

CITY OF MCALLEN, TEXAS



**Tres Lagos  
Tax Increment Reinvestment Zone Number One  
Project and Finance Plan**

Participation Levels:  
City of McAllen (80%) & Hidalgo County (77%)

**TABLE OF CONTENTS**

**Executive Summary ..... 2**

    Overview of Plan ..... 2

    Anticipated Benefits of Development ..... 3

**The TIRZ Concept ..... 4-6**

**Project Plan ..... 6-8**

    Planned Private Development and Investment ..... 7

    Public Infrastructure Improvements ..... 7

    Public Infrastructure Improvements and Related Eligible Expenses ..... 7

    Existing and Proposed Uses ..... 8

    Description of Zone ..... 8

    Project Feasibility ..... 8

**Finance Plan ..... 8-13**

    Tax Increment Financing ..... 8

    Financing Plan Overview ..... 9

    Financing Method ..... 9

    Priority of Payment ..... 9-10

    Capital Costs ..... 10

    TIRZ Collections ..... 10-11

    Developer’s Risk ..... 11

    Limited Obligation of the City and County ..... 11

    Financing Policy ..... 11

    Short Term Financing ..... 11-12

    Long Term Financing ..... 12

**Financial Assumptions ..... 12**

**Financial Feasibility ..... 12**

**Financial and Governance Policies ..... 12-13**

**Conclusions ..... 13**

**Appendix ..... 14**

**Exhibits ..... Ex. 1-9**

## EXECUTIVE SUMMARY

### Overview of Plan

Tax Increment Reinvestment Zone Number One, City of McAllen, Texas, (the “Zone” or the “TIRZ”) represents an important opportunity for the future of the City of McAllen (the “City”). It will promote and encourage construction of approximately 2,571 acres of mixed use development including single-family, multi-family, retail, office and commercial development (the “Project”), and the creation of more than eight thousand new jobs.

Creation of the TIRZ and implementation of the Project will:

- (1) Increase the population and tax base of the area;
- (2) Remove low valued vacant land from the tax rolls and replace it with higher value development;
- (3) Include creation of a public improvement district pursuant to Chapter 372 of the Texas Local Government Code (“PID”) as a mechanism to ensure that the development, rather than the existing City taxpayers, pay for the upkeep and maintenance of some of the public roads and infrastructure in the development; and
- (4) Start a new model for development in the area that is more sensitive to the environment (i.e., recycled water, green spaces, curving design, etc.) and is more sustainable (higher employment base, superior technology, enhanced security, etc.).

This tract of land has remained vacant and undeveloped because either (1) the costs associated with developing the land in the preferred manner prohibited the efficient use of the property, or (2) the property was unavailable for development when development should have occurred and current development costs for the desired development are uneconomical. Creation of the TIRZ will allow for construction of infrastructure and other improvements including single-family subdivisions, multi-family projects, commercial projects, retail developments and thousands of new jobs and related economic development that will cause public benefits that would otherwise be very difficult, if not impossible, to obtain due to costs that include off-site utility extensions, on-site and off-site utility plant expansions, on-site street and utility extensions, drainage improvements, community Wi-Fi, surveillance cameras, Fiber-to-the-Home infrastructure and significant park and recreational installations.

The Zone is located at the southwest corner of Ware Road and Monte Christo Road (the “Property”). Please see **Exhibit 1** for a location map of the Property. This Project and Finance Plan will be implemented through the execution of a Development Agreement between the City of McAllen, the Board of Directors of the Zone, and Rhodes Enterprises Inc., its successors and assigns, (acting as the “Developer”), which sets forth the rights and obligations of the parties to assure successful completion of the proposed Project. Unless otherwise defined herein, all defined terms in this Project and Finance Plan shall have the meanings set forth in the Development Agreement.

## Anticipated Benefits of Development

The projected benefits of the Zone are as follows:

- The original plan for the Property was to develop a rural subdivision with lots ranging from 1 acre to 10 acres, with the entire development remaining in the County. However, the proposed mixed use development has greater density, supports retail, multifamily, office and institutional uses, creates additional employment and will generate a superior tax base.
- The entire 2,571 acres are currently located in the city limits of the City and within Hidalgo County, Texas. The Property was annexed through a Developer petition conditioned on (1) the City approving participation in the TIRZ in an amount equal to 80% of the revenue generated from the CITY M&O Tax Rate as assessed and collected on the Captured Appraised Value for each respective tax year during the term of the ZONE, and the remaining 20% being retained by the City, and (2) Hidalgo County approving participation in the ZONE by contributing to the Tax Increment Fund an amount equal to 77% of the revenue generated from the COUNTY M&O Tax Rate (as defined in the Interlocal Agreement) as assessed and collected on the Captured Appraised Value for each respective tax year during the term of the ZONE, and the remaining 23% being retained by the County, during the term of the Zone.
- Over 125 acres of parkland that will be developed and dedicated to the City for public use.
- The Developer will dedicate drainage right-of-way that will improve drainage issues for the community upstream and downstream of the Zone with an estimated value of \$6,000,000.00.
- Recycled water will be used to water the green spaces providing enhanced water conservation.
- The Tres Lagos development will be the first in the region to provide Fiber-to-the-Home (FTTH) for high-speed internet access (up to 1 Gbps).
- Enhance and increase the population within the area, and the economy of the overall general area.
- Provide for pedestrian safety and access through walking trails and street light construction.
- Provide for public use sites and assist in funding emergency access networks.
- Enhance the quality of life within the development and surrounding areas through parks landscaping and increased recreational opportunities.
- Create a sustainable housing initiative for the benefit of landowners inside and outside of the Zone through encouraging green build and ENERGY STAR construction of homes and buildings.

- Generate significant revenue in the form of ad valorem tax, utility fees, property tax, et al, and help extend utility (water, sewer, recycled water, cable, and data) service to adjoining tracts and other areas for future development.
- Add over +/- \$2,600,000,000.00 to the tax base of the City and County over the life of the Zone.\*<sup>1</sup>
- Require only the taxes from within the Zone, and not existing taxpayers in the City or the County, to pay all the costs of the installation of all utilities required for the Project.
- Create a new and replicable standard for better and more sustainable development within the City that encourages new development to pay for itself in a greater amount and does not place the burden unfairly on the City's current budget or on the current and existing taxpayers.

### **The TIRZ Concept**

A TIRZ or Tax Increment Reinvestment Zone is a financing tool authorized by the State of Texas Legislature in Chapter 311 of the Texas Tax Code. The purpose of the statute is to allow cities and counties to provide an incentive to develop areas that lack the infrastructure or have other impairments to desirable growth and development.

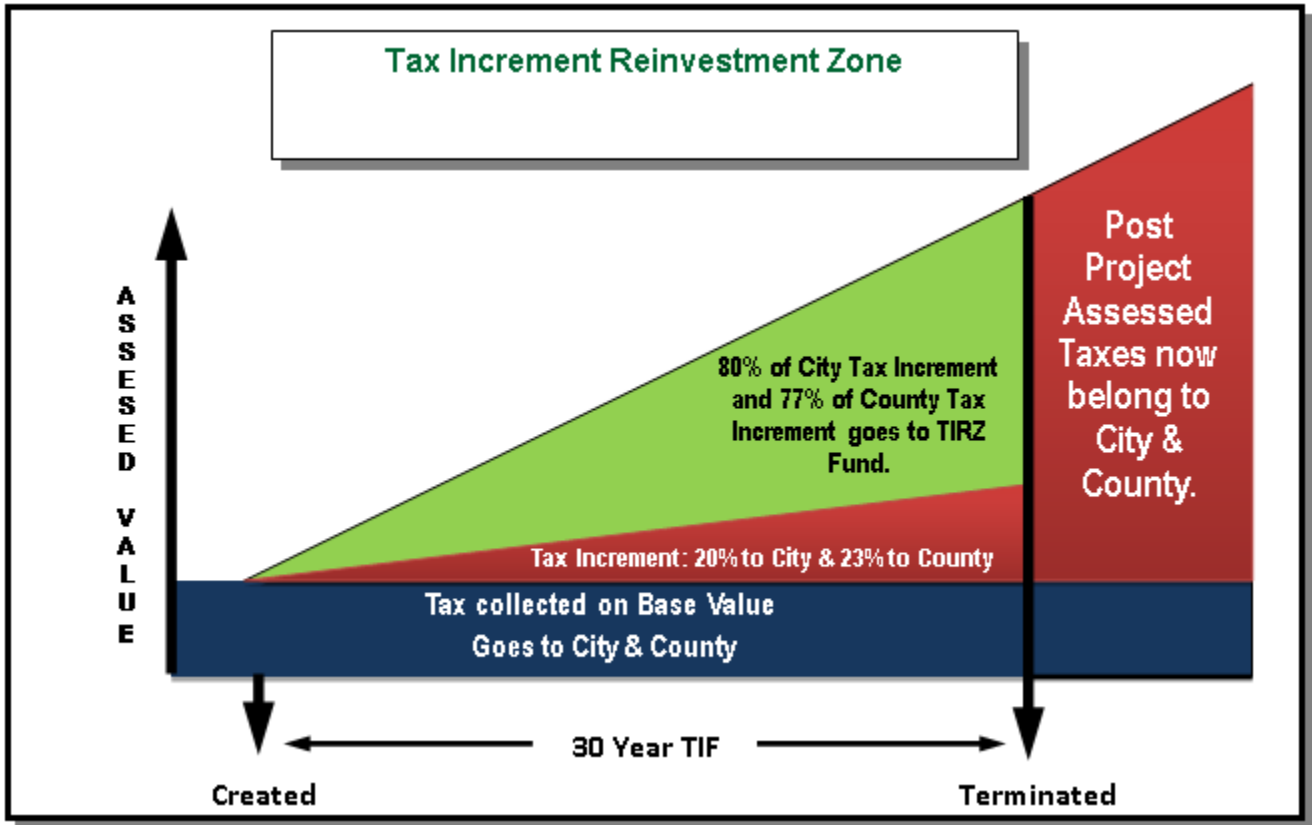
When a zone is created, the "base value" of the area is frozen for tax purposes. The existing taxing entities continue to receive tax revenues as before. However the increased tax revenue ("the increment") generated by new development within the zone will be used to reimburse costs related to public improvements within the zone as well as other related allowable expenses. The zone will have a life equal to a predetermined number of years. Upon reaching that date, or upon all costs having been reimbursed, whichever comes first, the zone will terminate. Upon termination, the increased tax revenue belongs to the respective taxing entities. The investment in public infrastructure and public amenities will cause the tax revenue received by the City and County to be much greater both during the TIRZ and afterwards than would have been received without the TIRZ. Comparison charts below illustrate the level of tax revenue and public benefit received through the TIRZ Project and Finance Plan compared to ordinary non-TIRZ development.

*[Charts on Following Page]*

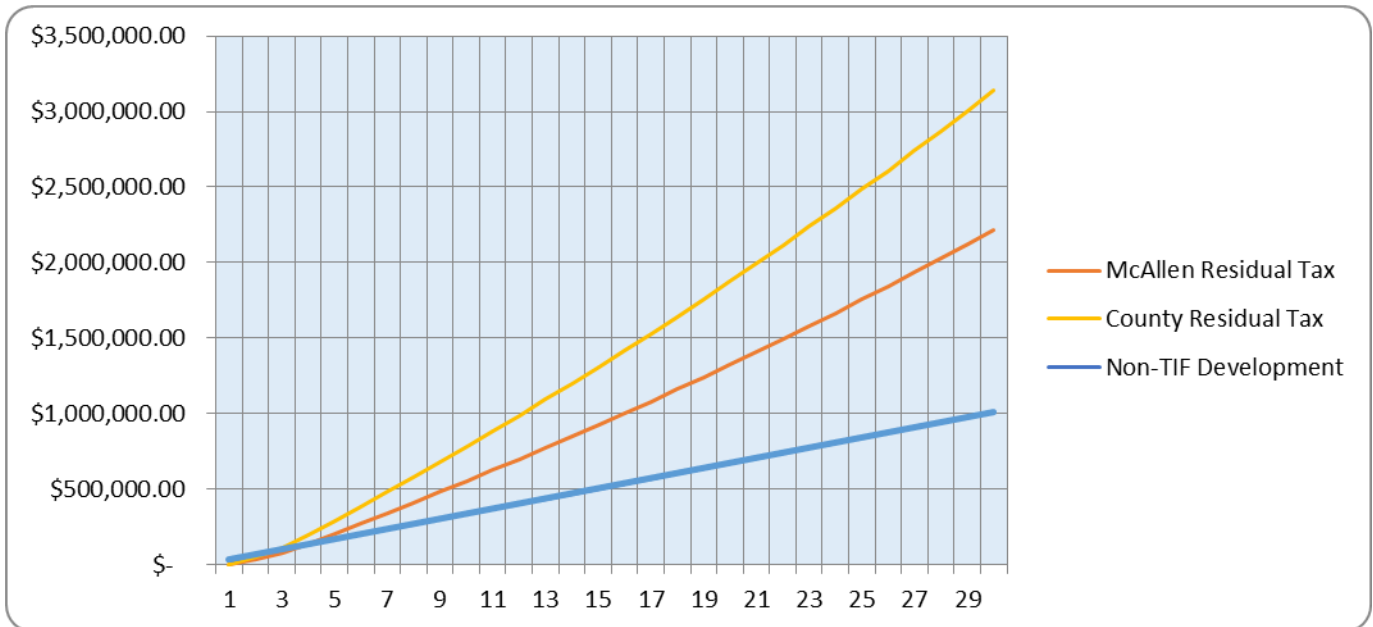
---

\*<sup>1</sup> \$2,569,780,976 in vertical improvements plus \$232,396,315 in infrastructure over the term of the Project.

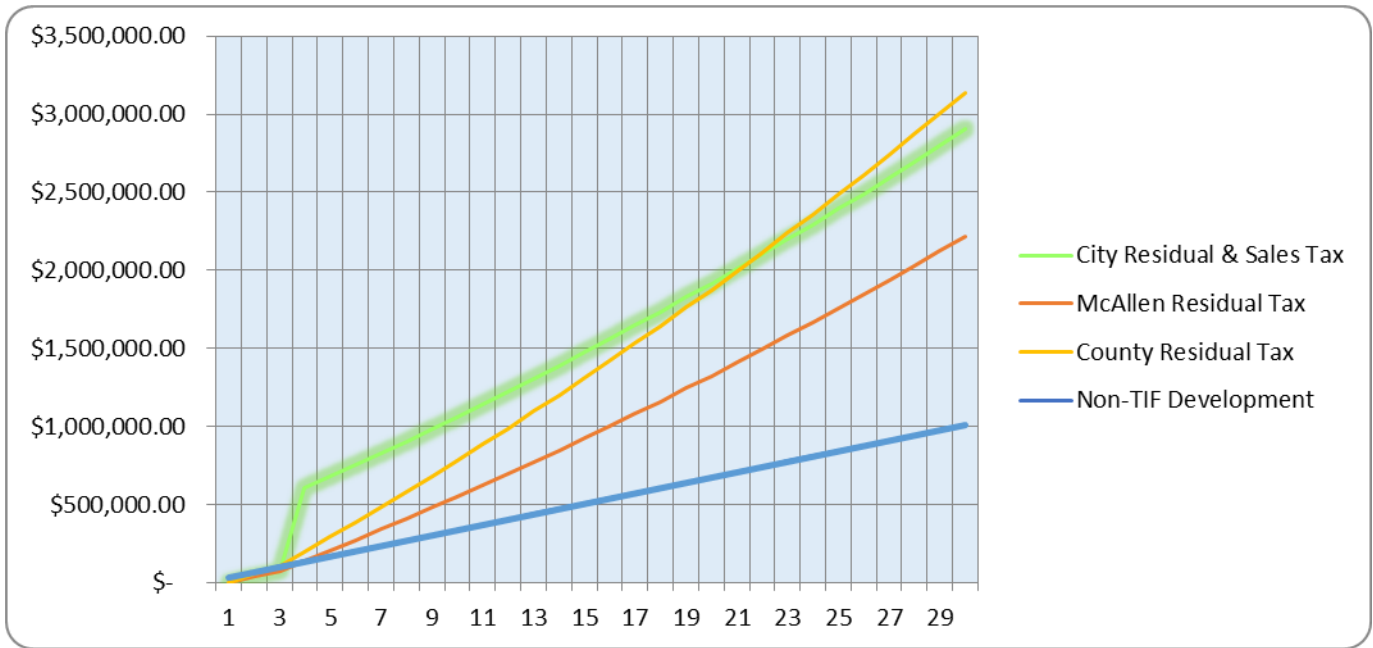
**TIRZ ASSESSED VALUE (AV) OVER PROJECT LIFE**



**INCOME COMPARISON BETWEEN EXISTING DEVELOPMENT METHOD AND “NEW TIRZ METHOD”**



**INCOME COMPARISON BETWEEN EXISTING DEVELOPMENT METHOD AND “NEW TIRZ METHOD” continued**



**PROJECT PLAN**

The Reinvestment Zone Number One, City of McAllen, Texas Project and Finance Plan provide a long-term method to increase economic vitality, tax base, and population within the Zone.

The economics of attracting market rate housing, new businesses, retail establishments, commercial uses and new employment opportunities will be greatly enhanced utilizing the TIRZ to finance public infrastructure improvements and economic development initiatives.

The following specific objectives set the framework for the planned public improvements within the Zone:

- Complete infrastructure to support +/-2,571 acres of mixed use development with an estimated developed tax base value of over \$2,500,000,000.00.
- Fund reimbursement of construction of primary public streets and public utility work to create access for future planned high technology and secure mixed use developments.
- Provide attractive, safe pedestrian environments through landscaping, lighting and construction of public walkways in the single-family areas and open space areas of the development.
- Construct wastewater collection, recycled water mains and storage and reuse facilities to enhance and encourage environmentally sensitive and water conscious regional development.

- Make utilities (sewer, water, recycled water, cable, and fiber optic) available to adjoining properties in the City and County for future growth.
- Relieve the City and County of some of the maintenance costs of the community by establishing a PID, which will also establish a model community that incorporates availability of gigabit speed internet access to every home and business in the community; community high-speed Wi-Fi access; community security, data, video and surveillance services; interconnected linear hike and bike and park systems, and unique subdivision designs to create a secure and sustainable living and working environment.
- Create, and prove the feasibility of a new model of ‘smart growth’ development for the City and County which is socially and financially sustainable, environmentally sensitive, and which conserves water and has a lower carbon footprint.

### **Planned Private Development and Investment**

The total private development investment stimulated by creation of the Zone is forecasted to be \$2,569,780,976.14 in the form of vertical construction of homes, apartments, office buildings, retail buildings and commercial uses.

### **Public Infrastructure Improvements**

The Public Infrastructure Improvements (hereinafter may be referred to as “Public Improvements”) which will be completed pursuant to the Project and Finance Plan are detailed in **Exhibits 4 through 9** of this Project and Finance Plan, and the amount of public investment for reimbursement of the Public Improvements totals \$258,540,901.00. If the interest cap is reached no additional interest payments may be made.

### **Public Infrastructure Improvements and Related Eligible Expenses**

The Public Infrastructure Improvements to be constructed and financed pursuant to the Project and Finance Plan and related capital costs include, but are not limited to, reimbursements associated with the following internal and external project costs for infrastructure to be constructed and dedicated to a Public Entity: Mile 9 Russell Rd. improvements, Shary & Bryan Road improvements, Glasscock/Stewart/Mayberry Road improvements, public parks, together with all site work, internal streets and drainage, onsite and offsite water and sewer and recycled water infrastructure, sidewalks, fiber optic dedicated to the City, PID, or other Public Entity, communication, Wi-Fi and surveillance infrastructure dedicated to the PID, as well as all other related infrastructure, soft project costs, and costs of creation as shown **Exhibit 5 and Exhibit 9**. The capital cost is estimated to be \$232,396,315.00 of the full eligible build-out amount plus interest on such amount until reimbursed.

*[Remainder of Page Intentionally Left Blank-Project Plan and Finance Plan Continue on Next Page]*

## Existing and Proposed Uses

The existing uses in the area in which the Zone is located consist of open undeveloped or underdeveloped land and farming operations.

The proposed uses in the Zone are those uses set forth in **Exhibit 2** which have been master-planned and organized in phases to provide the maximum value enhancement and benefits to the Zone, the City and the surrounding community.

## Description of Zone

The Zone will be located in the northwest sector of the City of McAllen ETJ. The exact location and legal description of the Zone are identified in the survey and field notes attached as **Exhibit 1**.

## Project Feasibility

The feasibility of the Project has been analyzed by an independent economist and the Developer. The results of this analysis establish that the Project is both economically feasible and is within market absorption capabilities. According to national employment creation statistics by type and square footage of development, it is estimated that the Project could create in excess of 8,000 new jobs, and over \$200,000,000.00 in annual payroll within the McAllen area, which will provide tremendous benefits to the municipality in the form of increased economic stimulus, ad valorem, and sales tax revenues.

Based on the above economic factors, creation of the Zone and approval of the Project and Finance Plan is in the best interest of the City and is in furtherance of its municipal and governmental purposes.

# FINANCE PLAN

## Tax Increment Financing

The Tax Increment Financing Act (Chapter 311 of the Tax Code), provides for counties and cities to create “reinvestment zones” within which various public works and improvements can be undertaken, using tax increment revenues, bonds or notes, to pay for those improvements. The Act also allows the Zone to participate in the funding of improvements outside the Zone if the improvements benefit the Zone. At the time an area is designated a reinvestment zone for tax increment financing, the existing total of appraised value of real property in the zone is identified and designated as the Tax Increment Base. The Zone will not receive any sales tax revenue collected by the City of County.

Public improvements are made in the area to attract private development that would not otherwise occur. As the costs of new development are added to the tax rolls, property values will rise, and there will be an increase in sales tax revenue as well. This rise in new ad valorem value is called the “captured appraised value.” The taxes that are collected by the participating taxing jurisdictions on the increment between the frozen value and the new higher value, or the Tax Increment, are then deposited into a TIF Fund, which is used to reimburse or pay for the approved improvements. Once the public improvements are completed and reimbursed, the TIF and Zone are dissolved and any remaining amounts of taxes collected are kept by the taxing jurisdiction. In addition the TIF will be dissolved if the Developer is in Default and does not cure the Default, or if the reimbursements for Public Infrastructure Improvements are paid earlier than

anticipated. In effect, the taxing jurisdictions are “investing” future earnings to receive the benefit of higher tax revenues from new development. Taxing jurisdictions are not restricted from reassessing property value or changing their tax rate as allowed by State law during the life of the Zone.

### Financing Plan Overview

The Tax Increment Base is \$1,064,613.00 (hereinafter also referred to “Base Value”). The City has agreed to participate in the ZONE by contributing to the Tax Increment Fund an amount equal to 80% of the revenue generated from the CITY M&O Tax Rate as assessed and collected on the Captured Appraised Value for each respective tax year during the term of the ZONE. In no event shall the CITY contribution to the Tax Increment Fund be greater than \$120,990,149.00 over the life of the ZONE beginning with the 2014 tax year. The County has indicated that it will participate in the ZONE by contributing to the Tax Increment Fund an amount equal to 77% of the revenue generated from the COUNTY M&O Tax Rate (as defined in the Interlocal Agreement) as assessed and collected on the Captured Appraised Value for each respective tax year during the term of the ZONE. In no event shall the COUNTY contribution to the Tax Increment Fund be greater than \$143,318,484.00 over the life of the ZONE beginning with the 2014 tax year.

The Zone provides funding for approximately +/- \$258,940,901.00 of planned Public Infrastructure Improvements which are eligible for reimbursement, including interest, and Administrative Costs paid to the City and County for administering the Zone. In addition, this Project and Finance Plan authorizes reimbursement of the Pre-TIRZ Administrative Costs to the City in an amount not to exceed \$70,000.00, with said amount to be paid from the contingency or surplus funds as shown on the Sources & Uses Table set forth on **Exhibit 5**. The Finance Plan indicates that the Zone will yield adequate revenues to provide for incremental financing of the Project as indicated in **Exhibits 4 through 9**. The total projected revenue of the Zone is \$264,308,634.00.

Financing Method: Initial financing is being accomplished through equity invested by the Developer through private investments and conventional land development bank loans, the issuance of Tax Increment Bonds (hereinafter also referred to as “Bonds”) when available, as well as other funding sources. No taxing jurisdiction is guaranteeing the repayment of these loans; they remain the obligation of the Developer. In the event Bonds are issued they will not become obligations of the City or County. When Bonds are issued by the City, only the pledged Available Tax Increment can be looked to for repayment of those obligations. Other Public Infrastructure Improvements included in the Project and Finance Plan will be funded through similar financing sources and reimbursed to the Developer, as Available Tax Increment is available. Bonds are projected to be issued for the Project with the assistance of the City upon the completion of 900 homes which are built and assessed in the Project. If Bonds are issued, the Available Tax Increment from the Zone will serve as the **only** repayment source for the Bonds.

Priority of Payment: The City and the Board shall disburse funds from the Tax Increment Fund (or Bond revenues) to pay expenditures in the following order or priority of payment:

1. FIRST, to reimburse the City for reasonable Pre-TIRZ Administrative Costs approved by the Zone;
2. SECOND, payment of Administrative Costs to the City and County pursuant to the Interlocal Agreement;

3. THIRD, to reimburse the City for the City Project Costs, plus interest, as provided in the Project and Finance Plan, for the City Public Improvements;
4. FOURTH, to pay the debt service on any Tax Increment Bonds issued by the Zone/City which are due and payable in whole or in part from the Available Tax Increment provided they are used to pay costs as set forth in the Project and Finance Plan;
5. FIFTH, to reimburse Developer or City for Project Costs, plus Interest, as provided for in the Project and Finance Plan incurred by the City or Developer, for Public Infrastructure Improvements constructed by either on a first in, first out basis; and
6. SIXTH, to reimburse or pay the cost of any project or improvement that was not included in the original Project and Finance Plan, but was later added as a subsequent project with approval of the ZONE and the CITY.

The foregoing, notwithstanding, no funds will be paid from the Tax Increment Fund to the City or County for its financial and legal services in any dispute arising under the Development Agreement with another participating taxing entity.

Capital Costs: The total capital costs to be incurred for Public Infrastructure Improvements total \$232,396,315.00. The Developer’s portion of this amount is estimated to be \$230,696,315.00, the City’s portion of this amount, the City Public Improvements, to be incurred for off-site improvements (extension of fiber optic strands and conduits to the Zone, extension of sewer mains to the Zone, the extension of recycled water trunk mains to the Zone, and the construction of a new fire station to serve the Zone and other areas) are estimated to be \$4,050,000.00. The City and County have negotiated a maximum reimbursement to the Developer. It is projected that neither the City nor the Developer will receive any payments until fiscal year 2016. The earliest projected payoff of the capital cost would occur in fiscal year 2044 and includes an estimated reimbursement of the Developer contribution of \$230,696,315.00 out of the Project Costs totaling \$258,540,901.00.

TIRZ Collections: The TIRZ collections for this project shall not extend beyond December 31, 2045 and may be terminated earlier once each taxing entity has deposited its respective maximum dollar contribution amount described in the table below. Some taxing entities may reach their maximum dollar contribution prior to others and/or prior to the end of the TIRZ; the term of the TIRZ will continue through December 31, 2045 or will terminate once all taxing entities have deposited their maximum dollar contribution, and all obligations of the Zone have been satisfied pursuant to Section 311.017 of the Texas Tax Code.

<b>TABLE-Maximum TIRZ Contribution</b>		
<b>Participating Taxing Entities</b>	<b>Maximum Dollar Contribution</b>	<b>Maximum Length of Contribution</b>
City of McAllen, Texas	\$120,990,149.00	December 31, 2045
Hidalgo County	\$143,318,484.00	December 31, 2045
<b>Maximum Contribution Amount</b>	<b>\$264,308,634.00</b>	

Developer's Risk: All financing, development costs, construction costs, improvements, damages, or other costs incurred by the Developer with respect to this project are at the sole risk of the Developer. Neither the City nor County shall incur any risk of loss whatsoever associated with the development, construction, completion, or failure of the Project, if such loss is due to Developer. In the event that the Project fails, is abandoned by the Developer, or for any reason is not completed, the City shall have the right to terminate the TIRZ and any funds remaining in the TIRZ account after payment of approved reimbursements shall be distributed to the City and County on a pro-rata basis in accordance with each entity's participation level.

Limited Obligation of the City and County: Except for the financial obligation of the City to construct the City Public Improvements the City and County obligations shall be limited to the City imposing and collecting taxes and the County imposing taxes, and both the City and the County depositing such tax receipts into the Tax Increment Fund during the term of the TIRZ for so long as the Project is viable, the Developer is not in Default, and eligible project costs and capital costs (and interest thereon) incurred by the Developer have not been fully paid. The TIRZ collections for this Project shall not extend beyond 30 years or past the collection of taxes assessed for the year 2044 (and collected in 2045), and may be terminated prior to December 31, 2044 upon payment of the total amount of reimbursement for Project Costs to the Developer as provided in the Development Agreement, or for Default by the Developer as set forth in the Development Agreement, or as allowed by Section 311.017 of the Texas Tax Code.

Any costs incurred by the Developer are not, and shall not in any event become, general obligations or debt of the City or County. The Project Costs incurred by the Developer shall be paid solely by the TIRZ revenues contributed to the Zone and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, County, or any political corporation, subdivision, or agency of the State of Texas, other than the TIRZ, which is funded solely by the pledged Tax Increment of the City and County.

Financing Policy: This Project and Finance Plan limits the amount of City and County Available Tax Increment (80% of the CITY M&O Tax Rate and 77% of the County M&O Tax Rate) paid to finance repayment of the City and Developer expenditures for reimbursable public improvements.

Short Term Financing: The short term financing for the Project will be paid through initial capital investment and conventional development loans provided by the Developer for Public Infrastructure Improvements installed by the Developer. The City will fund the initial cost of the City Public Improvements (\$4,050,000.00) through advancing City budgeted funds. The Project costs advanced by the Developer and City for construction of their respective public improvements will be reimbursed according to the approved priority of payment as TIF Funds become available in the balance of the Tax Increment Fund.

Long Term Financing/Bonds: To minimize the cost of interest incurred by the Project, the Zone will recommend the issuance of, and the City will issue (contingent upon City Commission approval), Tax Increment Bonds when 900 homes have been completed within the Zone and are being assessed ad valorem taxes. It is projected that the Tax Increment Bonds will be issued in the fourth year of the Project and Finance Plan (2018). The amount of the issuance will be the maximum amount as is reasonably and prudently determined by the City and its financial advisers that can be debt-serviced and underwritten at reasonably acceptable interest rates at the time of issuance based upon the amount of the pledged tax

increment that is being generated within the Zone according to the City's debt issuance policies and State of Texas public finance requirements.

### **Financial Assumptions**

The Finance Plan is based upon conservative assumptions. Accordingly, the Finance Plan assumes that there will be no tax rate changes during the project term, and assumes an increase in assessed values of existing tax base of only 1.015% per year rather than the actual average appreciation rate which is historically in excess of 3% per year.

The Finance Plan also assumes that the taxing entities will continue to collect tax revenues at the same rate and that homestead and other exemption rates will remain unchanged. Build-out rates of tax base within the Finance Plan are based on conservative rates of absorption established from historical market data collected from the Rio Grande Valley demographics.

### **Financial Feasibility**

Based on the private development plans, public improvement program, budgets and general financing strategy, financial assumptions, and the feasibility study prepared by H.E. Skip Preble, MAI, CCIM, of Boerne, Texas, and as required by Section 311.011(c)(3) of the Texas Tax Code, the City of McAllen City Commission finds that the Finance and Project Plan is economically feasible.

### **Financial and Governance Policies**

Pursuant to Chapter 311 of the Texas Tax Code, the Zone will be governed by a nine-member Board of Directors appointed by the City Commission, the Board of Directors of the ZONE (hereinafter also referred to as the "TIRZ Board"). The TIRZ Board members shall include: a City designee, a County designee, and five other initial members all of whom must be the owners of real property within the Zone, or an agent or employee of an owner of real property in the Zone; the other two board members shall be the State Senator and State Representative representing the districts in which the Zone is located. The chairperson of the TIRZ Board will be designated by the City Commission.

The TIRZ Board will operate pursuant to Robert's Rules of Order and will adopt rules governing the management of the TIRZ. These rules are designed to ensure conformity with all Texas Tax Code rules and regulations, including but not limited to the requirement that all Public Infrastructure Improvements are publically bid and that all meetings are held in compliance with the Texas Open Meetings Act. The TIRZ Board may make non-Material Changes within the Project and Finance Plan, provided that said changes do not violate the competitive bidding requirements for public infrastructure improvements as required by Texas law. Additional guidelines and requirements for carrying out the Project and additional rights and obligations of the City, County, and Developer are contained in the City ordinances creating the Zone, approving the Finance Plan and Project Plan, as well as in the Development Agreement and the Interlocal Agreement related to the Project.

Compliance: The Developer shall comply with all applicable federal, state and local laws, rules and regulations, including all those relating to the construction of public improvements.

Reporting: The Developer shall submit a project status report and financial report on a semi-annual basis to the City.

Inspection: The Developer shall allow the City, County and/or the Board of Directors for the ZONE reasonable access to the Project site or sites for inspections during and upon completion of construction upon reasonable notice.

The TIRZ Board may from time-to-time recommend amendments to these financial policies to the City which, if adopted by the City, may affect the operation of the Zone.

### **Conclusions**

Based upon a set of conservative assumptions and an analysis of the Zone Project and Finance Plan, the TIRZ Board and the Commission of the City of McAllen has concluded that the TIRZ Project and Finance Plan is economically feasible in compliance with Chapter 311 of the Texas Tax Code.

The success of the Project within the Zone will encourage other large planned mixed-use developments with higher values. The new residential population base: will support an expanding retail base, will supplement the existing job market by adding over 8,000 new jobs, and will attract additional private development into the Zone and surrounding area. In addition, the Zone will serve to stabilize and enhance future property values in the City of McAllen and Hidalgo County, and will serve the municipal and governmental purpose of protecting the public safety and welfare.

*[Remainder of Page Intentionally Left Blank-Project Plan and Finance Plan Continue on Next Page]*

## APPENDIX & EXHIBITS

### TIRZ REQUIREMENTS

Section 311 of the Texas Tax Code (Tax Increment Financing Act) specifies that TIRZ Project and Finance Plans meet certain requirements. These requirements are listed below, along with a reference indicating where these elements can be located in the Project and Finance Plan. All of the exhibits identified below in this Appendix are incorporated into the Project and Finance Plan of the Zone as if fully set forth herein, and are made a part hereof for all purposes:

#### **Project Plan**

- |  |                                       |
|--|---------------------------------------|
| 1. Survey and Field Notes of Property  | Exhibit 1                             |
| 2. Map of proposed improvements and uses-<br>Tres Lagos Master Plan                                      | Exhibit 2A                            |
| Map of existing uses and conditions  | Exhibit 2B                            |
| 3. Proposed changes of zoning ordinances, waivers and<br>exceptions to subdivision rules and regulations | Exhibit 3                             |
| 4. Estimated non-project costs   | None claimed                          |
| 5. Relocation plan for current residents   | Not Applicable (no current residents) |

#### **Finance Plan**

- |   |                              |
|---|------------------------------|
| 1. Summary  | Exhibit 4                    |
| 2. Detailed estimate of Project Costs including<br>Administrative Costs     | Exhibit 5 & Exhibit 7        |
| 3. Proposed Public Improvements (location, kind, number)                    | Exhibit 5 & Exhibit 9        |
| 4. Finding that Plan is economically feasible/economic<br>feasibility study | Pages 8 & 12                 |
| 4. Project timeline   | Exhibit 4 & Exhibit 8        |
| 5. Estimated amount of bonded indebtedness                                  | Exhibit 6 & Page 12          |
| 6. Time when costs/obligations will be incurred                             | Exhibit 5 & Pages 11 & 12    |
| 7. Methods of financing, sources of revenue                                 | Exhibit 6 & Pages 9, 11 & 12 |
| 8. Current total appraised value  | Exhibit 4                    |
| 9. Estimated captured appraised value                                       | Exhibit 6 & Exhibit 7        |
| 10. Duration of Zone  | Exhibit 4                    |

Exhibit 1  
Field Notes of Property & Survey

**Tract 1:** A tract of land containing 2561.402 acres situated in the County of Hidalgo, Texas, being 2571.402 acres comprised of 1.) 18.865 acres being a part or portion of LOT 54-7, OUT OF THE AMENDED MAP OF LOTS 53-6, 54-6, 55-6, 56-6, 57-6, 58-6, 59-6, 53-7, 54-7, 55-7, 56-7, 57-7, 58-7, 59-7, 53-8 & 53-9, WEST ADDITION TO SHARYLAND SUBDIVISION, according to the plat thereof recorded in Volume 6, Page 42, Hidalgo County Map Records, 2.) ALL OF SECTION 223, TEXAS-MEXICAN RAILWAY CO. SURVEY according to the plat thereof recorded in Volume 8, Page 54, Hidalgo County Map Records; 3.) ALL OF SECTION 224, TEXAS-MEXICAN RAILWAY CO. SURVEY according to the plat thereof recorded in Volume 411, Page 149-150, Hidalgo County Deed Records; 4.) a part or portion of SECTION 227, TEXAS-MEXICAN RAILWAY CO. SURVEY; 5.) a part or portion of SECTION 230, TEXAS-MEXICAN RAILWAY CO. SURVEY; 6.) a part or portion of SECTION 232, TEXAS-MEXICAN RAILWAY CO. SURVEY according to the patent issued by the State of Texas, to W. S. Daugherty recorded in Volume 4, Page 142-143, Hidalgo County Deed Records, SAVE AND EXCEPT 10.00 acres conveyed to Hidalgo County Irrigation District No. 7 by virtue of a Warranty Deed recorded in Volume 622, Page 638, Hidalgo County Deed Records, said 2571.402 acres also being more particularly described as follows:

BEGINNING at the Northeast corner of Section 232 Texas –Mexican Railway Co. Survey located on the city limits of the City of McAllen for the Northeast corner of this tract;

1. THENCE, in a Southwesterly direction along the East Lot line of Lot 232 and the city limits of the City of McAllen to the Southeast corner of said lot for the Northernmost Southeast corner of this tract;
2. THENCE, N 80° 23' 30" W along the South line of said Section 232, the North line of Lots 35-68, Section 229, Tex-Mex as per plat thereof recorded in Volume 12, Page 55, Hidalgo County Map Records, and within Mile 9 Road right-of-way, a distance of 5175.14 feet to an iron pipe found for the Southwest corner of said Section 232, and the Northeast corner of Section 230 for an inside corner of this tract;
3. THENCE, S 09° 05' 05" W along the East line of said Section 230, and the West line of Section 229, as per said plat thereof recorded in Volume 12, Page 55, Hidalgo County Map Records, at a distance of 2519.05 feet pass an iron pipe found in line, and now continuing along the West line of Section 229, Tex-Mex, as per plat thereof recorded in Volume 12, Page 22, Hidalgo County Map Records, and continuing a total distance of 3295.30 to an outside corner of this tract;
4. THENCE, N 80° 48' 32" W a distance of 251.52 feet (250.00 feet) to an iron rod set for an inside corner of this tract;

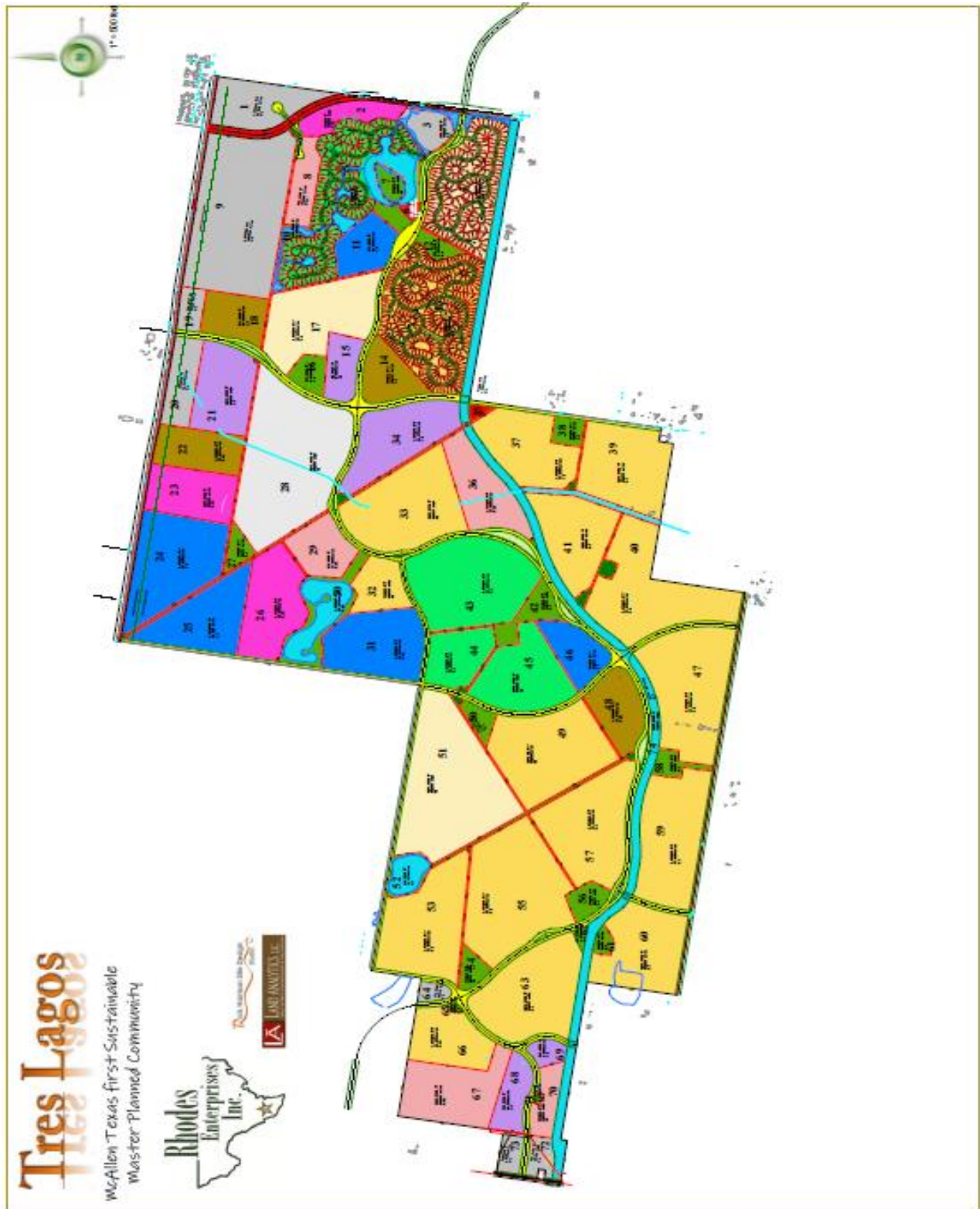
5. THENCE, S 08° 44' 55" W, at a distance of 20.00 pass an iron pipe found in line, and continuing a total distance of 250.00 feet to an iron pipe found for an outside corner of this tract;
6. THENCE, N 80° 55' 38" W a distance of 2503.36 feet (2503.2 feet) to an iron pipe found for an inside corner of this tract;
7. THENCE, S 09° 02' 13" W at a distance of 1611.44 feet pass the North right-of-way line of Mile 8 Road, and continuing a total distance of 1631.44 feet to the Southernmost Southeast corner of this tract;
8. THENCE, N 80° 48' 07" W along the South line of said Section 230, and within said Mile 8 Road right-of-way, a distance of 627.20 feet to an iron rod found for the centerline of Glasscock Road, and for an angle point of this tract;
9. THENCE, N 80° 47' 57" W along the South line of said Section 230, said Section 223, and within said Mile 8 Road right-of-way, a distance of 2644.96 feet to a concrete monument found for the centerline of Stewart Road, and for an angle point of this tract;
10. THENCE, N 81° 10' 51" W along the South line of said Section 223, and within said Mile 8 Road right-of-way, at a distance of 2658.21 feet pass an iron rod found in line and for the center line of Bryan Road, and continuing a total distance of 4164.66 feet to the Southwest corner of said Section 223, and for the Southernmost Southwest corner of this tract;
11. THENCE, N 08° 59' 01" E along the West line of said Section 223, a distance of 1554.21 feet to an iron rod set for an inside corner of this tract;
12. THENCE, N 81° 02' 31" W along the South line of said Section 223, and said Section 224, at a distance of 1161.82 feet pass an iron rod found in line, at a distance of 2462.04 feet pass an iron rod found in line, and continuing a total distance of 2915.12 feet to an iron pipe found for the Southwest corner of said Section 224 and to a point on the East line of said Lot 54-7, for an inside corner of this tract;
13. THENCE, S 08° 59' 01" W along the East line of said Lot 54-7, a distance of 110.00 feet to the Southeast corner of said Lot 54-7, for an outside corner of this tract;
14. THENCE, N 81° 17' 16" W along the South line of said Lot 54-7, at a distance of 761.50 feet pass a No.4 rebar set for the East right-of-way line of F.M. Road 2993 (Cantu Road), continuing a total distance of 791.50 feet to the Southwest corner of said Lot 54-7, for the Northernmost Southwest corner of this tract;

15. THENCE, N 08° 42'44" E along the West line of said Lot 54-7 and within the right-of-way of F.M. Road 2993 (Cantu Road), a distance of 280.00 feet to an outside corner of this tract;
16. THENCE, S 81° 17' 16" E at a distance of 30.00 feet pass a No.4 rebar set for the East right-of-way line of F.M. Road 2993 (Cantu Road), continuing along the South line of The Frass Subdivision (Vol.25, Pg.134-A H.C.M.R.), for a total distance of 205.00 feet to a No.4 rebar set at the Southeast corner of said The Frass Subdivision, for an inside corner of this tract;
17. THENCE, N 08° 42' 46" E along the East line of said The Frass Subdivision, a distance of 125.00 feet to a No.4 rebar set at the Northeast corner of said The Frass Subdivision, for an inside corner of this tract;
18. THENCE, N 81° 17'16" W along the North line of said The Frass Subdivision, at a distance of 175.00 feet pass a No.4 rebar set for the East right-of-way line of F.M. Road 2993 (Cantu Road), continuing a total distance of 205.00 feet to an outside corner of this tract;
19. THENCE, N 08° 42'44" E along the West line of said Lot 54-7 and within the right-of-way of F.M. Road 2993 (Cantu Road), a distance of 692.13 feet to the Southernmost Northwest corner of this tract;
20. THENCE, S 81° 17' 16" E along the South line of a certain 3.82-acre tract, at a distance of 30.00 feet pass a No.4 rebar set for the East right-of-way line of F.M. Road 2993 (Cantu Road), continuing a total distance of 746.69 feet to a No.4 rebar set for an outside corner of this tract;
21. THENCE, S 08° 59' 01" W along the West line of a tract conveyed to Hidalgo Co. Water Control & Imp. Dist. No.7 (now United Irrigation District) by virtue of a Deed recorded in Vol.519, Pg.65, Hidalgo County Deed Records, a distance of 477.14 feet to a No.4 rebar set for an inside corner of this tract;
22. THENCE, S 81° 17' 16" E along the South line of said tract conveyed to Hidalgo Co. Water Control & Imp. Dist. No.7, a distance of 50.00 feet to a No.4 rebar set for an inside corner of this tract;
23. THENCE, N 08° 59' 01" E along the West line of said Section 224, a distance of 2284.35 feet to an iron pipe found for the Northwest corner of said Section 224, and for an outside corner of this tract;

24. THENCE, S 81° 02' 31" E along the North line of said Section 224, a distance of 2554.12 feet to an iron rod set for the Northeast corner of said Section 224, and for an inside corner of this tract;
25. THENCE, N 08° 59' 01" E along the West line of said Section 223, a distance of 854.95 feet to an iron pipe found for the Northwest corner of said Section 223, and for an outside corner of this tract;
26. THENCE, S 80° 46' 58" E along the North line of said Section 223, a distance of 3177.65 feet to an iron pipe found for an angle point of this tract;
27. THENCE, S 80° 45' 29" E along the North line of said Section 223, a distance of 2102.46 feet to an iron pipe found for the Northeast corner of said Section 223, and for an inside corner of this tract;
28. THENCE, N 09° 03' 26" E along the West line of said Section 227, at a distance of 3795.04 feet pass an iron pipe found in line, and continuing a distance of 5216.19 feet to an iron pipe found for the South right-of-way line of Monte Cristo Road (F.M. 1925) and a distance of 5,256.19 feet to the Northwest corner of Section 227 and the Northernmost Northwest corner of this tract;
29. THENCE, in a Southeasterly direction along the North lot line of Section 227 and 232 to the Northeast corner of Section 232 to the POINT OF BEGINNING, and containing 2571.402 acres, SAVE AND EXCEPT the above mentioned 10.00 acres conveyed to Hidalgo County Irrigation District No. 7, leaving 2,561.402 acres of land, more or less, as shown in Exhibit A.



Exhibit 2  
A. Map of Proposed Improvements and Uses



B. Map of Existing Uses and Conditions

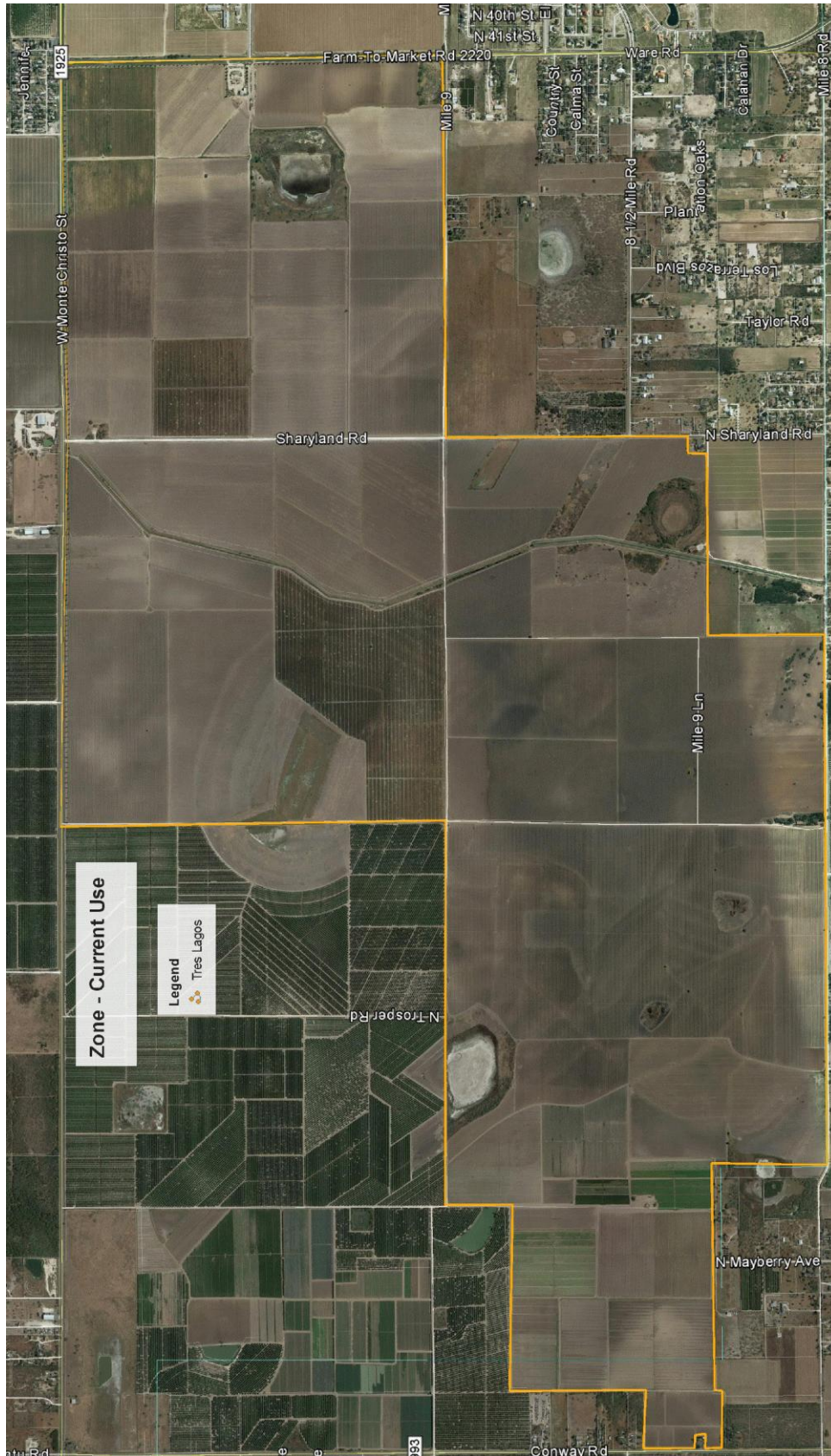


Exhibit 3

A. Waivers and Exceptions to the City of McAllen Platting Regulations

The following specific waivers and exceptions will be required for the Project.

1. The requirement that two access points must be provided into any subdivision with over 20 lots shall not apply to this Project. Emergency access walks/drives shall be recognized as secondary access points for emergency service vehicles.
2. The requirement that the maximum street length ending in a cul-de-sac shall be 600 feet will not apply to this Project provided the unit of development enjoying the variance is designed and platted using the ‘coving method’ and there are emergency access walks/drives serving the unit of development.
3. The requirements pertaining to sidewalks contained in the City’s Development Code will not apply to this Project provided a sidewalk having a width of at least adequate for pedestrian and bike traffic is provided in a plan that is sealed by the registered engineer designing the unit of development.
4. The requirements pertaining to side yard set-backs from property line will be five (5) feet rather than six (6) feet as required by the City Development Code.
5. The requirements pertaining to front yard set-backs for R-1 zoning will be 20 feet rather than the 25 feet as required by the City Development Code.
6. There will be no park fee collected because the parkland dedication will exceed the CITY’s requirements as of 10/30/2014.

B. Current and Future Land Use/Zoning

<u>Tract</u>	<u>Acreage</u>	<u>Current Land Use</u>	<u>Zoning District</u>
1	28.7499 acres	Open Space-Agricultural	C-4- Commercial Industrial
2	15.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
3	11.5000 acres	Open Space-Agricultural	C-4- Commercial Industrial
4	55.000 acres	Open Space-Agricultural	R-1- Single Family Residential
5	81.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
6	2.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
7	12.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
8	15.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
9	100.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
10	4.4665 acres	Open Space-Agricultural	R-1- Single Family Residential
11	20.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
12	5.4285 acres	Open Space-Agricultural	R-1- Single Family Residential
13	79.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
14	19.6183 acres	Open Space-Agricultural	C-4- Commercial Industrial
15	15.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
16	8.1425 acres	Open Space-Agricultural	C-4- Commercial Industrial
17	52.0000 acres	Open Space-Agricultural	R-1- Single Family Residential

18	20.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
19	7.4507 acres	Open Space-Agricultural	C-4- Commercial Industrial
20	18.3713 acres	Open Space-Agricultural	C-4- Commercial Industrial
21	35.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
22	25.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
23	30.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
24	56.9548 acres	Open Space-Agricultural	C-4- Commercial Industrial
25	39.7438 acres	Open Space-Agricultural	C-4- Commercial Industrial
26	40.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
27	5.6970 acres	Open Space-Agricultural	R-1- Single Family Residential
28	99.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
29	21.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
30	29.1412 acres	Open Space-Agricultural	R-3A- Apartment Residential
31	43.7021 acres	Open Space-Agricultural	R-3A- Apartment Residential
32	18.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
33	60.5814 acres	Open Space-Agricultural	R-1- Single Family Residential
34	42.4782 acres	Open Space-Agricultural	C-4- Commercial Industrial
35	1.6301 acres	Open Space-Agricultural	C-4- Commercial Industrial
36	33.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
37	41.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
38	6.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
39	49.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
40	67.5000 acres	Open Space-Agricultural	R-1- Single Family Residential
41	40.5000 acres	Open Space-Agricultural	R-1- Single Family Residential
42	12.2107 acres	Open Space-Agricultural	R-1- Single Family Residential
43	68.6857 acres	Open Space-Agricultural	R-1- Single Family Residential
44	23.5000 acres	Open Space-Agricultural	R-1- Single Family Residential
45	41.7396 acres	Open Space-Agricultural	C-4- Commercial Industrial
46	20.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
47	67.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
48	23.9745 acres	Open Space-Agricultural	R-3A- Apartment Residential
49	62.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
50	6.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
51	92.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
52	10.3235 acres	Open Space-Agricultural	R-1- Single Family Residential
53	57.3405 acres	Open Space-Agricultural	R-1- Single Family Residential
54	6.3298 acres	Open Space-Agricultural	C-4- Commercial Industrial
55	79.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
56	8.0321 acres	Open Space-Agricultural	R-1- Single Family Residential
57	57.5000 acres	Open Space-Agricultural	R-1- Single Family Residential
58	6.2000 acres	Open Space-Agricultural	R-1- Single Family Residential
59	57.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
60	46.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
61	3.1158 acres	Open Space-Agricultural	R-1- Single Family Residential
62	1.5466 acres	Open Space-Agricultural	R-1- Single Family Residential
63	59.0000 acres	Open Space-Agricultural	R-1- Single Family Residential
64	3.9616 acres	Open Space-Agricultural	C-4- Commercial Industrial
65	0.7792 acres	Open Space-Agricultural	C-4- Commercial Industrial
66	29.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
67	42.0000 acres	Open Space-Agricultural	R-3A- Apartment Residential
68	16.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
69	6.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
70	12.0000 acres	Open Space-Agricultural	C-4- Commercial Industrial
71	0.6336 acres	Open Space-Agricultural	C-4- Commercial Industrial

72	6.9196 acres	Open Space-Agricultural	C-4- Commercial Industrial
73	5.9685 acres	Open Space-Agricultural	C-4- Commercial Industrial
74	72.2971 acres	Open Space-Agricultural	C-4- Commercial Industrial

*[Remainder of Page Intentionally Left Blank-Project Plan and Finance Plan Continue on Next Page]*

Exhibit 4

A. Summary Fact Sheet

<b>Proposed Tres Lagos Tax Increment Finance Zone</b> Estimated 30 Year Build out of Residential, Multi-Family, & Commercial <b>Summary Fact Sheet</b> February 20, 2015			
<b>Site Area</b>		<b>2,571 +/- Acres</b>	
<b>2014 Base Value</b>		<b>\$1,064,613.00</b>	
			<b>Taxable Value</b>
Residential Units (SF/MF) 2.5 du/acre	239 Acres		\$ 289,261,974.70
3.5 du/acre	513 Acres		\$ 646,356,673.82
4.5 du/acre	697 Acres		\$ 575,364,753.07
Multifamily 10 du/acre	48 Acres		\$ 58,642,983.99
Multifamily 15 du/acre	70 Acres		\$ 90,841,924.27
Townhomes 6 du/acre	75 Acres		\$ 110,833,324.31
Sales Center	4 Acres		\$ 1,000,000.00
Commercial / Retail	192 Acres		\$ 319,976,279.19
Commercial / Office	97 Acres		\$ 267,955,187.64
University Campus/Flex	105 Acres		\$ 209,547,875.14
School Site	80 Acres		\$ -
Church, Mosque, Synagogue	90 Acres		\$ -
Roadway	135 Acres		\$ -
Drainage	76 Acres		\$ -
Parks	121 Acres		\$ -
<b>Totals</b>	<b>2,542 Acres</b>		<b>\$ 2,569,780,976.14</b>
<b>Estimated Taxable Value Created</b>	<b>\$ 2,569,780,976</b>		
<b>McAllen TIF Assessed Rate</b>	<b>\$ 0.4313</b>		
<b>County TIF Assessed Rate</b>	<b>\$ 0.5308</b>		
<b>Tax Collection Rate</b>	<b>100.00%</b>		
<b>Est. Infrastructure Costs</b>	<b>\$ 258,940,901</b>		
<b>Est. Total Net TIF Revenues</b>	<b>\$ 264,308,634</b>		
<b>Excess (Shortage) TIF Revenues</b>	<b>\$ 5,367,733</b>		
<b>Est. TIF Life</b>	<b>30 Years</b>		

The projections and estimates contained in this Finance and Project Plan are subject to and may be impacted by market & economic conditions both domestic & international. Actual completion & construction of the Project may take more or less time than described herein. However it is understood that the Developer will use its best efforts to complete the project as quickly as economically feasible. A growth rate of 1.015% per year has been used to establish value of future tax basis.

B. Overall Summary with Escalators Table

**Proposed Tres Lagos Tax Increment Finance Zone**  
 Finance Plan - Overall Summary with Escalators (30 year)  
 Tax Value added by year with escalator

Development Type/ by acre	Development Year	2015	2016	2017	2018	2019	2020
	Total Current Value	1	2	3	4	5	6
Single Family 2.5 du/acre	233,025,000	-	8,035,345	8,155,875	8,278,213	8,402,386	8,528,422
Single Family 3.5 du/acre	520,695,000	-	17,955,000	18,224,325	18,497,690	18,775,155	19,056,783
Single Family 4.5 du/acre	463,505,000	-	15,982,931	16,222,675	16,466,015	16,713,005	16,963,700
School Site	-	-	-	-	-	-	-
Church, Mosque, Synagogue	-	-	-	-	-	-	-
Technology Park/Campus	171,517,500	-	-	-	6,352,500	6,447,788	6,544,504
Multifamily 30 du/acre	48,000,000	-	-	-	1,777,778	1,804,444	1,831,511
Multifamily 35 du/acre	82,950,000	-	-	-	-	6,380,769	-
Townhomes 8 du/acre	90,000,000	-	-	3,214,286	3,262,500	3,311,438	3,361,109
Retail & Commercial	261,904,500	-	-	-	9,700,167	9,845,669	9,993,354
Perimeter ROW	-	-	-	-	-	-	-
Interior ROW	-	-	-	-	-	-	-
Drainage way & Park	-	-	-	-	-	-	-
Parks in Street Islands	-	-	-	-	-	-	-
Park with Main Trail	-	-	-	-	-	-	-
Sales Center	1,000,000	250,000	-	-	-	-	250,000
Office Use	219,324,600	-	-	-	8,123,133	8,244,980	8,368,655
Major Drainage way	-	-	-	-	-	-	-
<b>Added Value</b>	<b>2,091,921,600</b>	<b>250,000</b>	<b>41,973,276</b>	<b>45,817,161</b>	<b>72,457,996</b>	<b>79,925,635</b>	<b>74,898,039</b>
<b>Projected Construction Costs</b>	<b>232,396,315</b>	<b>22,609</b>	<b>3,795,823</b>	<b>4,143,442</b>	<b>6,552,687</b>	<b>7,228,018</b>	<b>6,773,351</b>
<b>Proposed Tax Revenue - City of McAllen</b>		<b>863</b>	<b>145,687</b>	<b>303,775</b>	<b>553,784</b>	<b>829,559</b>	<b>1,087,987</b>
<b>Proposed Tax Revenue - Hidalgo County</b>		<b>1,022</b>	<b>172,573</b>	<b>359,835</b>	<b>655,983</b>	<b>982,652</b>	<b>1,288,772</b>

Development Type/ by acre	2021	2022	2023	2024	2025	2026	2027
	7	8	9	10	11	12	13
Single Family 2.5 du/acre	8,656,348	8,786,194	8,917,987	9,051,756	9,187,533	9,325,346	9,465,226
Single Family 3.5 du/acre	19,342,634	19,632,774	19,927,265	20,226,174	20,529,567	20,837,511	21,150,073
Single Family 4.5 du/acre	17,218,156	17,476,428	17,738,575	18,004,653	18,274,723	18,548,844	18,827,077
School Site	-	-	-	-	-	-	-
Church, Mosque, Synagogue	-	-	-	-	-	-	-
Technology Park/Campus	6,642,672	6,742,312	6,843,447	6,946,098	7,050,290	7,156,044	7,263,385
Multifamily 30 du/acre	1,858,984	1,886,869	1,915,172	1,943,899	1,973,058	2,002,653	2,032,693
Multifamily 35 du/acre	6,476,481	-	6,573,628	-	6,672,232	-	6,772,316
Townhomes 8 du/acre	3,411,526	3,462,699	3,514,639	3,567,359	3,620,869	3,675,182	3,730,310
Retail & Commercial	10,143,255	10,295,403	10,449,834	10,606,582	10,765,681	10,927,166	11,091,073
Perimeter ROW	-	-	-	-	-	-	-
Interior ROW	-	-	-	-	-	-	-
Drainage way & Park	-	-	-	-	-	-	-
Parks in Street Islands	-	-	-	-	-	-	-
Park with Main Trail	-	-	-	-	-	-	-
Sales Center	-	-	-	-	250,000	-	-
Office Use	8,494,185	8,621,598	8,750,922	8,882,185	9,015,418	9,150,649	9,287,909
Major Drainage way	-	-	-	-	-	-	-
<b>Added Value</b>	<b>82,244,240</b>	<b>76,904,276</b>	<b>84,631,468</b>	<b>79,228,708</b>	<b>87,339,371</b>	<b>81,623,395</b>	<b>89,620,062</b>
<b>Projected Construction Costs</b>	<b>7,437,699</b>	<b>6,954,784</b>	<b>7,653,587</b>	<b>7,164,992</b>	<b>7,898,474</b>	<b>7,381,554</b>	<b>8,104,727</b>
<b>Proposed Tax Revenue - City of McAllen</b>	<b>1,371,763</b>	<b>1,637,113</b>	<b>1,929,126</b>	<b>2,202,497</b>	<b>2,503,852</b>	<b>2,785,486</b>	<b>3,094,711</b>
<b>Proposed Tax Revenue - Hidalgo County</b>	<b>1,624,917</b>	<b>1,939,237</b>	<b>2,285,140</b>	<b>2,608,960</b>	<b>2,965,930</b>	<b>3,299,538</b>	<b>3,665,829</b>

Overall Summary with Escalators Table (Continued)

	2028	2029	2030	2031	2032	2033	2034
Development Type/ by acre	14	15	16	17	18	19	20
Single Family 2.5 du/acre	9,607,204	9,751,312	9,897,582	10,046,046	10,196,736	10,349,688	10,504,933
Single Family 3.5 du/acre	21,467,324	21,789,334	22,116,174	22,447,917	22,784,636	23,126,405	23,473,301
Single Family 4.5 du/acre	19,109,483	19,396,125	19,687,067	19,982,373	20,282,108	20,586,340	20,895,135
School Site	-	-	-	-	-	-	-
Church, Mosque, Synagogue	-	-	-	-	-	-	-
Technology Park/Campus	7,372,336	7,482,921	7,595,164	7,709,092	7,824,728	7,942,099	8,061,231
Multifamily 20 du/acre	2,063,184	2,094,131	2,125,543	2,157,427	2,189,788	2,222,635	2,255,974
Multifamily 25 du/acre	-	6,873,901	-	6,977,009	-	7,081,664	-
Townhomes 8 du/acre	3,786,264	3,843,058	3,900,704	3,959,215	4,018,603	4,078,882	4,140,065
Retail & Commercial	11,257,439	11,426,301	11,597,696	11,771,661	11,948,236	12,127,459	12,309,371
Perimeter ROW	-	-	-	-	-	-	-
Interior ROW	-	-	-	-	-	-	-
Drainage way & Park	-	-	-	-	-	-	-
Parks in Street Islands	-	-	-	-	-	-	-
Park with Main Trail	-	-	-	-	-	-	-
Sales Center	-	-	250,000	-	-	-	-
Office Use	9,427,228	9,568,636	9,712,166	9,857,848	10,005,716	10,155,802	10,308,139
Major Drainage way	-	-	-	-	-	-	-
<b>Added Value</b>	<b>84,090,462</b>	<b>92,225,720</b>	<b>86,882,097</b>	<b>94,908,587</b>	<b>89,250,552</b>	<b>97,670,974</b>	<b>91,948,150</b>
<b>Projected Construction Costs</b>	<b>7,604,661</b>	<b>8,340,367</b>	<b>7,857,121</b>	<b>8,582,991</b>	<b>8,071,310</b>	<b>8,832,805</b>	<b>8,315,266</b>
<b>Proposed Tax Revenue - City of McAllen</b>	<b>3,384,857</b>	<b>3,703,072</b>	<b>4,002,850</b>	<b>4,330,323</b>	<b>4,638,273</b>	<b>4,975,277</b>	<b>5,292,535</b>
<b>Proposed Tax Revenue - Hidalgo County</b>	<b>4,009,521</b>	<b>4,386,462</b>	<b>4,741,563</b>	<b>5,129,470</b>	<b>5,494,251</b>	<b>5,893,448</b>	<b>6,269,255</b>

	2035	2036	2037	2038	2039	2040	2041
Development Type/ by acre	21	22	23	24	25	26	27
Single Family 2.5 du/acre	10,662,507	10,822,444	10,984,781	11,149,553	11,316,796	11,486,548	11,658,846
Single Family 3.5 du/acre	23,825,401	24,182,782	24,545,523	24,913,706	25,287,412	25,666,723	26,051,724
Single Family 4.5 du/acre	21,208,562	21,526,691	21,849,591	22,177,335	22,509,995	22,847,645	23,190,360
School Site	-	-	-	-	-	-	-
Church, Mosque, Synagogue	-	-	-	-	-	-	-
Technology Park/Campus	8,182,149	8,304,881	8,429,455	8,555,896	8,684,235	8,814,498	8,946,716
Multifamily 20 du/acre	2,289,814	2,324,161	2,359,024	2,394,409	2,430,325	2,466,780	2,503,782
Multifamily 25 du/acre	7,187,889	-	7,295,708	-	7,405,143	-	7,516,220
Townhomes 8 du/acre	4,202,166	4,265,199	4,329,177	4,394,114	4,460,026	4,526,927	4,594,830
Retail & Commercial	12,494,012	12,681,422	12,871,643	13,064,718	13,260,689	13,459,599	13,661,493
Perimeter ROW	-	-	-	-	-	-	-
Interior ROW	-	-	-	-	-	-	-
Drainage way & Park	-	-	-	-	-	-	-
Parks in Street Islands	-	-	-	-	-	-	-
Park with Main Trail	-	-	-	-	-	-	-
Sales Center	-	-	-	-	-	-	-
Office Use	10,462,761	10,619,702	10,778,998	10,940,683	11,104,793	11,271,365	11,440,435
Major Drainage way	-	-	-	-	-	-	-
<b>Added Value</b>	<b>100,515,261</b>	<b>94,727,282</b>	<b>103,443,899</b>	<b>97,590,415</b>	<b>106,459,414</b>	<b>100,540,085</b>	<b>109,564,406</b>
<b>Projected Construction Costs</b>	<b>9,090,026</b>	<b>8,566,594</b>	<b>9,354,875</b>	<b>8,825,520</b>	<b>9,627,581</b>	<b>9,092,271</b>	<b>9,908,379</b>
<b>Proposed Tax Revenue - City of McAllen</b>	<b>5,639,352</b>	<b>5,966,200</b>	<b>6,323,122</b>	<b>6,659,848</b>	<b>7,027,176</b>	<b>7,374,079</b>	<b>7,752,120</b>
<b>Proposed Tax Revenue - Hidalgo County</b>	<b>6,680,076</b>	<b>7,067,242</b>	<b>7,490,034</b>	<b>7,888,901</b>	<b>8,324,018</b>	<b>8,734,942</b>	<b>9,182,749</b>

Overall Summary with Escalators Table (Continued)

Development Type/ by acre	2042	2043	2044		TOTALS
	28	29	30		
Single Family 2.5 du/acre	11,833,729	12,011,235	12,191,403	289,261,975	289,261,975
Single Family 3.5 du/acre	26,442,500	26,839,137	27,241,724	646,356,674	646,356,674
Single Family 4.5 du/acre	23,538,215	23,891,288	24,249,657	575,364,753	575,364,753
School Site	-	-	-	-	-
Church, Mosque, Synagogue	-	-	-	-	-
Technology Park/Campus	9,080,917	9,217,130	9,355,387	209,547,875	209,547,875
Multifamily 20 du/acre	2,541,338	2,579,458	2,618,150	58,642,984	58,642,984
Multifamily 25 du/acre	-	7,628,964	-	90,841,924	90,841,924
Townhomes 8 du/acre	4,663,753	4,733,709	4,804,715	110,833,324	110,833,324
Retail & Commercial	13,866,416	14,074,412	14,285,528	319,976,279	319,976,279
Perimeter ROW	-	-	-	-	-
Interior ROW	-	-	-	-	-
Drainage way & Park	-	-	-	-	-
Parks in Street Islands	-	-	-	-	-
Park with Main Trail	-	-	-	-	-
Sales Center	-	-	-	1,000,000	1,000,000
Office Use	11,612,042	11,786,223	11,963,016	267,955,188	267,955,188
Major Drainage way	-	-	-	-	-
Added Value	103,578,909	112,761,556	106,709,581	2,569,780,976	2,569,780,976
Projected Construction Costs	9,367,085	10,197,511	9,650,205		232,396,315
Proposed Tax Revenue - City of McAllen	8,109,509	8,498,582	8,866,772		120,990,149
Proposed Tax Revenue - Hidalgo County	9,606,092	10,066,967	10,503,106		143,318,484

Exhibit 5  
Sources & Uses Table

Proposed Tres Lagos Tax Increment Finance Zone Sources & Uses					
<b>Sources of Funds</b>					
	Net TIF Revenues City of McAllen		\$	120,990,149	
	Net TIF Revenues Hidalgo County		\$	143,318,484	
<b>Total Sources of Funds</b>			\$	264,308,634	
<b>Uses Of Funds</b>					
	Units	Amount	Cost Per Unit	Location	Total Infrastructure Improvements
Public Improvements					
<b>Internal Hard Project Costs</b>					
Site Work	Acres	1550	\$ 2,500.00	Project Site	\$ 3,875,000
Mile 9 Russell Rd Pav/Drain/light	L.F.	27560	\$ 513.00	Site	\$ 14,138,280
Shary & Bryan Pav/Drain/light	L.F.	11900	\$ 479.50	Site	\$ 5,706,050
Glasscock/Stewart/Mayberry	L.F.	10400	\$ 354.50	Site	\$ 3,686,800
Int. Streets & Drainage	L.F.	154560	\$ 214.50	Project Site	\$ 53,596,698
Water Reuse System; and Lakes	L.F.	154,460	\$ 39.00	Project Site	\$ 14,969,651
Water	L.F.	154,560	\$ 50.00	Project Site	\$ 26,196,890
Spine Water Main	34,100 LF of 20 in, & 16 in	LS	na	Offsite and Onsite	\$ 3,400,000
Spine Sanitary Sewer Main	15 to 21 inch SS	LS	na	Onsite	\$ 2,200,000
Drain Ditch Xings	10' x 10' Box Culvert Xing	5	\$ 150,000.00	Ditch Xing with Roads	\$ 750,000
Spine Water Reuse	Lake Lining/pumps/tanks	LS	na	50 ac of lake reservoir	\$ 3,000,000
Sewer	L.F.	154,560	\$ 52.00	Project Site	\$ 25,662,259
Parks w/amenities & Landscaping	Acres	121	\$ 100,000.00	Project Site	\$ 12,100,000
Main Entrances	Each	3	\$ 350,000.00	Project Site	\$ 1,050,000
Minor Entrances	Each	21	\$ 75,000.00	Project Site	\$ 1,575,000
Roundabouts	Each	3	\$ 85,000.00		\$ 255,000
Bus Stops	Each	5	\$ 35,000.00	Project Site	\$ 175,000
Mail Box Clusters	Each	8500	\$ 100.00	Project Site	\$ 850,000
Water Impact Fees	AcFt	3125	\$ 2,500.00	Project Site	\$ 7,812,500
Sewer Impact Fees				Project Site	\$ -
Sidewalks	S.F.	755,117	\$ 4.00	Project Site	\$ 3,020,468
Purchase of Real Property	Acres	40	\$ 15,000.00	South Area	\$ 600,000
Masonry Walls	LF	52800	\$ 80.00		\$ 4,224,000
<b>Common Hard Costs</b>					
FTTH, Comm. Wi-Fi, Surveillance		varies	varies	Project Site	\$ 13,779,000
				Sub Total:	\$ 202,622,596
<b>Soft Project Costs</b>					
Engineering/Surveying/Consulting					\$ 16,209,808
Construction Management					\$ 2,532,782
Formation Costs & Consulting					\$ 900,000
Contingency & City Public Improvements (approx. \$4,050,000.00) plus Pre-TIRZ Administrative Costs (up to \$70,000)					\$ 10,131,130
<b>Subtotals</b>					<b>\$ 232,396,315</b>
<b>EXPENSE:</b>					
Total Infrastructure		\$ 232,396,315			
Interest Expense / Finance Costs (estimated) @ 4.5%		\$ 26,144,585			
<b>Total</b>		<b>\$ 258,540,901</b>			
Admin. Expenses (City & County)		\$ 400,000			
<b>Grand Total</b>		<b>\$ 258,940,901</b>			
<b>REVENUE:</b>					
Total TIF Revenue		\$ 264,308,634			
Project Financing Surplus (Shortage)		\$ 5,367,733			
<p>The above allocation of costs are estimated and may be changed or adjusted by action of the Board of the TIRZ to meet project requirements pursuant to Section 13.3 of the Development Agreement, however the total maximum contributions of the participating taxing entities and term of the Zone may not be increased without approval by the City Commission and County Commissioners Court.</p>					

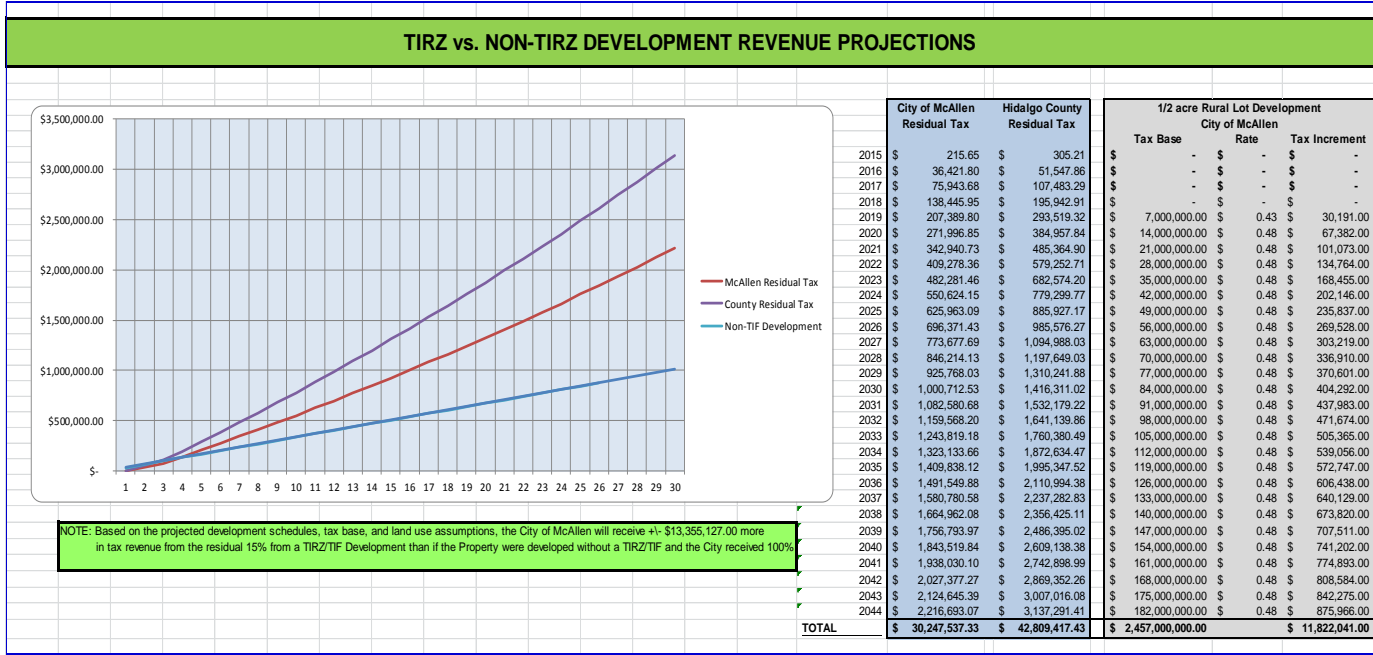
Exhibit 6  
A. TIF Revenue Build Out Assumptions

Proposed Tres Lagos Tax Increment Finance Zone TIF Revenue Build Out Assumptions													
Tax Year	TIF Assessed Values				City of McAllen Tax - TIF (80% of M & O Tax Rate)			Hidalgo County (77% of M&O Rate)			Edinburg ISD		
	Beginning Assessed Tax Value	Annual Value of New Tax Development	Projected Year-End Tax Assessed Value	Projected Captured Tax Value	Taxable Value	Rate	Tax Increment	Taxable Value	Rate	Tax Increment	Taxable Value	Rate	Tax Increment
2014	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	0.345040	\$ 863	\$ 250,000	0.408716	\$ 1,022	\$ 250,000	1.239800	\$ 3,100
2015	\$ 250,000	\$ 41,973,276	\$ 42,223,276	\$ 42,223,276	\$ 42,223,276	0.345040	\$ 145,687	\$ 42,223,276	0.408716	\$ 172,573	\$ 42,223,276	1.239800	\$ 523,484
2016	\$ 42,223,276	\$ 45,817,161	\$ 88,040,437	\$ 88,040,437	\$ 88,040,437	0.345040	\$ 303,775	\$ 88,040,437	0.408716	\$ 359,835	\$ 88,040,437	1.239800	\$ 1,091,525
2017	\$ 88,040,437	\$ 72,457,996	\$ 160,498,432	\$ 160,498,432	\$ 160,498,432	0.345040	\$ 553,784	\$ 160,498,432	0.408716	\$ 655,983	\$ 160,498,432	1.239800	\$ 1,989,860
2018	\$ 160,498,432	\$ 79,925,635	\$ 240,424,068	\$ 240,424,068	\$ 240,424,068	0.345040	\$ 829,559	\$ 240,424,068	0.408716	\$ 982,652	\$ 240,424,068	1.239800	\$ 2,980,778
2019	\$ 240,424,068	\$ 74,898,039	\$ 315,322,106	\$ 315,322,106	\$ 315,322,106	0.345040	\$ 1,087,987	\$ 315,322,106	0.408716	\$ 1,288,772	\$ 315,322,106	1.239800	\$ 3,909,363
2020	\$ 315,322,106	\$ 82,244,240	\$ 397,566,347	\$ 397,566,347	\$ 397,566,347	0.345040	\$ 1,371,763	\$ 397,566,347	0.408716	\$ 1,624,917	\$ 397,566,347	1.239800	\$ 4,929,028
2021	\$ 397,566,347	\$ 76,904,276	\$ 474,470,622	\$ 474,470,622	\$ 474,470,622	0.345040	\$ 1,637,113	\$ 474,470,622	0.408716	\$ 1,939,237	\$ 474,470,622	1.239800	\$ 5,882,487
2022	\$ 474,470,622	\$ 84,631,468	\$ 559,102,090	\$ 559,102,090	\$ 559,102,090	0.345040	\$ 1,929,126	\$ 559,102,090	0.408716	\$ 2,285,140	\$ 559,102,090	1.239800	\$ 6,931,748
2023	\$ 559,102,090	\$ 79,228,708	\$ 638,330,798	\$ 638,330,798	\$ 638,330,798	0.345040	\$ 2,202,497	\$ 638,330,798	0.408716	\$ 2,608,960	\$ 638,330,798	1.239800	\$ 7,914,025
2024	\$ 638,330,798	\$ 87,339,371	\$ 725,670,168	\$ 725,670,168	\$ 725,670,168	0.345040	\$ 2,503,852	\$ 725,670,168	0.408716	\$ 2,965,390	\$ 725,670,168	1.239800	\$ 8,996,859
2025	\$ 725,670,168	\$ 81,623,395	\$ 807,293,564	\$ 807,293,564	\$ 807,293,564	0.345040	\$ 2,785,486	\$ 807,293,564	0.408716	\$ 3,299,538	\$ 807,293,564	1.239800	\$ 10,008,826
2026	\$ 807,293,564	\$ 89,620,062	\$ 896,913,626	\$ 896,913,626	\$ 896,913,626	0.345040	\$ 3,094,711	\$ 896,913,626	0.408716	\$ 3,665,829	\$ 896,913,626	1.239800	\$ 11,119,935
2027	\$ 896,913,626	\$ 84,090,462	\$ 981,004,088	\$ 981,004,088	\$ 981,004,088	0.345040	\$ 3,384,857	\$ 981,004,088	0.408716	\$ 4,009,521	\$ 981,004,088	1.239800	\$ 12,162,489
2028	\$ 981,004,088	\$ 92,225,720	\$ 1,073,229,808	\$ 1,073,229,808	\$ 1,073,229,808	0.345040	\$ 3,703,072	\$ 1,073,229,808	0.408716	\$ 4,386,462	\$ 1,073,229,808	1.239800	\$ 13,305,903
2029	\$ 1,073,229,808	\$ 86,882,097	\$ 1,160,111,904	\$ 1,160,111,904	\$ 1,160,111,904	0.345040	\$ 4,002,850	\$ 1,160,111,904	0.408716	\$ 4,741,563	\$ 1,160,111,904	1.239800	\$ 14,383,067
2030	\$ 1,160,111,904	\$ 94,908,587	\$ 1,255,020,492	\$ 1,255,020,492	\$ 1,255,020,492	0.345040	\$ 4,330,323	\$ 1,255,020,492	0.408716	\$ 5,129,470	\$ 1,255,020,492	1.239800	\$ 15,559,744
2031	\$ 1,255,020,492	\$ 89,250,552	\$ 1,344,271,043	\$ 1,344,271,043	\$ 1,344,271,043	0.345040	\$ 4,638,273	\$ 1,344,271,043	0.408716	\$ 5,494,251	\$ 1,344,271,043	1.239800	\$ 16,666,272
2032	\$ 1,344,271,043	\$ 97,670,974	\$ 1,441,942,018	\$ 1,441,942,018	\$ 1,441,942,018	0.345040	\$ 4,975,277	\$ 1,441,942,018	0.408716	\$ 5,893,448	\$ 1,441,942,018	1.239800	\$ 17,877,197
2033	\$ 1,441,942,018	\$ 91,948,150	\$ 1,533,890,167	\$ 1,533,890,167	\$ 1,533,890,167	0.345040	\$ 5,292,535	\$ 1,533,890,167	0.408716	\$ 6,269,255	\$ 1,533,890,167	1.239800	\$ 19,107,170
2034	\$ 1,533,890,167	\$ 100,515,261	\$ 1,634,405,428	\$ 1,634,405,428	\$ 1,634,405,428	0.345040	\$ 5,639,352	\$ 1,634,405,428	0.408716	\$ 6,680,076	\$ 1,634,405,428	1.239800	\$ 20,263,358
2035	\$ 1,634,405,428	\$ 94,727,282	\$ 1,729,132,711	\$ 1,729,132,711	\$ 1,729,132,711	0.345040	\$ 5,966,200	\$ 1,729,132,711	0.408716	\$ 7,067,242	\$ 1,729,132,711	1.239800	\$ 21,437,787
2036	\$ 1,729,132,711	\$ 103,443,899	\$ 1,832,576,610	\$ 1,832,576,610	\$ 1,832,576,610	0.345040	\$ 6,323,122	\$ 1,832,576,610	0.408716	\$ 7,490,034	\$ 1,832,576,610	1.239800	\$ 22,720,285
2037	\$ 1,832,576,610	\$ 97,590,415	\$ 1,930,167,024	\$ 1,930,167,024	\$ 1,930,167,024	0.345040	\$ 6,659,848	\$ 1,930,167,024	0.408716	\$ 7,888,901	\$ 1,930,167,024	1.239800	\$ 23,930,211
2038	\$ 1,930,167,024	\$ 106,459,414	\$ 2,036,626,438	\$ 2,036,626,438	\$ 2,036,626,438	0.345040	\$ 7,027,176	\$ 2,036,626,438	0.408716	\$ 8,324,018	\$ 2,036,626,438	1.239800	\$ 25,250,095
2039	\$ 2,036,626,438	\$ 100,540,085	\$ 2,137,166,523	\$ 2,137,166,523	\$ 2,137,166,523	0.345040	\$ 7,374,079	\$ 2,137,166,523	0.408716	\$ 8,734,942	\$ 2,137,166,523	1.239800	\$ 26,496,591
2040	\$ 2,137,166,523	\$ 109,564,406	\$ 2,246,730,930	\$ 2,246,730,930	\$ 2,246,730,930	0.345040	\$ 7,752,120	\$ 2,246,730,930	0.408716	\$ 9,182,749	\$ 2,246,730,930	1.239800	\$ 27,854,970
2041	\$ 2,246,730,930	\$ 103,578,909	\$ 2,350,309,839	\$ 2,350,309,839	\$ 2,350,309,839	0.345040	\$ 8,109,509	\$ 2,350,309,839	0.408716	\$ 9,606,092	\$ 2,350,309,839	1.239800	\$ 29,139,141
2042	\$ 2,350,309,839	\$ 112,761,556	\$ 2,463,071,395	\$ 2,463,071,395	\$ 2,463,071,395	0.345040	\$ 8,498,582	\$ 2,463,071,395	0.408716	\$ 10,066,967	\$ 2,463,071,395	1.239800	\$ 30,537,159
2043	\$ 2,463,071,395	\$ 106,709,581	\$ 2,569,780,976	\$ 2,569,780,976	\$ 2,569,780,976	0.345040	\$ 8,866,772	\$ 2,569,780,976	0.408716	\$ 10,503,106	\$ 2,569,780,976	1.239800	\$ 31,860,145
2044	\$ 2,569,780,976												
<b>Existing Annual Value Growth Factors</b>				\$ 2,569,780,976	<b>120,990,149</b>			<b>143,318,484</b>			<b>434,742,601</b>		
<b>Year 2014 Combined Compound Growth Rate</b>				0.00%	<b>Participation Level (M&amp;O only) 80%</b>			<b>Participation Level 77%</b>			<b>77%</b>		
					<b>Tax Rate Collection Factor 100.00%</b>			<b>Tax Rate Collection Factor 100.00%</b>			<b>100.00%</b>		

The base year (2014) value of the land within the Zone is +/- TBD and does not include the base value, as the taxes generated on the "base value" are paid to the benefit of the appropriate taxing unit and not the TIRZ.

Revenue Total	City	\$120,990,149
	County	\$143,318,484
<b>TOTAL</b>		<b>\$264,308,634</b>

B. TIRZ v. Non-TIRZ Revenue Projections



C. TIRZ v. Non-TIRZ Revenue Projections (w/Sales Tax)

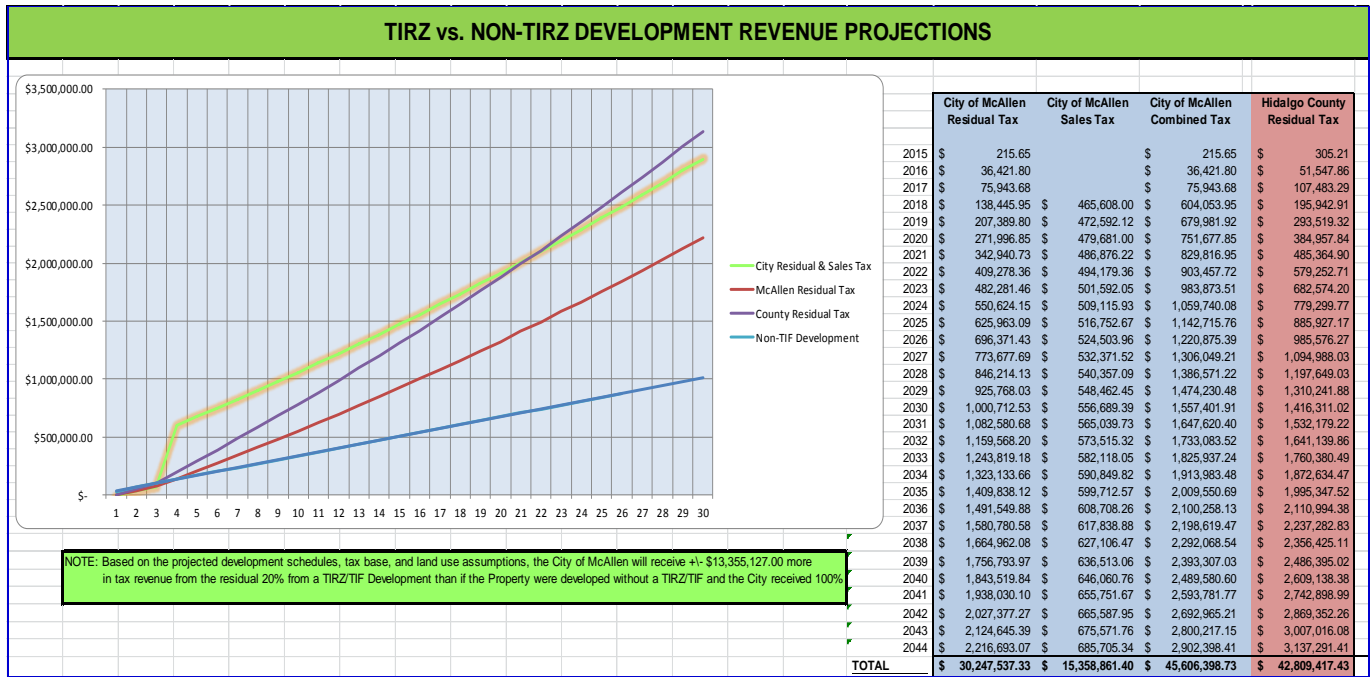


Exhibit 7  
Projected Value of Taxable New Improvements

McAllen - Tax Increment Finance Zone #1											
Projected Value of Taxable New Improvements											
Construction Costs of Public Improvements (figures do not include interest, formation or other allowable project costs)											
Year											Total
2015	\$250,000										\$ 250,000
2016		\$ 41,973,276									\$ 41,973,276
2017			\$ 45,817,161								\$ 45,817,161
2018				\$ 72,457,996							\$ 72,457,996
2019					\$ 79,925,635						\$ 79,925,635
2020						\$ 74,898,039					\$ 74,898,039
2021							\$ 82,244,240				\$ 82,244,240
2022								\$ 76,904,276			\$ 76,904,276
2023									\$ 84,631,468		\$ 84,631,468
2024										\$ 79,228,708	\$ 79,228,708
2025										\$ 87,339,371	\$ 87,339,371
2026										\$ 81,623,395	\$ 81,623,395
2027										\$ 89,620,062	\$ 89,620,062
2028										\$ 84,090,462	\$ 84,090,462
2029										\$ 92,225,720	\$ 92,225,720
2030										\$ 86,882,097	\$ 86,882,097
2031										\$ 94,908,587	\$ 94,908,587
2032										\$ 89,250,552	\$ 89,250,552
2033										\$ 97,670,974	\$ 97,670,974
2034										\$ 91,948,150	\$ 91,948,150
2035										\$ 100,515,261	\$ 100,515,261
2036										\$ 94,727,282	\$ 94,727,282
2037										\$ 103,443,899	\$ 103,443,899
2038										\$ 97,590,415	\$ 97,590,415
2039										\$ 106,459,414	\$ 106,459,414
2040										\$ 100,540,085	\$ 100,540,085
2041										\$ 109,564,406	\$ 109,564,406
2042										\$ 103,578,909	\$ 103,578,909
2043										\$ 112,761,556	\$ 112,761,556
2044										\$ 106,709,581	\$ 106,709,581
	\$ 250,000	\$ 41,973,276	\$ 45,817,161	\$ 72,457,996	\$ 79,925,635	\$ 74,898,039	\$ 82,244,240	\$ 76,904,276	\$ 84,631,468	\$ 2,010,678,886	\$ 2,569,780,976

Exhibit 8  
Estimated Construction Schedule

McAllen - Tax Increment Finance Zone #1												
Projected Uses of Tax Increment												
Estimated Construction Schedule of Public Improvements (figures do not include interest, formation or other allowable project costs)												
Year												Total
2015	22,608.57											\$ 22,609
2016	\$ 3,795,823											\$ 3,795,823
2017		\$ 4,143,442										\$ 4,143,442
2018			\$ 6,552,687									\$ 6,552,687
2019				\$ 7,228,018								\$ 7,228,018
2020					\$ 6,773,351							\$ 6,773,351
2021						\$ 7,437,699						\$ 7,437,699
2022							\$ 6,954,784					\$ 6,954,784
2023								\$ 7,653,587				\$ 7,653,587
2024									\$ 7,164,992			\$ 7,164,992
2025										\$ 7,898,474		\$ 7,898,474
2026										\$ 6,371,189		\$ 7,381,554
2027										\$ 7,052,539		\$ 8,104,727
2028										\$ 6,499,250		\$ 7,604,661
2029										\$ 7,188,057		\$ 8,340,367
2030										\$ 6,653,140		\$ 7,857,121
2031										\$ 7,326,236		\$ 8,582,991
2032										\$ 6,763,146		\$ 8,071,310
2033										\$ 7,467,130		\$ 8,832,805
2034										\$ 6,899,085		\$ 8,315,266
2035										\$ 7,610,792		\$ 9,090,026
2036										\$ 7,037,756		\$ 8,566,594
2037										\$ 7,757,278		\$ 9,354,875
2038										\$ 7,179,215		\$ 8,825,520
2039										\$ 7,906,643		\$ 9,627,581
2040										\$ 7,323,517		\$ 9,092,271
2041										\$ 8,058,944		\$ 9,908,379
2042										\$ 7,470,720		\$ 9,367,085
2043										\$ 8,214,241		\$ 10,197,511
2044										\$ 7,620,882		\$ 9,650,205
		\$ 3,795,823	\$ 4,143,442	\$ 6,552,687	\$ 7,228,018	\$ 6,773,351	\$ 7,437,699	\$ 6,954,784	\$ 7,653,587	\$ 7,164,992	\$ 146,298,235	\$ 232,396,315

The projections and estimates contained in this Schedule are subject to and may be impacted by market & economic conditions both domestic & international. Actual completion & construction of the project may take more or less time than described herein. However it is understood that the Developer will use its best efforts to complete the project as quickly as economically feasible. In the event the Developer spends more for infrastructure in a year than required, the amount spent in excess of the required amount shall be credited forward to the next year and applied as if the funds were spent in that year for the purpose of determining

Exhibit 9  
Allocated Land Uses and Values Table

Tres Lagos Allocated Land Uses and Values				ALL TAXABLE VALUES ONLY					
Designation	Description	Category	Square Feet	Acreage	AC by Cat.	Avg Unit Value	Type Unit	Value Per Acre	Total Value
SF <del>A</del>	Single Family 2.5 du/acre	Single Family		239		\$390,000.00	House	\$975,000.00	\$233,025,000.00
SF-B	Single Family 3.5 du/acre	Single Family		513		\$290,000.00	House	\$1,015,000.00	\$520,695,000.00
SF <del>C</del>	Single Family 4.5 du/acre	Single Family		697	1344	\$190,000.00	House	\$665,000.00	\$463,505,000.00
NR <del>E</del>	School Site	Commercial/Other	3,475,137	80		\$0.00	Acre	\$0.00	\$0.00
NR <del>G</del>	Church, Mosque, Synagogue	Commercial/Other	3,920,400	90		\$0.00	Acre	\$0.00	\$0.00
NR <del>D</del>	Technology Park/Campus	Commercial/Other	4,573,800	105	379.8	\$150.00	Usable S.F.	\$1,633,500.00	\$171,517,500.00
MF <del>B</del>	Multifamily 10 du/acre	Multifamily	2,090,880	48		\$100,000.00	Unit	\$1,000,000.00	\$48,000,000.00
MF <del>C</del>	Multifamily 15 du/acre	Multifamily	3,049,200	70		\$79,000.00	Unit	\$1,185,000.00	\$82,950,000.00
MF <del>A</del>	Townhomes 8 du/acre	Multifamily	3,267,000	75	193	\$150,000.00	Unit	\$1,200,000.00	\$90,000,000.00
NR <del>A</del>	Retail & Commercial	Retail	8,381,885	192	192.4	\$125.00	Usable S.F.	\$1,361,250.00	\$261,904,500.00
Roadway	Perimeter ROW	Public Use/ROW	1,206,538	28			Acre	\$0.00	\$0.00
Roadway	Interior ROW	Public Use/ROW	5,424,061	125	152.2		Acre	\$0.00	\$0.00
OS <del>C</del>	Drainage way & Park	Public Use/Amenities	246,660	6			Acre	\$0.00	\$0.00
OS <del>D</del>	Parks in Street Islands	Public Use/Amenities	479,889	11			Acre	\$0.00	\$0.00
OS <del>B</del>	Park with Main Trail	Public Use/Amenities	4,770,220	110	126.2		Acre	\$0.00	\$0.00
Sales Center	Sales Center	Office	174,240	4		\$250,000.00	Acre	\$250,000.00	\$1,000,000.00
NR <del>B</del>	Office Use	Office	4,212,252	97	100.7	\$200.00	Usable S.F.	\$2,178,000.00	\$219,324,600.00
OS <del>A</del>	Major Drainage way	Public Use/Flood Plain	3,073,394	71	70.6	\$0.00	Acre	\$0.00	\$0.00
<b>Totals</b>			<b>111,463,996</b>	<b>2,559</b>	<b>2558.9</b>				<b>\$2,091,921,600.00</b>