(b) for maximum				\$71,234.81

I, Russell W. Turk, certify the information provided on this form is correct and that the Company has complied with all terms and conditions of the Economic Development Agreement dated March 6, 2008.

Signed:  Date: September 24, 2010

Title: Manager of Property Tax Telephone: 210/938-8211

Email: turk.russell@heb.com Fax: 210/938-6350

PAYMENT REQUEST

Real Property Account

H-E-B
646 South Main
San Antonio TX 78204
Phone: 210-938-8260
Fax: 210-938-7553

DATE:	September 24, 2010
INVOICE #	2010-R-1
FOR:	Economic Development Agreement

Remit Payment To:
Attn: Property Tax Department
H-E-B
PO Box 839999
San Antonio, TX 78283

To:	Hidalgo County
	Attn: County Judge
	100 E. Cano
	Edinburg, Texas 78539

DESCRIPTION		AMOUNT
Re: "Facility" (Buildings with Fixed-In Place Racking)		
Section 2.4 (a)		
Period: January 1, 2009 to December 31, 2009		
County Appraisal District Account #:	R611089	
Base Taxes Paid	\$ 157,498.63	
Adjustment for M&O Tax Rate (section 2.3)	\$ (20,634.99)	
Net Due HEB		\$ 136,863.64
County Appraisal District Account #:	P697370	
Base Taxes Paid	\$ 13,483.83	
Adjustment for M&O Tax Rate (section 2.3)	\$ (1,766.61)	
Net Due HEB		\$ 11,717.22
	SUBTOTAL	\$ 148,580.86
	Base Year Taxes	(\$12,539.73)
	TOTAL	\$ 136,041.13

Make all checks payable to: HEB GROCERY COMPANY

