



City of McAllen **Tax Increment Reinvestment Zone No. 1**

Amended Supplemental Project & Financing Plan

Approved by TIRZ Board on August 27, 2015
Amended by TIRZ Board on November 18, 2015

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Project Location Plan – 100 A&M Acre Site in Tres Lagos

Original Tres Lagos Plan with High School

Tres Lagos

McAllen Texas First Sustainable Master Planned Community

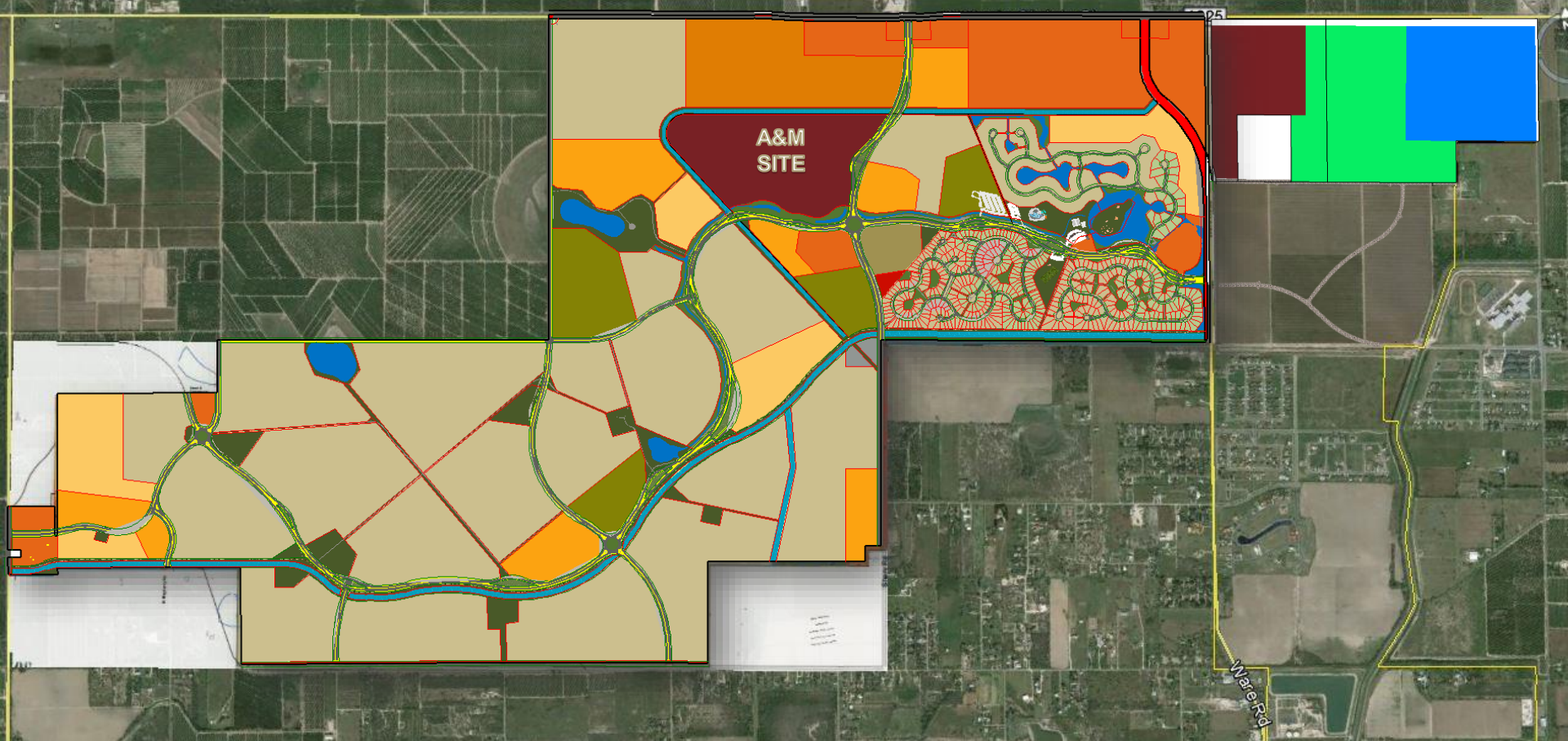


Rhodes Enterprises Inc.

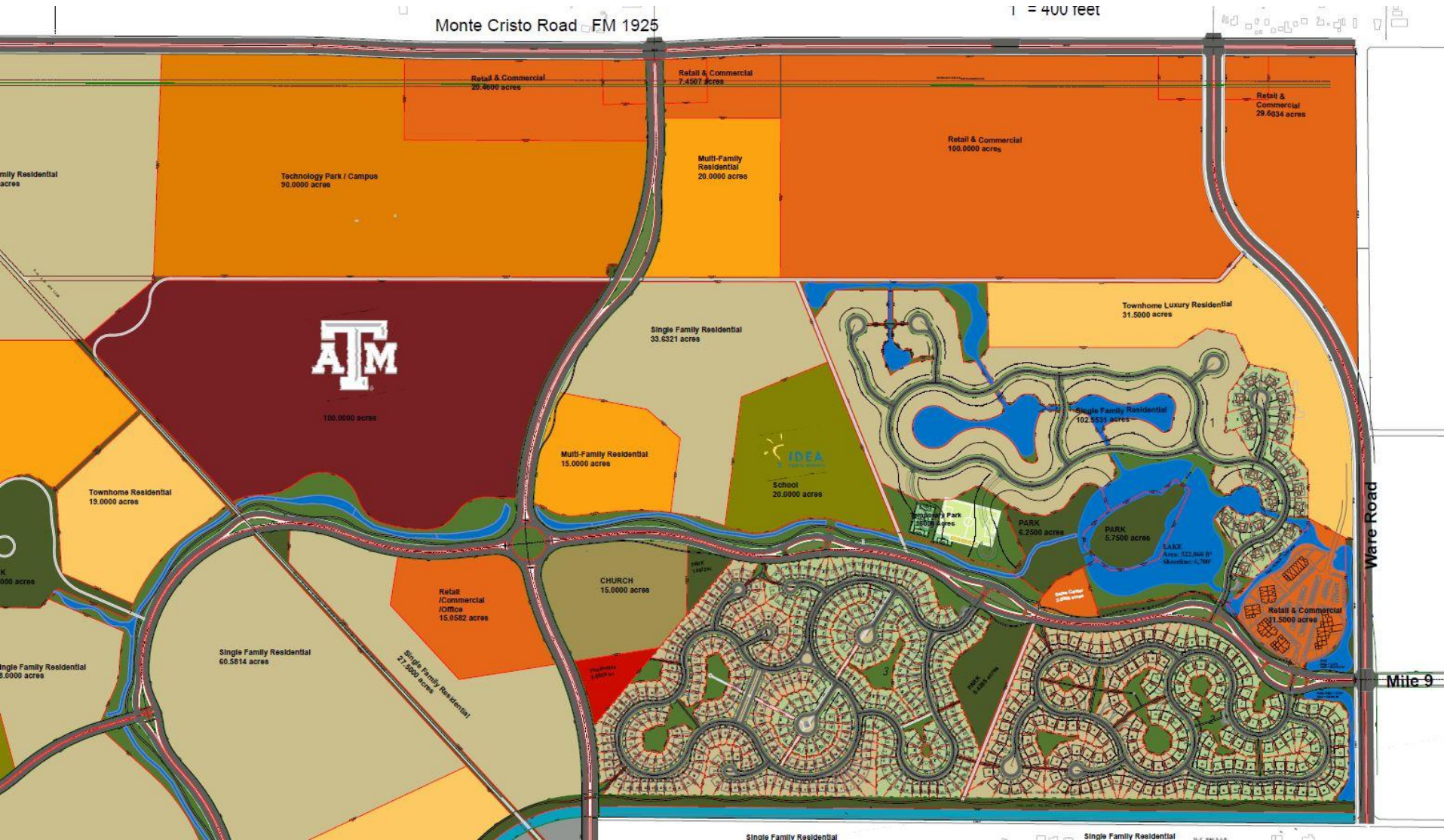
MELDEN & HUNT INC.
CONSULTANTS & ARCHITECTS

Rick Harrison Site Design Studio

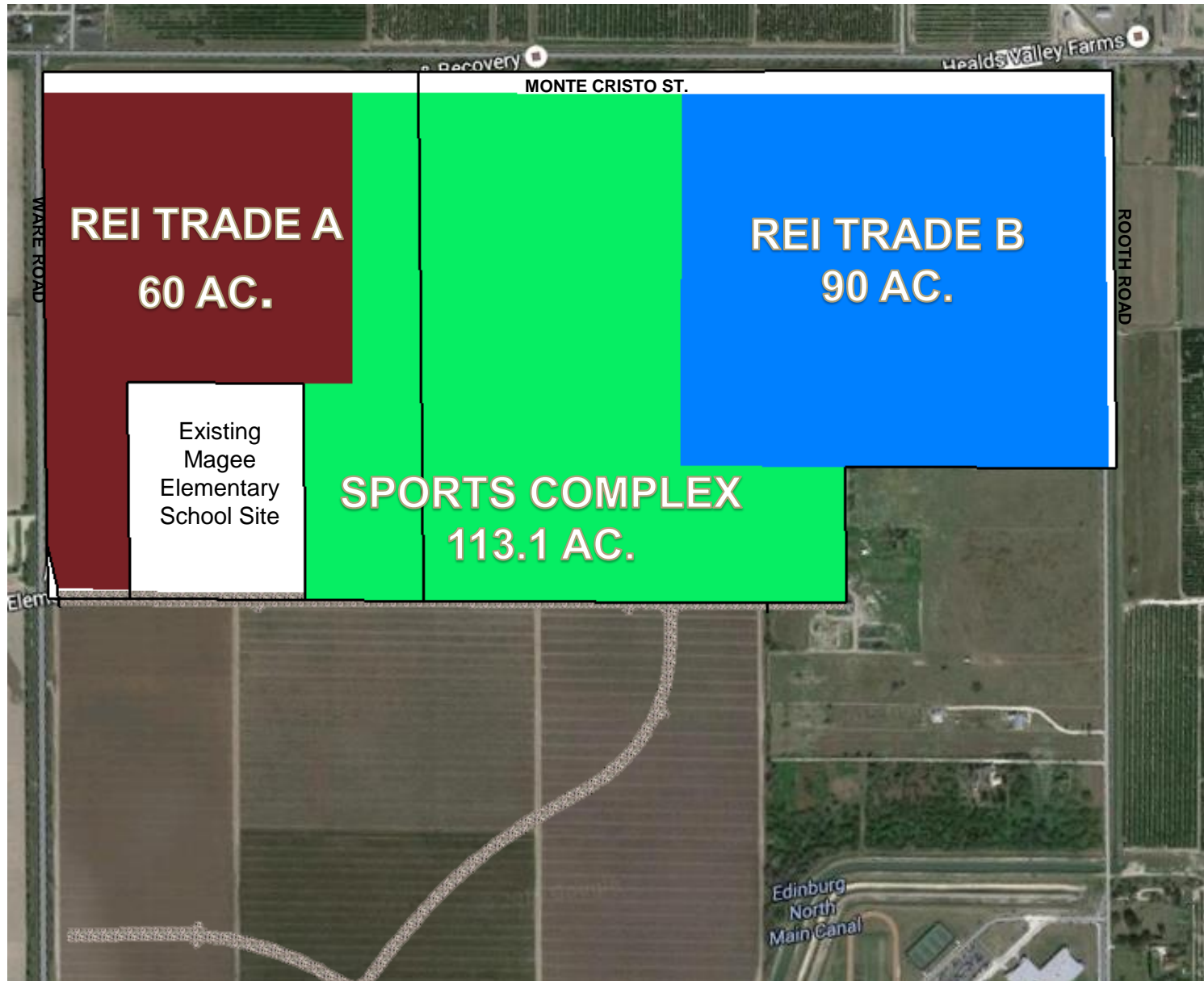
Revised Tres Lagos Plan with 100 Acre Supplemental A&M Project Site



Local View of Supplemental A&M Project Site



City Tracts traded for REI 100 Acre Tract for A&M Project (with Proposed Future Sports Complex Site Shown)



Supplemental A&M Project Financing Plan

A&M Site Building & Expanded Phase I Infrastructure

Supplemental Financing Plan for Project

- Original Phase I of Tres Lagos Project required \$16.5mm in public infrastructure
- Phase I costs increase from \$16.5mm to \$24.5mm, and \$10.0mm additional for vertical construction required to accommodate the A&M Project, the \$24.5mm in infrastructure costs are already in Original Project and Finance Plan, but supplemental plan amendments are required to fund Vertical Costs
- Goals:
 - Facilitate Infrastructure and New Vertical costs at Lowest reasonable overall expense
 - Minimum City General Fund Exposure
 - Ultimate reliance on the Tax Increment Financing (TIF)
- **Financing Plan Proposal:**
 - Series A Contract Revenue Bonds: ~\$12.8mm City Contract Revenue Bonds to Fund the A&M Project Vertical Construction
 - During first 10 years, 10% of Existing Tax Increment Revenue from Original Tres Lagos Project and Finance Plan will divert to cover Series A Debt Service (“Diverted Increment”)
 - City will fund remaining Series A debt service using City’s 20% residual Tax Increment not pledged to Original TIRZ Project Cost (“City Pledge”)
 - If City Pledge and Diverted Increment are not sufficient to cover Series A Debt Service County will contribute 10% of Existing Tax Revenue from Original Tres Lagos Project and Finance Plan for first 10 years.
 - County will pledge it’s 23% residual Tax Increment during years 2015 thru 2026 to cover any shortfall of debt service up to a maximum of \$6.8mm (“County Pledge”)
 - Series B: ~\$24.77mm City Secured Certificates of Obligation to Fund Required Infrastructure
 - Original City 80% and County 77% TIF Increment (less Diverted Increment) pledged to Fund Debt Service
 - Developer pays & guarantees Balance of Series B Debt Service with automatically renewable irrevocable Bank LOC (1 year Debt Service) and Public Improvement District Special Assessment on undeveloped Project Land



Financing Plan Mechanics

- City issues 2 Series of City guaranteed obligations (Contract Revenue Bonds & Certificates of Obligation) with AA rating
 - Assumed to be one notch below current GO Rating

- Series A: Contract Revenue Bonds~\$12.8mm 20 Year, Fixed Rate, Amortizing, Level Debt
 - Vertical Infrastructure
 - Interest Capitalized Years 1 to 3, Amortization Deferred
 - Non-taxable

- Series B: Certificates of Obligation~\$24.77mm 30 Year, Fixed Rate, Amortizing, Increasing Debt Service
 - Horizontal Infrastructure
 - Taxable
 - Financing structured as interest only for 5 years and then gradual amortization of principal in years 6 to 30.
 - For first 10 Years, Diverted Increments will flow back to City for Series A Debt Service
 - Annual revenues from 77% and 80% original TIF (less Diverted Increment) pledged to fund debt service.
 - If Original TIF funds (77% and 80%less Diverted Increment) are not fully able to pay annual debt service:
 - Years 3 to 30 –Developer guarantees & pays annual balance of debt service
 - Developer provides City with Irrevocable Bank issued automatically renewing LOC equal to one year debt service for Series B Certificates of Obligation
 - PID Assessment for guaranteeing payment of Debt Service until original TIF increment generates at least 120% of annual Series B debt service, then PID assessment extinguished



Jefferies

PID Credit Enhancement Mechanics

- PID Special Assessment put in place in 2015, with first Special Assessments for Debt Guarantee (SADG) levied for interest payments in 2016 thru 2020 and principal & interest debt service starting in approximately 2021
- PID levy is basically credit enhancement to the growing TIF revenue stream
- PID levy expected to decrease each year starting in 2019 as TIF revenues increase
- If development occurs as expected, PID levy for principal would never be required, and no PID assessments should be required after year 2020
- Pro rata PID Assessment for debt service on Certificates of Obligation may be paid at sale of assessed undeveloped property in lump sum to satisfy assessment lien, or paid as scheduled in annual or semi-annual payments to cover Debt Service

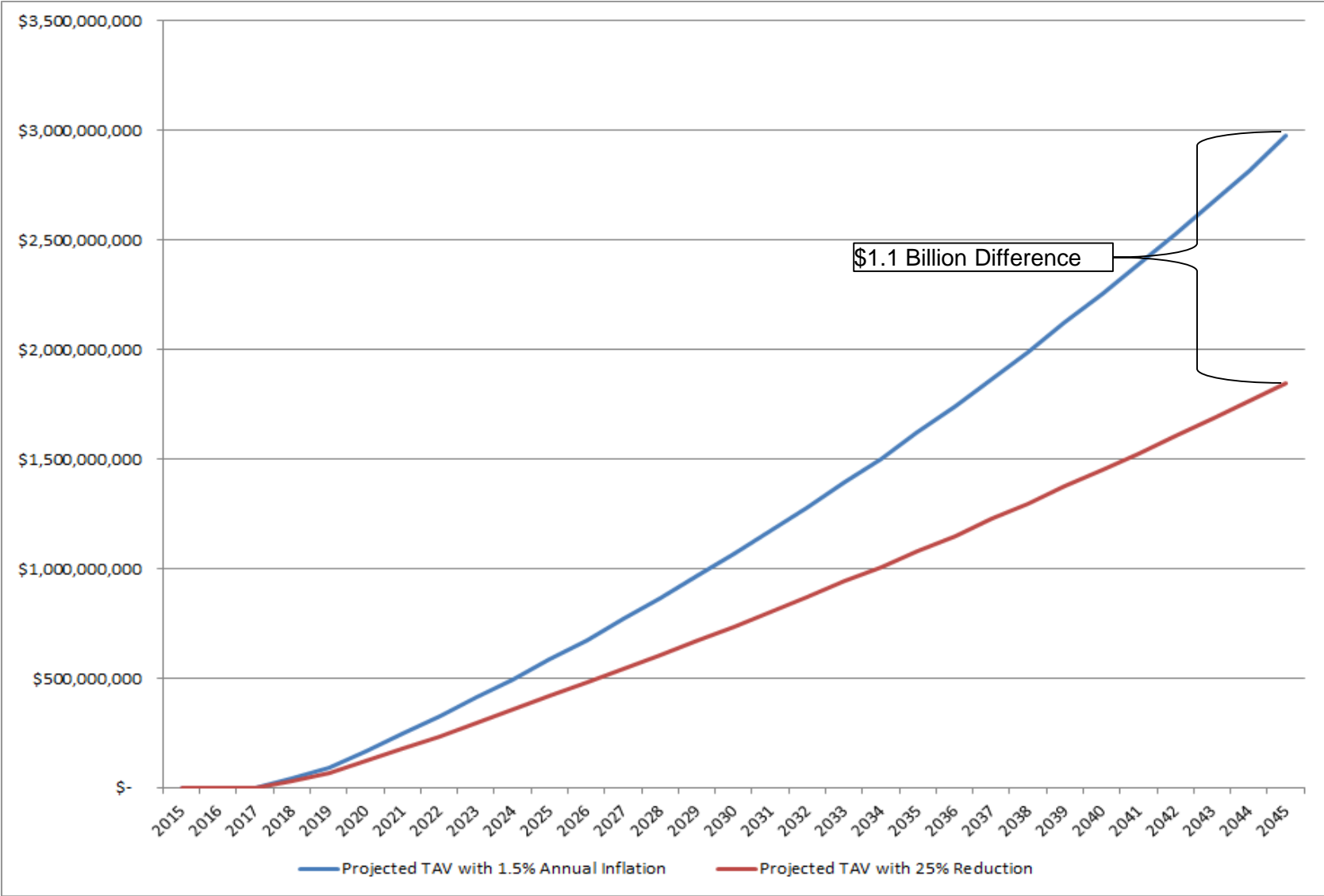
City Benefits

- Lowest possible cost of capital for the Project
- Minimizes tax increment required for this project component so that TIF funds can more efficiently be applied to other projects
- Bootstraps project development both efficiently and quickly
- City receives redirected 10% of Original TIF Increment (up to \$2.5mm) during years 1 thru 10 of Zone to offset Series A Contract Revenue Bonds debt service obligation
- City receives redirected 10% of Original County TIF Increment (up to \$6.8 mm) during years 1 thru 10 of Zone to Offset Series A Contract Revenue Bonds debt service obligation
- City has PID lien on Developer's Undeveloped Land to back Series B debt
- City obtains Developer's 100 AC site with all improvements and utilities to site for A&M Project via land swap to Developer of less valuable City land (page 7)

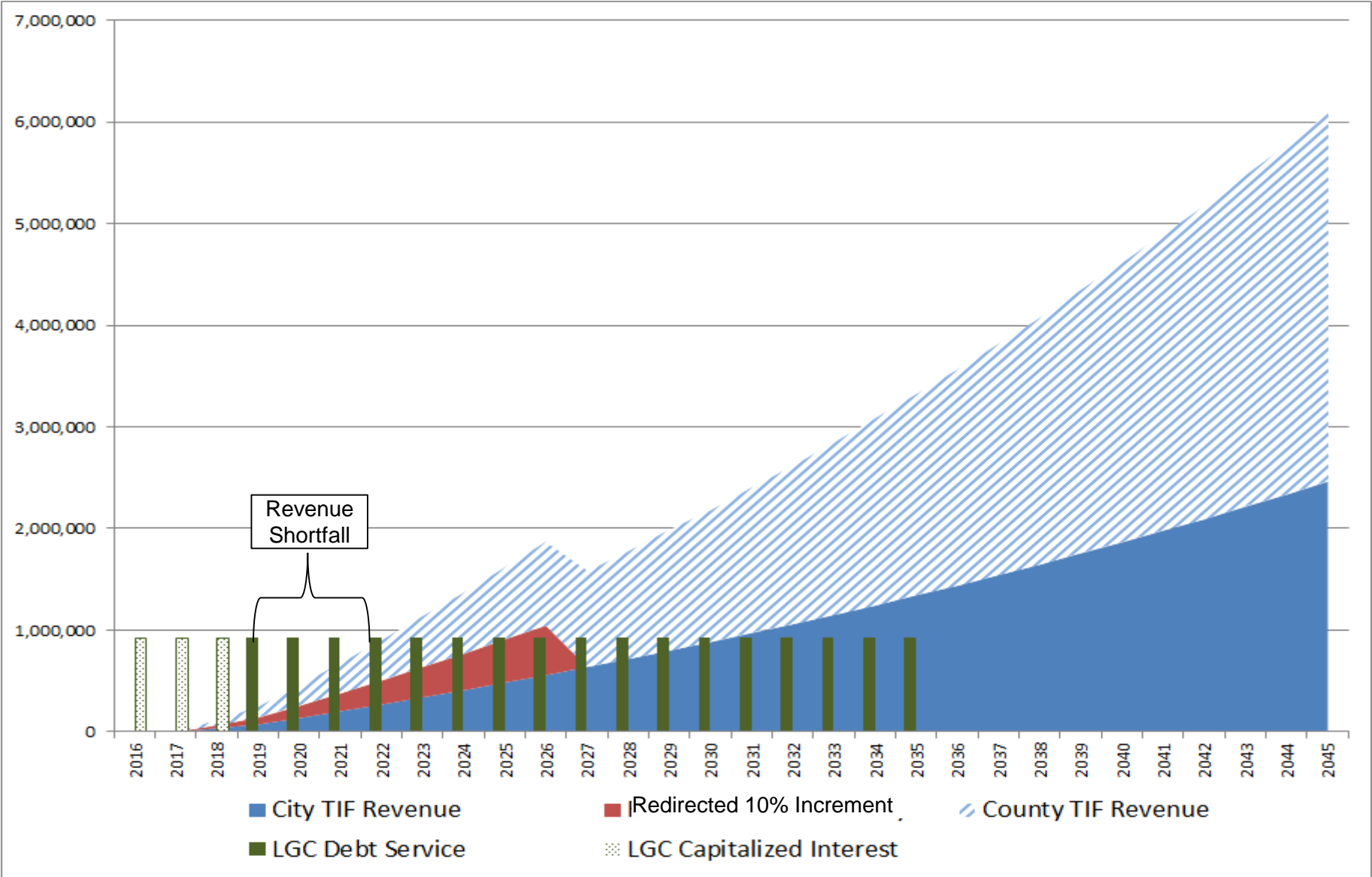
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Projected Assessed Value – Expected Case and Low Growth (“Stress Case”)



Revenue vs. Debt Service – Expected Case



Revenue vs. Debt Service - REI

Scenario 1

City of McAllen, TX

Tres Lagos Master Planned Community

Taxable Assessed Value, Tax Increment Revenue and Debt Service Coverage - Rhodes Enterprises, Inc.

\$10mm Titan Project Fund with 20 Year Debt Amortization, 1.5% Annual Growth In Taxable Assessed Value

FYE	Taxable Assessed Value	Calculation of Rhodes Tax Increment Revenue					Debt Service Coverage				Total Rhodes Obligation	
		City Tax Rate Rhodes Share	County Tax Rate Rhodes Share	Delinquency Rate	Net Collected Tax Increment Revenues	Redircted10% Tax Increment Credit to City	Net Tax Increment Revenues	Master Infrastructure Debt Service	Debt Service Coverage	Excess (Shortfall)		
		0.0034504	0.00408716	4.0%								
2016												
2017	250,000	863	1,022	(75)	1,809	181	1,628	866,163	0.00	(866,163)	(866,163)	(863,842)
2018	42,227,026	145,700	172,589	(12,732)	305,557	30,556	275,001	866,163	0.32	(591,161)	(474,085)	(968,530)
2019	88,677,592	305,973	362,440	(26,737)	641,676	64,168	577,509	866,163	0.67	(288,654)	(282,969)	2,899
2020	162,465,752	560,572	664,024	(48,984)	1,175,612	117,561	1,058,050	866,163	1.22	191,888	710,982	1,501,190
2021	244,828,374	844,756	1,000,653	(73,816)	1,771,592	177,159	1,594,433	1,345,956	1.18	248,477	2,261,264	3,096,442
2022	323,398,838	1,115,855	1,321,783	(97,506)	2,340,133	234,013	2,106,119	1,368,811	1.54	737,308	3,896,913	4,788,056
2023	410,494,061	1,416,369	1,677,755	(123,765)	2,970,359	297,036	2,673,323	1,384,382	1.93	1,288,941	5,628,305	6,564,590
2024	493,555,748	1,702,965	2,017,241	(148,808)	3,571,398	357,140	3,214,258	1,398,698	2.30	1,815,560	7,466,953	8,453,864
2025	585,590,552	2,020,522	2,393,402	(176,557)	4,237,367	423,737	3,813,630	1,417,075	2.69	2,396,555	9,406,378	10,440,333
2026	673,603,118	2,324,200	2,753,124	(203,093)	4,874,231	487,423	4,386,808	1,433,875	3.06	2,952,933	11,447,492	12,547,117
2027	771,046,536	2,660,419	3,151,391	(232,472)	5,579,337		5,579,337	1,448,632	3.85	4,130,706	14,528,460	15,686,649
2028	864,235,629	2,981,959	3,532,269	(260,569)	6,253,659		6,253,659	1,470,842	4.25	4,782,817	16,800,359	18,019,935
2029	966,819,225	3,335,913	3,951,545	(291,498)	6,995,960		6,995,960	1,485,520	4.71	5,510,440	19,200,822	20,479,379
2030	1,065,411,976	3,676,097	4,354,509	(321,224)	7,709,382		7,709,382	1,503,341	5.13	6,206,042	21,721,277	23,074,273
2031	1,173,618,875	4,049,455	4,796,768	(353,849)	8,492,374		8,492,374	1,519,224	5.59	6,973,150	24,384,523	25,798,015
2032	1,278,105,256	4,409,974	5,223,821	(385,352)	9,248,443		9,248,443	1,537,065	6.02	7,711,378	284,450,880	
2033	1,392,185,421	4,803,597	5,690,085	(419,747)	10,073,934		10,073,934	1,563,744	6.44	8,510,190		
2034	1,502,318,755	5,183,601	6,140,217	(452,953)	10,870,865		10,870,865	1,577,790	6.89	9,293,075		
2035	1,622,524,510	5,598,359	6,631,517	(489,195)	11,740,681		11,740,681	1,595,400	7.36	10,145,281		
2036	1,738,810,528	5,999,592	7,106,797	(524,256)	12,582,133		12,582,133	1,616,384	7.78	10,965,749		
2037	1,865,407,947	6,436,404	7,624,221	(562,425)	13,498,199		13,498,199	1,633,652	8.26	11,864,548		
2038	1,988,116,348	6,859,797	8,125,750	(599,422)	14,386,124		14,386,124	1,659,289	8.67	12,726,835		
2039	2,121,381,992	7,319,616	8,670,428	(639,602)	15,350,442		15,350,442	1,677,083	9.15	13,673,359		
2040	2,250,793,137	7,766,137	9,199,352	(678,620)	16,286,869		16,286,869	1,697,778	9.59	14,589,091		
2041	2,391,014,448	8,249,956	9,772,459	(720,897)	17,301,518		17,301,518	1,721,174	10.05	15,580,344		
2042	2,527,419,750	8,720,609	10,329,969	(762,023)	18,288,555		18,288,555	1,745,799	10.48	16,542,756		
2043	2,674,895,452	9,229,459	10,932,726	(806,487)	19,355,698		19,355,698	1,762,114	10.98	17,593,584		
2044	2,818,597,793	9,725,290	11,520,060	(849,814)	20,395,536		20,395,536	1,786,139	11.42	18,609,396		
2045	2,973,638,316	10,260,242	12,153,736	(896,559)	21,517,418		21,517,418	1,812,198	11.87	19,705,220		
Total		127,704,248	151,271,648	(11,159,036)	267,816,861	2,188,973	265,627,887	43,492,779		222,135,109		



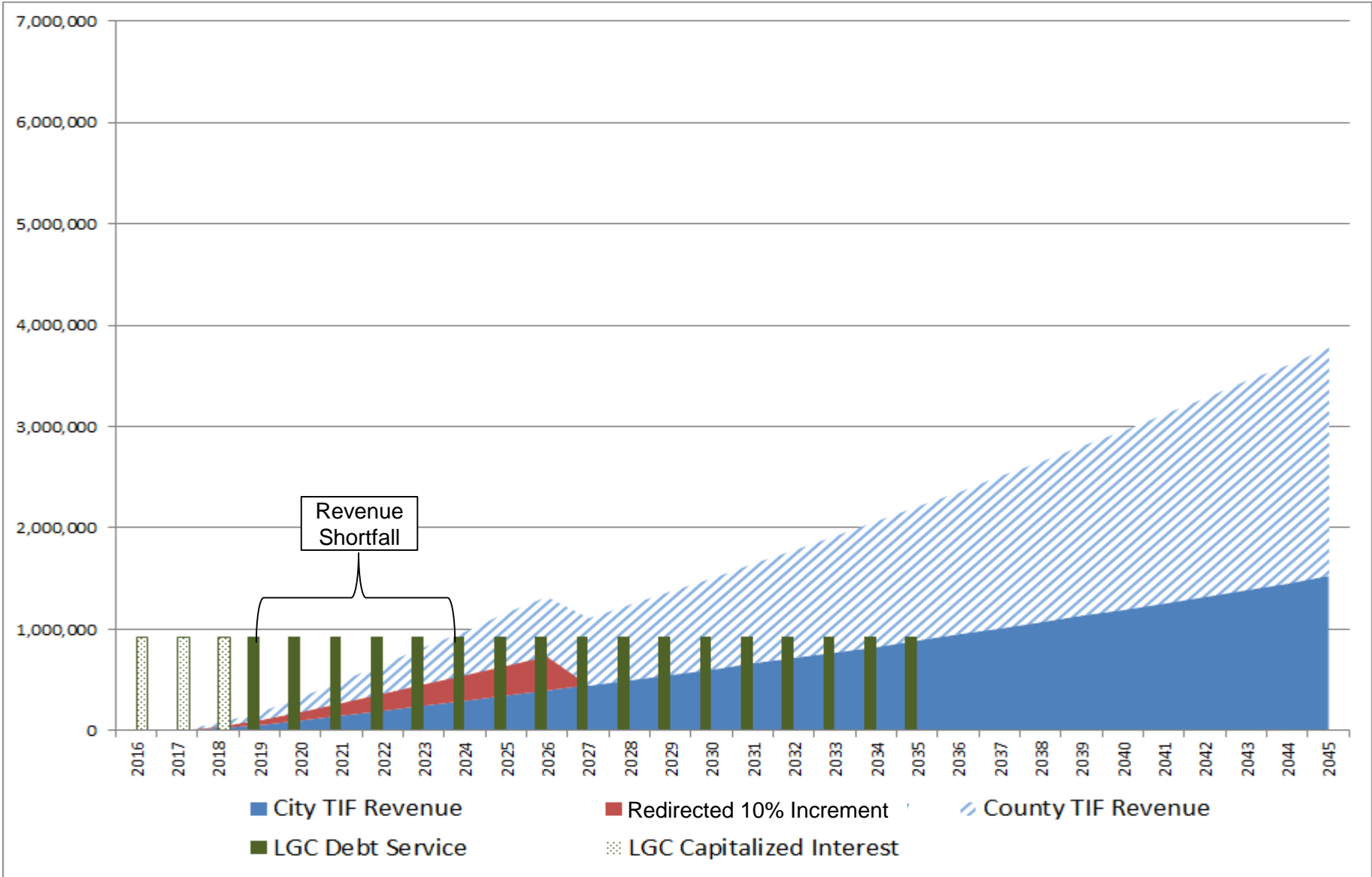
Revenue vs. Debt Service – City of McAllen

Scenario 1
 City of McAllen, TX
 Tres Lagos Master Planned Community
 Taxable Assessed Value, Tax Increment Revenue and Debt Service Coverage - City and Local Government Corp. 4B
 \$10mm Titan Project Fund with 20 Year Debt Amortization, 1.5% Annual Growth In Taxable Assessed Value

FYE	Taxable Assessed Value	Calculation of City Tax Increment Revenue					Debt Service Coverage				Addtl County	
		City Tax Revenue 0.0008626	Delinquency Rate 4.0%	Net Collected Tax Increment Revenues	10% Tax Increment Credit to City	Tres Lagos Project Revenue	Tres Lagos City Tax Revenue	LGC Debt Service	Debt Service Coverage	Excess (Shortfall)	Revenue 0.00122084	Excess (Shortfall)
2016												
2017	250,000	216	(9)	207	181	388	388	-	-	388	305	693
2018	42,227,026	36,425	(1,457)	34,968	30,556	65,524	65,524	-	-	65,524	51,552	117,076
2019	88,677,592	76,493	(3,060)	73,434	64,168	137,601	137,601	925,738	0.15	(788,137)	108,261	(679,876)
2020	162,465,752	140,143	(5,606)	134,537	117,561	252,098	252,098	925,300	0.27	(673,202)	198,345	(474,857)
2021	244,828,374	211,189	(8,448)	202,741	177,159	379,901	379,901	924,375	0.41	(544,474)	298,896	(245,578)
2022	323,398,838	278,964	(11,159)	267,805	234,013	501,819	501,819	922,963	0.54	(421,144)	394,818	(26,326)
2023	410,494,061	354,092	(14,164)	339,928	297,036	636,964	636,964	925,863	0.69	(288,899)	501,148	212,249
2024	493,555,748	425,741	(17,030)	408,712	357,140	765,851	765,851	922,700	0.83	(156,849)	602,553	445,704
2025	585,590,552	505,130	(20,205)	484,925	423,737	908,662	908,662	923,688	0.98	(15,026)	714,912	699,886
2026	673,603,118	581,050	(23,242)	557,808	487,423	1,045,231	1,045,231	923,613	1.13	121,618	822,362	943,980
2027	771,046,536	665,105	(26,604)	638,501	-	638,501	638,501	922,475	0.69	(283,974)	941,324	657,350
2028	864,235,629	745,490	(29,820)	715,670	-	715,670	715,670	925,275	0.77	(209,605)	1,055,093	845,488
2029	966,819,225	833,978	(33,359)	800,619	-	800,619	800,619	926,800	0.86	(126,181)	1,180,332	1,054,151
2030	1,065,411,976	919,024	(36,761)	882,263	-	882,263	882,263	922,050	0.96	(39,787)	1,300,698	1,260,911
2031	1,173,618,875	1,012,364	(40,495)	971,869	-	971,869	971,869	923,956	1.05	47,913	1,432,801	1,480,714
2032	1,278,105,256	1,102,494	(44,100)	1,058,394	-	1,058,394	1,058,394	923,756	1.15	134,638	1,560,362	1,695,000
2033	1,392,185,421	1,200,899	(48,036)	1,152,863	-	1,152,863	1,152,863	922,356	1.25	230,507	1,699,636	1,930,143
2034	1,502,318,755	1,295,900	(51,836)	1,244,064	-	1,244,064	1,244,064	923,738	1.35	320,326	1,834,091	2,154,417
2035	1,622,524,510	1,399,590	(55,984)	1,343,606	-	1,343,606	1,343,606	922,613	1.46	420,993	1,980,843	2,401,836
2036	1,738,810,528	1,499,898	(59,996)	1,439,902	-	1,439,902	1,439,902	-	-	1,439,902	2,122,809	3,562,711
2037	1,865,407,947	1,609,101	(64,364)	1,544,737	-	1,544,737	1,544,737	-	-	1,544,737	2,277,365	3,822,101
2038	1,988,116,348	1,714,949	(68,598)	1,646,351	-	1,646,351	1,646,351	-	-	1,646,351	2,427,172	4,073,523
2039	2,121,381,992	1,829,904	(73,196)	1,756,708	-	1,756,708	1,756,708	-	-	1,756,708	2,589,868	4,346,576
2040	2,250,793,137	1,941,534	(77,661)	1,863,873	-	1,863,873	1,863,873	-	-	1,863,873	2,747,858	4,611,731
2041	2,391,014,448	2,062,489	(82,500)	1,979,990	-	1,979,990	1,979,990	-	-	1,979,990	2,919,046	4,899,036
2042	2,527,419,750	2,180,152	(87,206)	2,092,946	-	2,092,946	2,092,946	-	-	2,092,946	3,085,575	5,178,521
2043	2,674,895,452	2,307,365	(92,295)	2,215,070	-	2,215,070	2,215,070	-	-	2,215,070	3,265,619	5,480,690
2044	2,818,597,793	2,431,322	(97,253)	2,334,070	-	2,334,070	2,334,070	-	-	2,334,070	3,441,057	5,775,126
2045	2,973,638,316	2,565,060	(102,602)	2,462,458	-	2,462,458	2,462,458	-	-	2,462,458	3,630,337	6,092,795
Total		31,926,062	(1,277,042)	30,649,020	2,188,973	32,837,993	32,837,993	15,707,259		17,130,734	45,185,038	62,315,772



Revenue vs. Debt Service – 25% Reduction in TAV



Revenue vs. Debt Service – REI - 25% Reduction in TAV

Scenario 2

City of McAllen, TX

Tres Lagos Master Planned Community

Taxable Assessed Value, Tax Increment Revenue and Debt Service Coverage - Rhodes Enterprises, Inc.

\$10mm A&M Project Fund with 20 Year Debt Amortization, 25% Reduction in Taxable Assessed Value

FYE	Taxable Assessed Value	Calculation of Rhodes Tax Increment Revenue					Debt Service Coverage				Total Rhodes Obligation	
		City Tax Rate Rhodes Share 0.0034504	County Tax Rate Rhodes Share 0.00408716	Delinquency Rate 4.0%	Net Collected Tax Increment Revenues	Redirtced10% Tax Increment Credit to City	Net Rhodes Tax Increment Revenues	Master Infrastructure Debt Service	Debt Service Coverage	Excess (Shortfall)		
2016												
2017	187,500	647	766	(57)	1,357	136	1,221	866,163	-	(866,163)	(866,163)	
2018	31,667,457	109,265	129,430	(9,548)	229,148	22,915	206,233	866,163	0.00	(864,942)	(864,422)	
2019	66,030,328	227,831	269,877	(19,908)	477,799	47,780	430,019	866,163	0.50	(436,143)	(1,178,810)	
2020	120,373,825	415,338	491,987	(36,293)	871,032	87,103	783,929	866,163	0.91	(82,234)	(673,793)	
2021	180,318,051	622,169	736,989	(54,366)	1,304,792	130,479	1,174,313	1,345,956	0.87	(171,644)	(596,079)	
2022	236,491,580	815,991	966,579	(71,303)	1,711,267	171,127	1,540,140	1,368,811	1.13	171,329	(95,951)	
2023	298,174,760	1,028,822	1,218,688	(89,900)	2,157,610	215,761	1,941,849	1,384,382	1.40	557,467	458,306	
2024	355,852,967	1,227,835	1,454,428	(107,291)	2,574,973	257,497	2,317,475	1,398,698	1.66	918,778	982,695	
2025	419,326,568	1,446,844	1,713,855	(126,428)	3,034,271	303,427	2,730,844	1,417,075	1.93	1,313,769	1,552,682	
2026	478,748,099	1,651,872	1,956,720	(144,344)	3,464,249	346,425	3,117,824	1,433,875	2.17	1,683,949	2,087,685	
2027	544,252,628	1,877,889	2,224,448	(164,093)	3,938,243	393,824	3,938,243	1,448,632	2.72	2,489,612	2,682,276	
2028	605,470,174	2,089,114	2,474,653	(182,551)	4,381,217	438,121	4,381,217	1,470,842	2.98	2,910,375	3,225,670	
2029	672,685,220	2,321,033	2,749,372	(202,816)	4,867,589	486,758	4,867,589	1,485,520	3.28	3,382,069	3,833,558	
2030	735,753,067	2,538,642	3,007,141	(221,831)	5,323,952	532,395	5,323,952	1,503,341	3.54	3,820,611	4,406,072	
2031	804,922,357	2,777,304	3,289,846	(242,686)	5,824,465	582,465	5,824,465	1,519,224	3.83	4,305,241	5,030,519	
2032	870,083,930	3,002,138	3,556,172	(262,332)	6,295,977	629,597	6,295,977	1,537,065	4.10	4,758,912	5,617,902	
2033	941,265,370	3,247,742	3,847,102	(283,794)	6,811,050	681,105	6,811,050	1,563,740	4.36	5,247,306	6,253,543	
2034	1,008,203,284	3,478,705	4,120,688	(303,976)	7,295,417	729,547	7,295,417	1,577,790	4.62	5,717,627	6,859,633	
2035	1,081,456,514	3,731,458	4,420,086	(326,062)	7,825,482	782,548	7,825,482	1,595,400	4.91	6,230,082	7,523,304	
2036	1,150,417,627	3,969,401	4,701,941	(346,854)	8,324,488	832,488	8,324,488	1,616,384	5.15	6,708,104	9,065,236	
2037	1,225,804,073	4,229,514	5,010,057	(369,583)	8,869,989	886,989	8,869,989	1,633,652	5.43	7,236,337	9,747,931	
2038	1,296,849,534	4,474,650	5,300,432	(391,003)	9,384,078	938,407	9,384,078	1,659,289	5.66	7,724,789	10,381,951	
2039	1,374,432,458	4,742,342	5,617,525	(414,395)	9,945,472	994,547	9,945,472	1,677,083	5.93	8,268,389	11,084,513	
2040	1,447,625,270	4,994,886	5,916,676	(436,462)	10,475,100	1,047,510	10,475,100	1,697,778	6.17	8,777,322	11,743,413	
2041	1,527,469,830	5,270,382	6,243,014	(460,536)	11,052,860	1,105,286	11,052,860	1,721,174	6.42	9,331,685	12,461,373	
2042	1,602,874,894	5,530,560	6,551,206	(483,271)	11,598,495	1,159,849	11,598,495	1,745,799	6.64	9,852,696	13,136,884	
2043	1,685,048,198	5,814,090	6,887,062	(508,046)	12,193,106	1,219,310	12,193,106	1,762,114	6.92	10,430,992	13,883,548	
2044	1,762,732,380	6,082,132	7,204,569	(531,468)	12,755,233	1,275,233	12,755,233	1,786,139	7.14	10,969,094	14,580,819	
2045	1,847,303,547	6,373,936	7,550,225	(556,966)	13,367,195	1,367,195	13,367,195	1,812,198	7.38	11,554,997	15,340,004	
Total		84,092,533	99,611,534	(7,348,163)	176,355,904	1,582,650	174,773,254	43,492,779		131,280,476	167,092,169	

Revenue vs. Debt Service – City of McAllen - 25% Reduction in TAV

Scenario 2
 City of McAllen, TX
 Tres Lagos Master Planned Community
 Taxable Assessed Value, Tax Increment Revenue and Debt Service Coverage - City and Local Government Corp. 4B
 \$10mm A&M Project Fund with 20 Year Debt Amortization, 25% Reduction in Taxable Assessed Value

FYE	Taxable Assessed Value	Calculation of City Tax Increment Revenue					Debt Service Coverage				Addtl County Revenue	
		City Tax Revenue 0.0008626	Delinquency Rate 4.0%	Net Collected Tax Increment Revenues	10% Tax Increment Credit to City	Tres Lagos Project Revenue	Tres Lagos City Tax Revenue	LGC Debt Service	Debt Service Coverage	Excess (Shortfall)	0.00122084	Excess (Shortfall)
2016												
2017	187,500	162	(6)	155	136	291	291	-	-	291	229	520
2018	31,667,457	27,316	(1,093)	26,224	22,915	49,138	49,138	-	-	49,138	38,661	87,799
2019	66,030,328	56,958	(2,278)	54,679	47,780	102,459	102,459	925,738	0.11	(823,279)	80,612	(742,666)
2020	120,373,825	103,834	(4,153)	99,681	87,103	186,784	186,784	925,300	0.20	(738,516)	146,957	(591,559)
2021	180,318,051	155,542	(6,222)	149,321	130,479	279,800	279,800	924,375	0.30	(644,575)	220,139	(424,436)
2022	236,491,580	203,998	(8,160)	195,838	171,127	366,964	366,964	922,963	0.40	(555,999)	288,718	(267,280)
2023	298,174,760	257,206	(10,288)	246,917	215,761	462,678	462,678	925,863	0.50	(463,185)	364,024	(99,161)
2024	355,852,967	306,959	(12,278)	294,680	257,497	552,178	552,178	922,700	0.60	(370,522)	434,440	63,917
2025	419,326,568	361,711	(14,468)	347,243	303,427	650,670	650,670	923,688	0.70	(273,018)	511,931	238,912
2026	478,748,099	412,968	(16,519)	396,449	346,425	742,874	742,874	923,613	0.80	(180,739)	584,475	403,736
2027	544,252,628	469,472	(18,779)	450,693	-	450,693	450,693	922,475	0.49	(471,782)	664,445	192,664
2028	605,470,174	522,279	(20,891)	501,387	-	501,387	501,387	925,275	0.54	(423,888)	739,182	315,295
2029	672,685,220	580,258	(23,210)	557,048	-	557,048	557,048	926,800	0.60	(369,752)	821,241	451,489
2030	735,753,067	634,661	(25,386)	609,274	-	609,274	609,274	922,050	0.66	(312,776)	898,237	585,461
2031	804,922,357	694,326	(27,773)	666,553	-	666,553	666,553	923,956	0.72	(257,403)	982,681	725,278
2032	870,083,930	750,534	(30,021)	720,513	-	720,513	720,513	923,756	0.78	(203,243)	1,062,233	858,990
2033	941,265,370	811,936	(32,477)	779,458	-	779,458	779,458	922,356	0.85	(142,898)	1,149,134	1,006,237
2034	1,008,203,284	869,676	(34,787)	834,889	-	834,889	834,889	923,738	0.90	(88,849)	1,230,855	1,142,006
2035	1,081,456,514	932,864	(37,315)	895,550	-	895,550	895,550	922,613	0.97	(27,063)	1,320,285	1,293,222
2036	1,150,417,627	992,350	(39,694)	952,656	-	952,656	952,656	-	-	952,656	1,404,476	2,357,132
2037	1,225,804,073	1,057,379	(42,295)	1,015,083	-	1,015,083	1,015,083	-	-	1,015,083	1,496,511	2,511,594
2038	1,296,849,534	1,118,662	(44,746)	1,073,916	-	1,073,916	1,073,916	-	-	1,073,916	1,583,246	2,657,162
2039	1,374,432,458	1,185,585	(47,423)	1,138,162	-	1,138,162	1,138,162	-	-	1,138,162	1,677,962	2,816,124
2040	1,447,625,270	1,248,722	(49,949)	1,198,773	-	1,198,773	1,198,773	-	-	1,198,773	1,767,319	2,966,092
2041	1,527,469,830	1,317,595	(52,704)	1,264,892	-	1,264,892	1,264,892	-	-	1,264,892	1,864,796	3,129,688
2042	1,602,874,894	1,382,640	(55,306)	1,327,334	-	1,327,334	1,327,334	-	-	1,327,334	1,956,854	3,284,188
2043	1,685,048,198	1,453,523	(58,141)	1,395,382	-	1,395,382	1,395,382	-	-	1,395,382	2,057,174	3,452,556
2044	1,762,732,380	1,520,533	(60,821)	1,459,712	-	1,459,712	1,459,712	-	-	1,459,712	2,152,014	3,611,726
2045	1,847,303,547	1,593,484	(63,739)	1,529,745	-	1,529,745	1,529,745	-	-	1,529,745	2,255,262	3,785,007
Total		21,023,133	(840,925)	20,182,208	1,582,650	21,764,858	21,764,858	15,707,259		6,057,599	29,754,095	35,811,693



Bond Financing Assumptions – Sources and Uses

Project Sources And Uses (1)

	(A&M Buildings) LGC 4B Contract Revenue Bonds	Master Infrastructure Certificates of Obligation	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$12,840,000.00	\$24,770,000.00	\$37,610,000.00
Total Sources	\$12,840,000.00	\$24,770,000.00	\$37,610,000.00
Uses Of Funds			
Deposit to Project Construction Fund	10,000,000.00	24,500,000.00	34,500,000.00
Deposit to Capitalized Interest (CIF) Fund (2)	1,352,213.00	-	1,352,213.00
Deposit to Debt Service Reserve Fund (DSRF) (2)	1,284,000.00	-	1,284,000.00
Total Underwriter's Discount (0.600%) (2)	77,040.00	148,620.00	225,660.00
Costs of Issuance	122,500.00	122,500.00	245,000.00
Rounding Amount	4,247.00	(1,120.00)	3,127.00
Total Uses	\$12,840,000.00	\$24,770,000.00	\$37,610,000.00

(1) Estimated Sources and Uses of Funds as of 8/27/2015.

(2) Capitalized Interest Funding, Debt Service Reserve Fund, and Underwriter Discount will change based on actual interest rates.

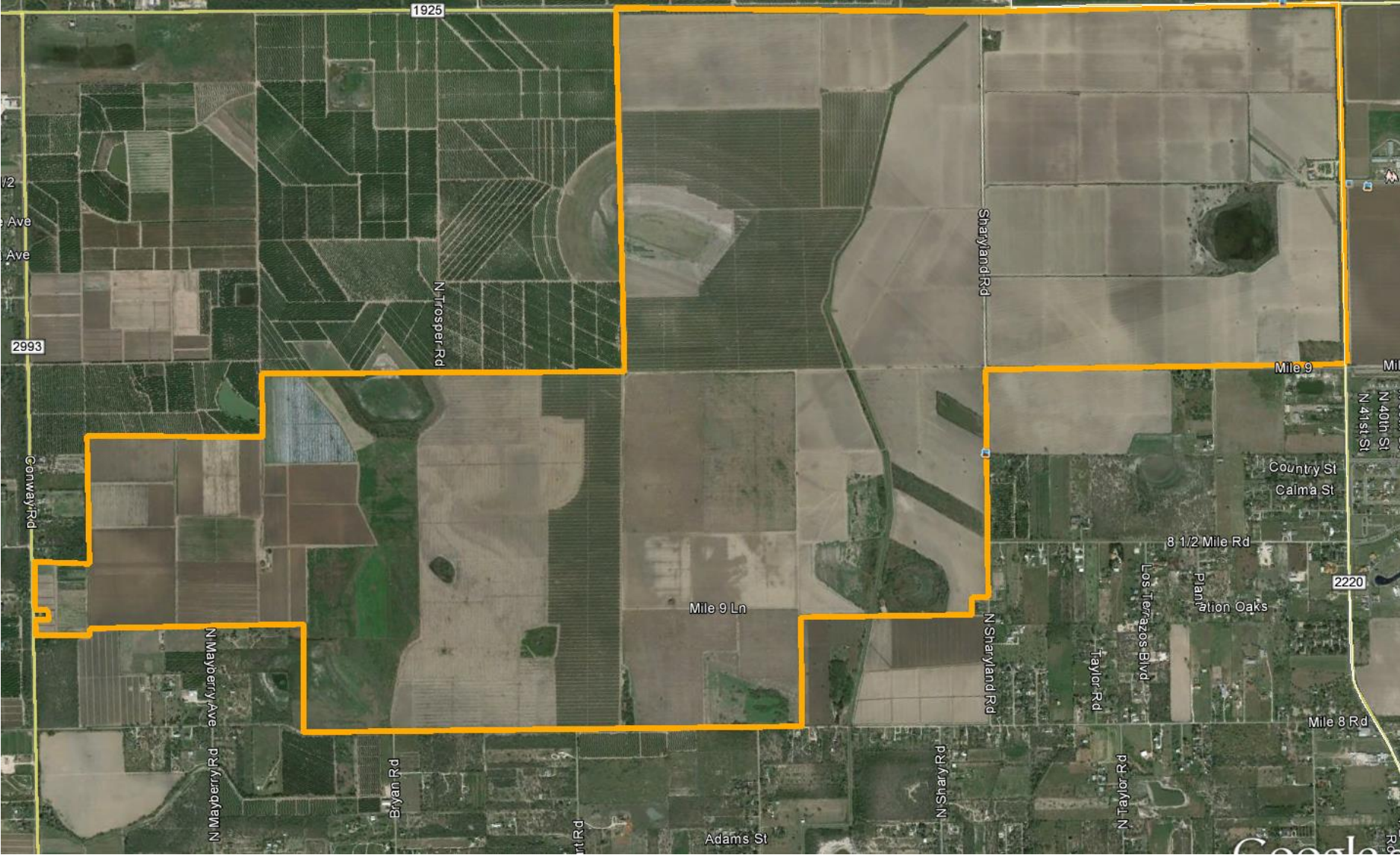
Financing Schedule

Financing Timeline	
Week 1	<ul style="list-style-type: none">■ Kickoff Meeting,■ Hire All Consultants■ Refine Business Points As Necessary
Week 2	<ul style="list-style-type: none">■ First Draft Indenture Distributed
Week 3	<ul style="list-style-type: none">■ First Draft Preliminary Offering Statement (POS) Distributed■ Comments due on Indenture
Week 4	<ul style="list-style-type: none">■ Second Draft Indenture Distributed■ Comments due on POS
Week 5	<ul style="list-style-type: none">■ Second Draft POS Distributed■ Documents Sent to Rating Agencies and Insurers■ [Prefile with Attorney General As Necessary]
Week 6	<ul style="list-style-type: none">■ Rating Agency Conference Calls and Presentations■ Receive Rating
Week 7	<ul style="list-style-type: none">■ Post POS Electronically■ C of O Marketing Begins
Week 8 & 9	<ul style="list-style-type: none">■ C of O Pricing
Week 11	<ul style="list-style-type: none">■ C of O Closing

Project Plan and Finance Plan – General Information

DESCRIPTION AND MAP SHOWING EXISTING USES AND CONDITIONS OF REAL PROPERTY IN THE ZONE

All real property in the Zone is currently undeveloped farm land, with no residential structures, and is under agricultural exemption.



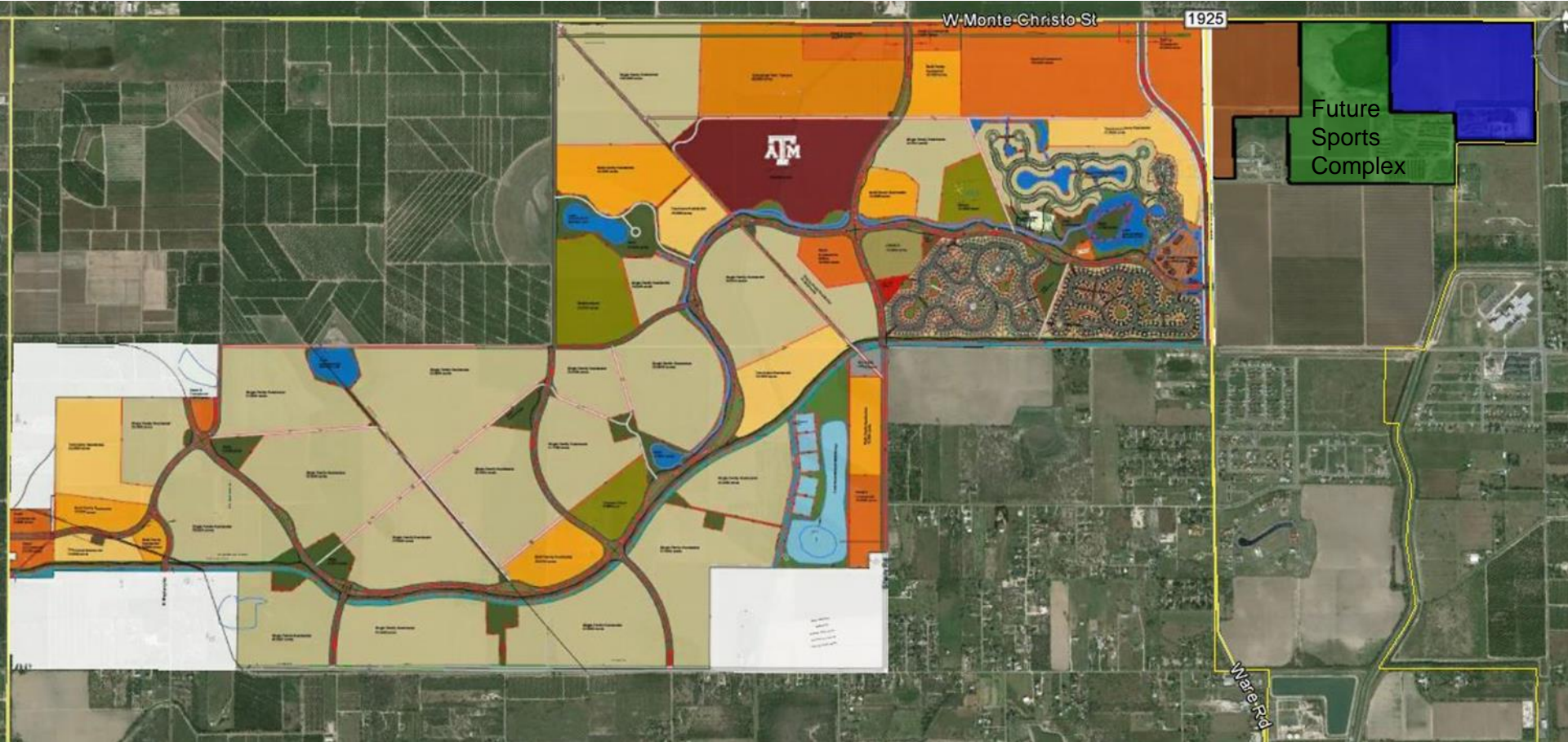
DESCRIPTION AND MAP SHOWING PROPOSED USES OF PROPERTY IN THE ZONE

The proposed uses in the Zone are as depicted in the Original Finance and Project Plan, as modified in the Below Land Plan
The proposed use of the 100 Acre A&M Site will be an institutional and/or office use meeting the requirements of the C-4 Zoning District

All other Land Use and Zoning will be adjusted as indicated below

No other changes in City or County Master Plan, building codes, other municipal ordinances, and subdivision rules and regulations are required

(A full size copy of the below plan is available for inspection and copying at the Board's Office)



OTHER PROJECT PLAN DETAILS:

ESTIMATED PROJECT COSTS: The Original Project and Finance Plan for the Zone is not reduced or diminished by this Amendment. This Amendment only structures financing for funding (Series B) of the first \$24.5mm of the overall \$258.9mm in infrastructure costs, and adds an additional \$10mm in vertical and onsite project cost for building on the 100 acre Site, and structures Contract Revenue Bond financing (Series A) for funding such \$10.0mm.

ESTIMATED NON-PROJECT COSTS:

\$0.00

METHOD OF RELOCATING PERSONS TO BE DISPLACED:

No displacement will occur as a result of the Project

OTHER FINANCE PLAN DETAILS:

ESTIMATED PROJECT COSTS OF THE ZONE: The project costs for infrastructure and administrative expenses for the original Tres Lagos Project is provided in the Original Project and Finance Plan for the Zone and will not substantially change as a result of this Amendment and Supplemental Project and Finance Plan for the A&M Project. The only changes to the Original Project and Finance Plan will be the issuance of Series B Certificates of Obligation to fund Project Costs, the issuance of Series A Contract Revenue Bonds and the priority of use of the TIF funds which will be:

- (1st) Payment of Series A and Series B debt service
- (2nd) Payment of City Approved Pre-TIRZ Administrative costs
- (3rd) Payment of City and County Approved Administrative costs
- (4th) Payment of City project costs (fiber, water reuse, and fire station)
- (5th) Payment of those public works and public improvements in those locations and quantities as set forth in the Original Project and Finance Plan, as amended and supplemented hereby.



OTHER FINANCE PLAN DETAILS (con't.):

ECONOMICALLY FEASIBILITY AND ECONOMIC FEASIBILITY STUDY DETAILS:

The economic feasibility of this Project Plan and Finance Plan, as amended and supplemented hereby, was analyzed by the independent economic consultant for the Developer, City Staff, and County Staff. In addition all financial projections contained in this Project and Finance Plan were reviewed, stress tested, and adjusted by the City's Financial Advisor, and by Jeffries, for the contemplated bond transactions. After consultation with the above parties, and after consideration of this Plan and its attachments, by their respective action approving this Amended and Supplemental Project Plan and Finance Plan, the Board of the Zone and the Commission for the City of McAllen find that this Project Plan and Finance Plan is Economically Feasible and will provide benefit to the City of McAllen and Hidalgo County.

ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED:

- (1) Series A for funding Project Cost of vertical construction and associated site work -\$10,000,000.00 (plus cost of issuance)
- (1) Series B for funding Project Cost of Master Infrastructure for expanded Phase I -\$24,500,000.00 (plus cost of issuance)

ESTIMATED TIME WHEN RELATED COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED:

Year 2016 -See slides on pages 8 thru 27 hereof for details of issuance of obligations

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 ANTICIPATED TO CONTRIBUTE TAX INCREMENT TO THE ZONE THAT LEVIES TAXES ON REAL PROPERTY IN THE ZONE:

Method of financing project costs and percent of Tax Increment to be derived from taxes of each taxing unit are set forth in the forgoing slides and spreadsheets on pages 9 thru 30 hereof. In summary they are:

	<u>Original Project</u> Tres Lagos	<u>Supplemental Project</u> A&M Project
City of McAllen Tax Increment	80%	20%
Hidalgo County Tax Increment	77%	23% (only if shortfall in Series A debt service)

CURRENT TOTAL APPRAISED VALUE OF TAXABLE REAL PROPERTY IN THE ZONE:

Appraised assessed value: \$1,064,613.00

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

See tables on page 17 hereof

DURATION OF THE ZONE:

30 years

BOND ISSUANCE TEAM:

Financial Adviser: First Southwest -Anne Burger Entrekin

Co-Underwriters: Jeffries – Matt Challis & Raymond James -Tom Oppenheim