

CITY OF MCALLEN, TEXAS



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

Participation Levels:  
City (80%) & Hidalgo County (80%)

**TABLE OF CONTENTS**

**Executive Summary .....2**  
    Overview of Plan.....2  
    Anticipated Benefits of Development.....3  
**The TIRZ Concept .....4**  
**Project Plan .....6**  
    Planned Private Development and Investment .....6  
    Public Improvements .....7  
    Public Improvements and Related Eligible Expenses.....7  
    Existing and Proposed Uses.....7  
    Description of Zone .....7  
    Project Feasibility.....7  
**Finance Plan .....8**  
    Tax Increment Financing.....8  
    Financing Plan Overview .....8  
    Financing Method.....8-9  
    Priority of Payment.....9  
    Capital Costs .....9  
    TIRZ Collections .....9  
    Developer’s Risk .....10  
    Limited Obligation of the City and County .....10  
    Financing Policy .....10  
    Short Term Financing .....10  
    Long Term Financing .....10-11  
**Financial Assumptions .....11**  
**Financial Feasibility .....11**  
**Financial and Governance Policies .....11-12**  
**Conclusions .....12**  
**Appendix & Exhibits .....13-\_\_**

## 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 private 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, the costs associated with developing the land in the preferred manner prohibited the efficient use of the property, or 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 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 Plan and Finance Plan will be implemented through the execution of an agreement between the City of McAllen, the Board of Directors of the Zone, and Rhodes Enterprises Inc., acting as the “Developer”, the “Development Agreement”, which will set forth the rights and obligations of the parties to assure successful completion of the proposed project.

**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 Hidalgo County; however the Developer has petitioned the City of McAllen to annex the entire tract if the TIRZ is approved at an 80/20 split with the TIRZ receiving 80% and the City of McAllen and Hidalgo County receiving 20%, respectively, during 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 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 requiring 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, data, and natural gas) 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>

---

\*<sup>1</sup> \$2,569,780,976 in vertical improvements plus \$232,396,315.00 in infrastructure over the term of the Project.

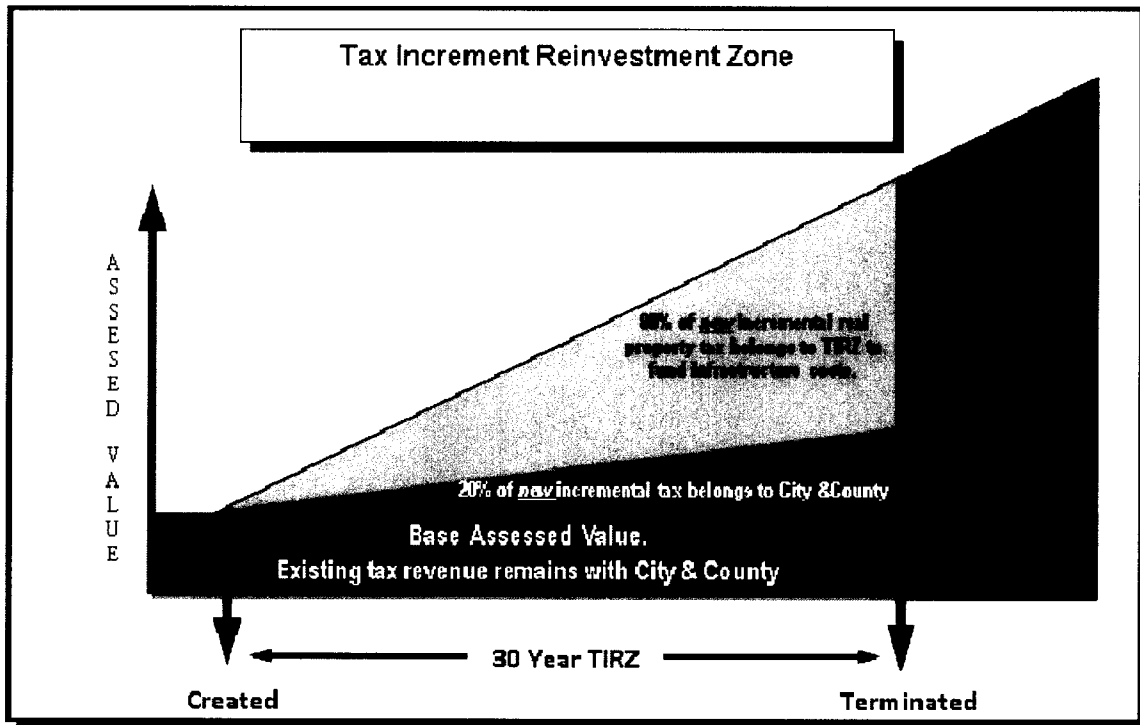
- Require only the taxes from within the Zone, and not existing taxpayers in the City of McAllen, to pay all the costs of the installation of all utilities required for the project.
- Create a new and replicable standard for better and more sustainable development within the City that encourages new 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**

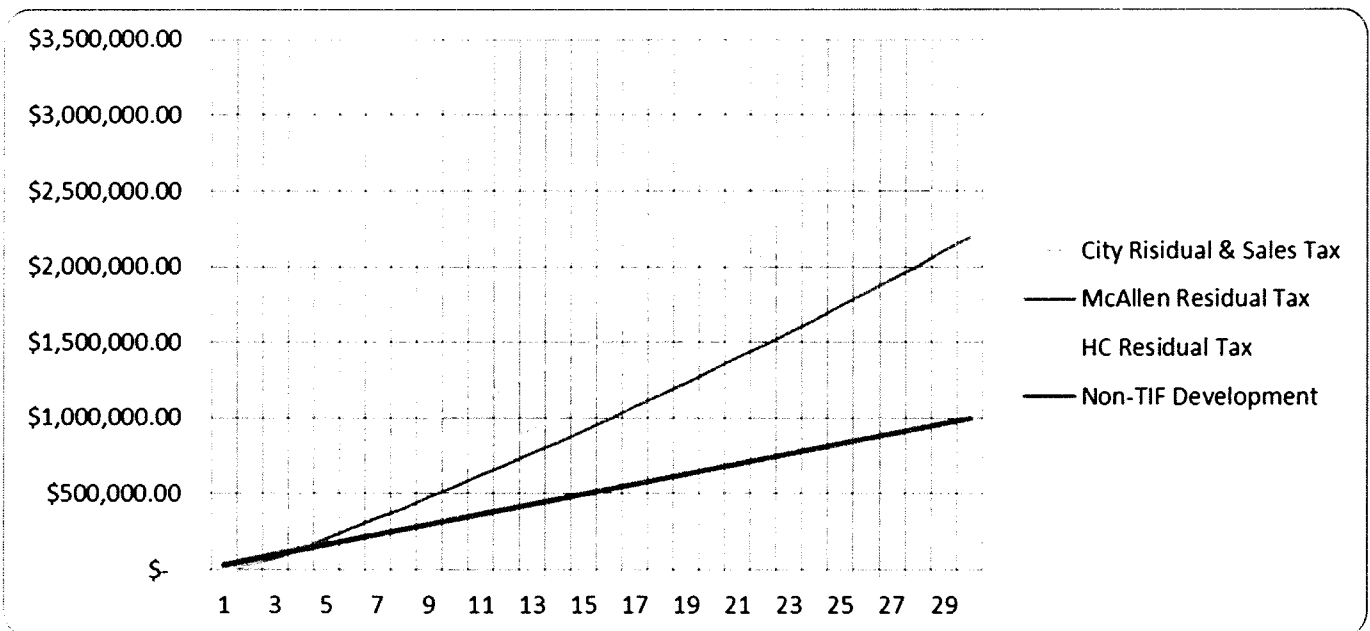
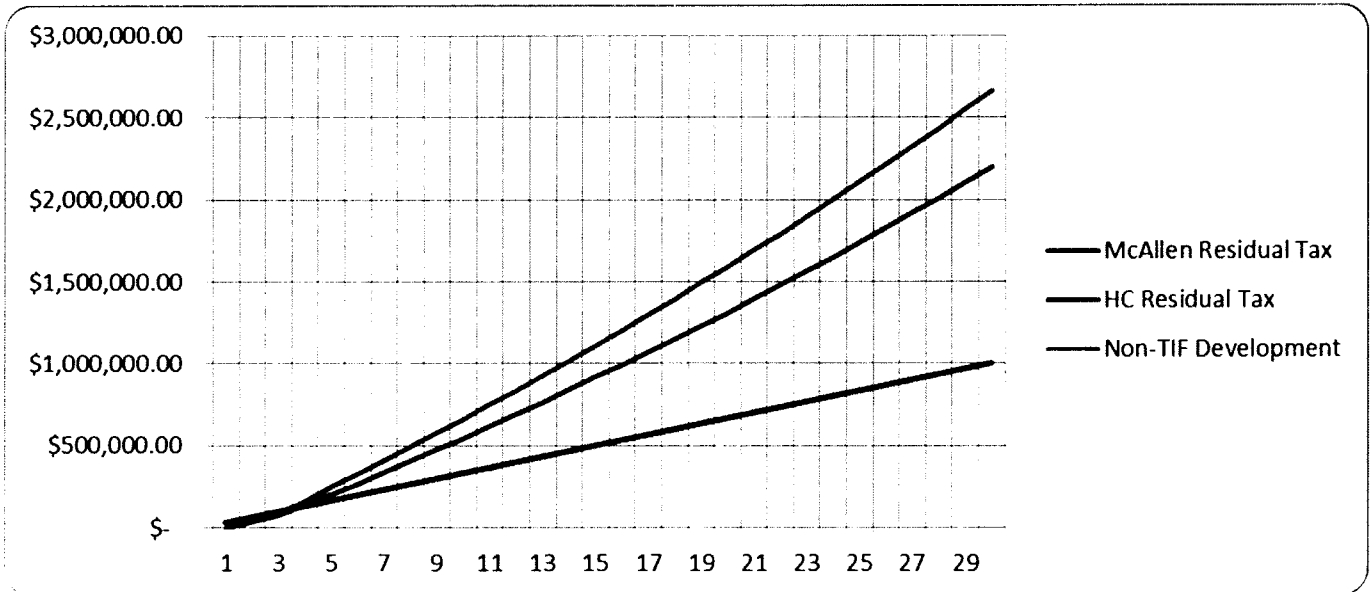
A TIRZ or Tax Increment Reinvestment Zone is a financing tool authorized by the State Legislature in Chapter 311 of the Tax Code. The purpose of the statute is to allow cities and counties to provide an incentive to develop areas that lack the infrastructure or have other impairments to desirable growth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

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



### INCOME COMPARISON BETWEEN EXISTING DEVELOPMENT METHOD AND "NEW TIRZ METHOD"



## **PROJECT PLAN**

The Reinvestment Zone Number One, City of McAllen, Texas Project Plan and Reinvestment Zone Financing 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 tax base value of over \$2,500,000,000.00.
- Fund reimbursement of construction of primary public streets and 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 walkways in the single-family areas and open space areas of the development.
- Construct wastewater collection, recycled water mains and storage and use facilities to enhance and encourage environmentally sensitive and water conscious regional development.
- Make utilities (sewer, water, recycled water, gas, 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.
- Establish a model community that incorporates availability of gigabit speed internet access to every home and business in the community; community-wide high-speed Wi-Fi access; community-wide 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 \$2,569,780,976.00 in the form of vertical construction of homes, apartments, office buildings, retail buildings and commercial uses.

**Public Improvements**

The public improvements which will be completed pursuant to the Project Plan are detailed in “Exhibit \_\_\_”, and the amount of public investment for reimbursement of the public improvements totals \$258,940,901.00.

**Public Improvements and Related Eligible Expenses**

The public improvements and related capital costs include, but are not limited to, reimbursements associated with the following internal and external project costs: 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 to the home, communication, Wi-Fi, and surveillance infrastructure, as well as all other related infrastructure, soft project costs, and costs of creation. 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.

**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 \_\_\_” 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 map attached as “Exhibit \_\_\_” and the field notes attached as “Exhibit \_\_\_” hereto.

**Project Feasibility**

The feasibility of the Project has been analyzed by an independent economist as well as by the staff of the City 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, the Project will 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 Plan 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 base can also include sales tax revenue collected from within the Zone in the prior year.

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." Then 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 deposited into a TIF Trust Fund, which is used to reimburse or pay for the approved improvements. Once the public improvements are completed and paid for, the TIF is dissolved and any remaining amounts of taxes collected are kept by the taxing jurisdiction. 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 year 2014 base assessed value of the TIRZ is \$995,697.00 ("Base Value"). The City of McAllen has negotiated an 80% participation level and a maximum contribution of tax increment to the cost of \$119,780,248.00; Hidalgo County has negotiated an 80% participation level and a maximum contribution of tax increment of \$145,191,545.00 (collectively the "Tax Increment").

The Zone provides approximately +/- \$258,940,901.00 of planned public improvements which are eligible for reimbursement, including interest, and administrative costs paid to the City and County for administering the Zone. The Finance Plan indicates that the Zone will yield adequate revenues to provide for incremental financing of the Project in the amount of \$258,940,901.00 with a surplus of \$6,030,892.00. The total projected revenue of the Zone is \$264,971,793.00.

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 TIRZ Bonds (hereinafter "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, unless bonds are issued but in no case will they become the debt of the City. When bonds or tax anticipation notes are issued, only the pledged Tax Increment can be looked to for repayment of those obligations. Other public improvements included in the Project Plan will be funded through similar financing sources and reimbursed to the Developer, as incremental TIRZ revenue is available. TIRZ Special Revenue 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, Tax Increment from the Zone will serve as the only repayment source for the bonds.

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

1. Incurred and approved administrative costs of the City and County identified in “Exhibit \_\_\_” (\$400,000.00);
2. Reimbursement to the City of incurred and approved costs for offsite sewer main, water main, fiber optic infrastructure which are installed by the City (+/-1,700,000.00);
3. Reimbursement to the Developer of incurred and approved hard and soft project costs (+/- \$230,696,315.00);
4. Interest expense and finance costs on the amounts contained in items 2. and 3. above, from the date of approval of reimbursement to the date of reimbursement;
5. Any new projects added to the Final Project Plan and Finance Plan approved by the TIRZ Board and the Commission of the City of McAllen.

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 incurred for public 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 to be incurred for off-site improvements (extension of fiber optic strands and conduits to the Zone, extension of sewer mains to the Zone, and the extension of recycled water truck mains to the Zone) are estimated to be \$1,700,000.00. 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 2043 and includes an estimated Developer contribution of \$230,696,315.00 out of a total project cost of \$258,940,901.00.

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>Participating Taxing Entities</b>	<b>Maximum Dollar Contribution</b>	<b>Maximum Length of Contribution</b>
City of McAllen, Texas	\$119,780,248.00	December 31, 2045
Hidalgo County	\$145,191,545.00	December 31, 2045
<b>Maximum Contribution Amount</b>	<b>\$264,971,793.00</b>	

Developer's Risk: All financing, developmental 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 whatsoever associated with the development, construction, completion or failure of the project if 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 offsite sewer mains, recycled water mains, and extension of its fiber optic network to the Project (totaling \$+/- \$1,700,000.00), the City and County obligations shall be limited to imposing and collecting taxes, and depositing such tax receipts into the TIRZ fund during the term of the TIRZ for so long as the Project is viable 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 the collection of taxes assessed for the year 2044, and may be terminated prior to December 31, 2043 upon payment of the total amount of reimbursement for project costs and interest to the Developer as provided in the Development Agreement, or for failure of the Developer to perform 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 public improvement costs and other approved project costs incurred by the Developer shall be paid solely by the TIRZ revenues 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: The goal of this Finance Plan is to pledge only the amount of City and County Tax Increment (80%) required to finance repayment of the City and Developer expenditures for reimbursable capital costs and associated expenses, and to utilize the remaining residual Tax Increment (20%) to pay for the cost of services within the Zone during the term of the Project (30 years).

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 all capital improvements installed by the Developer. The City will fund its initial capital improvements (+/- \$1,700,000.00) through advancing budgeted funds. The Project costs advanced by the Developer and City for construction of capital improvements and payment of related expenses will be reimbursed according to the approved priority of payment as Tax Increment funds become available in the balance of the TIRZ account.

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), special revenue bonds or tax anticipation notes when 900 homes have been completed within the Zone and are being assessed ad valorem taxes. It is projected that the bonds/notes will be issued in the fourth year of the Finance Plan (2017). The amount of the issuance will be the maximum amount that can be debt-serviced and underwritten 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 RGV demographics.

### **Financial Feasibility**

Based on the private development plans, public improvement program, budgets and general financing strategy, and financial assumptions, the City of McAllen City Commission finds that the Finance Plan and Project Plan are 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 ("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 projects are publically bid and that all meetings are held in compliance with the Texas Open Meetings Act. 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.

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 TIRZ Board 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 Plan and Finance Plan, the TIRZ Board and the Commission of the City of McAllen has concluded that the TIRZ Project Plan and Finance Plan are feasible in compliance with Chapter 311 of the Texas Tax Code.

The success of the TIRZ District project plan 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**

**TIRZ REQUIREMENTS**

Section 311 of the State 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 Plan and Finance Plan. All of the exhibits identified below are incorporated into the Project Plan and Finance Plan of the Zone as if fully set forth herein, and are made a part hereof for all purposes:

**Project Plan**

- |  |  |
|--|--|
| 1. Map of existing uses and conditions   | Exhibit 1  |
| 2. Map of proposed improvements and uses | Exhibit 2  |
| 3. Survey and Field Notes of Property    | Exhibit 3  |
| 4. Project Feasibility                   | Page 9 and 10 (economic feasibility plan study part of financing plan) |
| 5. Proposed zoning changes               | Page 7   |
| 6. Estimated non-project costs           | None claimed   |
| 7. Relocation plan for current residents | Not Applicable   |

**Finance Plan**

- |   |                                    |
|---|------------------------------------|
| 1. Detailed estimate of project costs           | Sources and Uses Page Finance Plan |
| 2. Proposed public improvements                 | Sources & Uses Page Finance Plan   |
| 3. Project Timeline                             | Summary Page Finance Plan          |
| 4. Estimated amount of bonded indebtedness      | Revenue Page Finance Plan          |
| 5. Time when costs/obligations will be incurred | Sources and Uses Page Finance Plan |
| 6. Methods of financing, sources of Revenue     | Revenue Page Finance Plan          |
| 7. Current total appraised value.               | Summary Page Finance Plan          |
| 8. Estimated captured appraised value           | Revenue Page Finance Plan          |
| 9. Duration of Zone                             | Summary Page Finance Plan          |

Revised: September 16, 2014  
Revised February 10, 2000  
Revised January 13, 2000  
June 15, 1999

**METES AND BOUND DESCRIPTION  
2561.402 ACRES OF LAND OUT OF  
SECTIONS 223, 224, 227, 230, 232  
TEXAS-MEXICAN RAILWAY CO. SURVEY  
AND OUT OF LOT 54-7  
WEST ADDITION TO SHARYLAND SUBDIVISION  
HIDALGO COUNTY, TEXAS**

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 an iron rod found for the Northeast corner of this tract, said iron rod bears N 80° 46' 37" W a distance of 59.15 feet, and S 09° 13' 23" W a distance of 40.00 feet from the Northeast corner of said Section 232;


1. THENCE, S 33° 30' 29" E along the West right-of-way line of Ware Road (F. M. 2220) as dedicated by Volume 10, Page 42, Volume 1082, Page 81, and Volume 1073, Page 92, Hidalgo County Deed Records, a distance of 28.53 feet to an iron rod set for an outside corner of this tract;
2. THENCE, S 08° 36' 44" W along the West right-of-way line of said Ware Road (F. M. 2220), a distance of 4939.99 feet to an iron rod found for an angle point;
3. THENCE, S 11° 29' 22" W along the West right-of-way line of said Ware Road (F. M. 2220), a distance of 200.19 feet to an iron rod found for an angle point;
4. THENCE, S 11° 08' 08" W along the West right-of-way line of said Ware Road (F. M. 2220), a distance of 22.24 feet to an iron rod found for an angle point;
5. THENCE, S 55° 13' 13" W along the West right-of-way line of said Ware Road (F. M. 2220), a distance of 33.07 feet to an iron rod found for an inside corner of this tract;
6. THENCE, S 08° 36' 44" W along the West right-of-way line of said Ware Road (F. M. 2220), at a distance of 9.81 feet pass the North right-of-way line of Mile 9 Road, and continuing a total distance of 29.81 feet to the Northernmost Southeast corner of this tract;
7. 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;

8. 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;
9. 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;
10. 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;
11. 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;
12. 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;
13. 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;
14. 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;
15. 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;
16. 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;
17. 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;
18. 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;
19. 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;
20. 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;
21. 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;
22. 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;

23. 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;
24. 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;
25. 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;
26. 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;
27. 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;
28. 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;
29. 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;
30. 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;
31. 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;
32. 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;
33. 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 total distance of 5216.19 feet to an iron pipe found for the Northernmost Northwest corner of this tract;
34. THENCE, S 80° 40' 40" E along the South right-of-way line of Monte Cristo Road (F. M. 1925) as dedicated by Volume 933, Page 430, Volume 904, Page 241, Volume 896, Page 277, and Volume 930, Page 57, Hidalgo County Deed Records, a distance of 3275.69 feet to an iron rod set for a curve to the right;
35. THENCE, along said curve to the right and the South right-of-way line of said Monte Cristo Road (F. M. 1925), with a central angle of 02° 26' 09", a radius of 7018.19 feet, an arc length of 298.37 feet, a tangent of 149.21 feet, and a chord that bears S 79° 27' 35" E a distance of 298.35 feet to an iron rod set;
36. THENCE, S 78° 14' 30" E along the South right-of-way line of said Monte Cristo Road (F. M. 1925), a distance of 363.73 feet to an iron rod set for a curve to the left;
37. THENCE, along said curve to the left and the South right-of-way line of said Monte Cristo Road (F. M. 1925), with a central angle of 02° 25' 58", a radius of 7107.46 feet, an arc length of 301.77 feet, a tangent of 150.91 feet, and a chord that bears S 79° 27' 29" E a distance of 301.75 feet to an iron rod set;
38. THENCE, S 80° 40' 28" E along the South right-of-way line of said Monte Cristo Road (F. M. 1925), a distance of 1325.10 feet to an iron rod set for a curve to the left;

39. THENCE, along said curve to the left and the South right-of-way line of said Monte Cristo Road (F. M. 1925), with a central angle of  $03^{\circ} 00' 32''$ , a radius of 5860.53 feet, an arc length of 307.78 feet, a tangent of 153.92 feet, and a chord that bears  $S 82^{\circ} 10' 44''$  E a distance of 307.74 feet to an iron rod set;
40. THENCE,  $S 83^{\circ} 41' 00''$  E along the South right-of-way line of said Monte Cristo Road (F. M. 1925), a distance of 400.58 feet to an iron rod set for a curve to the right;
41. THENCE, along said curve to the right and the South right-of-way line of said Monte Cristo Road (F. M. 1925), with a central angle of  $02^{\circ} 54' 23''$ , a radius of 5886.71 feet, an arc length of 298.62 feet, a tangent of 149.34 feet, and a chord that bears  $S 82^{\circ} 13' 48''$  E a distance of 298.59 feet to an iron rod set;
42. THENCE,  $S 80^{\circ} 46' 37''$  E along the South right-of-way line of said Monte Cristo Road (F. M. 1925), a distance of 3858.87 feet 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.

I, FRED L. KURTH, REGISTERED PROFESSIONAL LAND SURVEYOR DO HEREBY AFFIRM THAT THIS METES AND BOUNDS DESCRIPTION REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND ON 04/15/99 & 02/05/04 UNDER MY DIRECTION AND SUPERVISION.

  
FRED L. KURTH, R.P.L.S. #4750      9-17-14  
DATE:

