



October 5, 2010
Folder: 1435-99

U.S. CERTIFIED MAIL
RETURN RECEIPT REQUESTED
COUNTY OF HIDALGO
301 E STATE STREET
PHARR, TX 78577

Dear Lessee:

Reference is made to that certain Lease dated April 8, 1997, between UNION PACIFIC RAILROAD COMPANY (Lessor) and COUNTY OF HIDALGO (Lessee) covering a portion of the Lessor's property at Pharr, Texas. Said Lease is identified in the Lessor's records as Audit No. 200108. Based upon correspondence in our file, your reference numbers may be C-04-095-01-01 & C-04-092-01-27.

Article III of this Lease provides for a periodic reevaluation of rental. In conjunction with this provision, we recently reviewed the present-day land values in Pharr, Texas and, in particular, in the general vicinity of the Lease site.

The results of this study indicate that the present rental no longer represents a fair annual market rental. Taking all matters into consideration and applying present-day real estate values of the area, I am of the opinion that a rental of \$10,647.00 would reflect a fair market rental at this time.

This letter is to advise you that effective February 1, 2011 ('Effective Date'), the rent shall be Ten Thousand Six Hundred Forty Seven Dollars (\$10,647.00) annually. Commencing twelve (12) months from the Effective Date, the rent shall automatically and without notice to the Lessee be adjusted by Three Percent (3%) annually cumulative and compounded.

You will be billed at your new lease rate on the next billing cycle.

Sincerely,

A handwritten signature in black ink that reads "Jim Matza".

Jim Matza
Senior Manager - Real Estate
(402) 544-8562

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