



Control Number: 41606



Item Number: 1068

Addendum StartPage: 0

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November 4, 2013

Public Utility Commission of Texas
Central Records
Attn: Filing Clerk
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P.O. Box 13326
Austin, Texas 78711-3326

Re: SOAH Docket No. 473-13-5207; PUC Docket No. 41606; *Joint Application of Electric Transmission Texas, LLC and Sharyland Utilities to Amend Their Certificates of Convenience and Necessity for the North Edinburg to Loma Alta Double-Circuit 345- KV Transmission Line in Hidalgo and Cameron Counties, Texas*

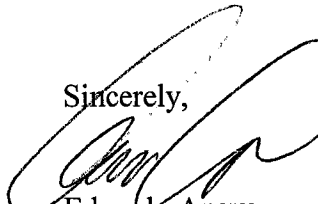
Dear Maddam;

Please find the following documents to filed:

1. *Direct Testimony of Francisco Xavier Vazquez on behalf of Advance Heights Development Inc., Conquer Land Utilities LLC, and Capstone Land Holdings, LTD.*

Thank you for your prompt attention and assistance in this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,



Eduardo Anaya

1068

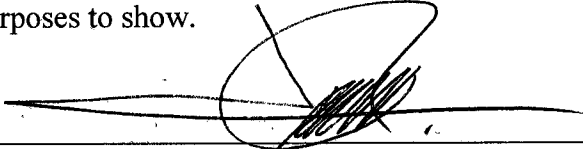
**SOAH DOCKET NO. 473-13-5207
PUC DOCKET NO. 41606**

JOINT APPLICATION OF ELECTRIC TRANSMISSION TEXAS, LLC AND SHARYLAND UTILITIES, L.P. TO AMEND THEIR CERTIFICATES OF CONVIENCE AND NECESSITY FOR THE PROPOSED NORTH EDINBURG TO LOMA ALTA DOUBLE-CIRCUIT 345 KV TRANSMISSION LINE IN HIDALGO AND CAMERON COUNTIES, TEXAS	§	IN THE STATE OFFICE
	§	OF
	§	ADMINISTRATIVE HEARINGS

Affidavit of Francisco Xavier Vazquez

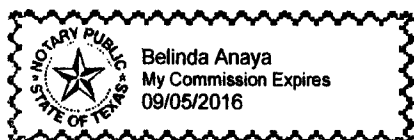
Francisco Xavier Vazquez, being first duly sworn, on his oath states:

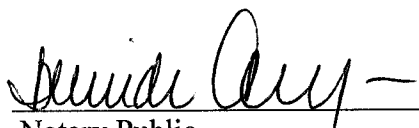
1. My name is Francisco Xavier Vazquez. I am President of Advance Heights Development Inc, Conquer Land Utilities, LLC and Capstone Land Holdings LTD. I have an interest and investment in the property described in this testimony.
2. Attached hereto and made a part hereof for all purposes in direct testimony and exhibits which were prepared in written form for introduction into evidence in the SOAH Docket No. 473-13-5207 I PUC Docket No. 41606.
3. I hereby swear and affirm that the testimony and exhibits are true and correct and that they show the matters and things that it purposes to show.



FRANCISCO XAVIER VAZQUEZ, PRESIDENT,
CAPSTONE LAND HOLDINGS, LTD,
CONQUER LAND UTILITIES, LLC and
ADVANCE HEIGHTS DEVELOPMENT, LLC

Subscribed and sworn to before me this 17th day of October, 2013





Notary Public

**SOAH DOCKET NO. 473-13-5207
PUC DOCKET NO. 41606**

JOINT APPLICATION OF ELECTRIC TRANSMISSION TEXAS, LLC AND SHARYLAND UTILITIES, L.P. TO AMEND THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY FOR THE NORTH EDINBURG TO LOMA ALTA DOUBLE-CIRCUIT 345- KV TRANSMISSION LINE IN HIDALGO AND CAMERON COUNTIES, TEXAS	§ § § § § § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**DIRECT TESTIMONY OF FRANCISCO XAVIER VAZQUEZ on behalf of ADVANCE
HEIGHTS DEVELOPMENT INC., CONQUER LAND UTILITIES, LLC and
CAPSTONE LAND HOLDINGS, LTD.**

I. INTRODUCTION.

Q-1. PLEASE STATE YOUR NAME AND ADDRESS.

A-1. My name is Francisco Xavier Vazquez. I am President of Advance Heights Development Inc, Conquer Land Utilities LLC and Capstone Land Holdings LTD and will be testifying in behalf of my companys. I have a residence at 811 Rio Grande Dr. Mission, Texas 78572. I also have a residence in Priv. Ln. Paz # 156 Su Pdero Garza Garcia, Monterrey, N. L. Mexico.

Q-2. WHAT IS YOUR OCCUPATION?

A-2. I am a developer and investor. I basically dedicate myself in developing properties, transforming them into poles of economic development in the cities that I invest. I have been doing this for 32 years.

Q-3. PLEASE TELL US ABOUT YOUR EDUCATIONAL AND WORK EXPERIENCE.

A-3 I studied business administration at El Tecnologico de Monterrey, N.L. Mexico. I graduated in 1979 and went on to get a masters in Finance at IPADE in Monterrey, N.L. Mexico, which I finished in 1982.

As of 1980 I have been involved in property development, working mainly on commercial and residential projects throughout my country Mexico. My experience consists of identifying locations with high growth potential, getting feasibility studies done, which allows me to know firsthand the possibilities for success in the chosen locations.

If the feasibility studies results are feasible then I make the necessary investment in order to buy the properties. At the same time I hire the necessary architects for the preparation of several projects allowing us to choose the most adequate for the zone where the development project will take place, whether it is commercial or residential, seeking at all times to carry out a project of considerable interest for the entire community. We also focus in generating the most number of jobs for the community where our projects are located, always seeking the growth and development of the community as well as our projects.

I have developed over 50 development projects, commercial and residential, throughout practically all of the states in Mexico. This means that out of one million (1,000,000) squared meters, which are equivalent to ten million (10,000,000) square feet.

There is currently another project of a residential multi-family subdivision, with potentially 200 apartments, and street shopping center in the city of Edinburg, TX that I am involved in.

II. PURPOSE OF TESTIMONY

Q-4. WHAT IS THE SUBJECT MATTER OF YOUR TESTIMONY?

A-4. The purpose of my testimony on a personal basis and on behalf of my companies is to leave it perfectly clear how hugely opposed we are to the installation of the towers and the high voltage electric cables that will pass through our properties causing us irreparable economic damage and will completely halt on our project, which will impact the number of jobs that our projects would create as well as the benefits that it would create for the city of Hidalgo, Texas. My companies own separate lots within the 60.6 acres of land as shown in attached Exhibit I. *(see Exhibit I Survey of Lot 15 and the West ½ of Lot 16 Sec. 3 Hidalgo Canal Co's Subdivision)*

In order to show the size and magnitude of our projects allow me to give a brief summary:

Our master plan called Lumma Project, it is proposed to be developed on a 60.6 acre property located south 10th street in the city of Hidalgo, TX. It is contemplated that this project will be developed in 3 phases. *(see Exhibit II, plat of the 60.6 acre Lumma Project)*

For the first phase we are contemplating the development of 520 condos on a 24 acre lot, building 24 buildings with 18 or 24 condos per building, 2 club houses providing amenities for the residents, a fence around the entire perimeter with iron gates providing privacy and security

for the residents. The total value for this project on the market is about eighty-five million dollars (\$85,000,000).

The second phase consists of the development of the Hotel and Commercial zone on 28 acres, which the main entrance will be on south 10th street in Hidalgo, TX. On this phase we are contemplating the construction of 3 hotels: Holiday Inn Express, Crowne Plaza and Intercontinental Hotel with a casino (assuming that gambling will be approved in the state of Texas) and a shopping plaza plus another two shopping centers near the hotel. Altogether we are estimating that this project will create a total of 800 direct jobs and 1500 indirect jobs, with a cost of one hundred eighty million dollars (\$180,000,000).

In the third phase we will develop four towers of seventeen floors, each tower will have 60 condos, 120 parking spaces, a fitness area, 1 pool, a play area for kids and a bbq area. With all four towers there will be an estimated total of 240 condos all built on 8.6 acres. This phase has an estimated value of forty million dollars (\$40,000,000). (*see Exhibit III General Master Plan Lumma*)

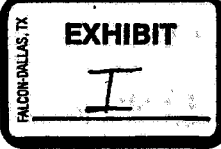
Q-5. WHAT EFFECT WILL THE TRANSMISSION LINES HAVE ON YOUR PROPERTY?

A-5. If the proposed route for the towers and high voltage electric cables, which are links 113, 114, and 117. Links 113 and 114 run along the sides of my properties and 117 runs along the back. If these routes continue to be viable it will have consequences on the community of Hidalgo, Tx. It will not only affect homesteads but it will stop the potential growth of this community that would have resulted from this project (social, economic, etc) since the projects will have to either be altered or completely canceled, which will lead us to look for other locations to be able to invest our money and that we will not have problems with developing this project. The amplification of the electrical lines will cause economical losses for the companies that own the properties. These companies will see themselves forced to cancel any development projects that may have been projected for said properties.

Our recommendation is that the companies involved in this project dealing with amplification and installation of the high voltage electrical towers and cables look for alternative routes where they will not cause as much damage to the community and individuals especially when the main goal is to help with the economic and social development of Hidalgo, Texas.

Q-6. DOES THIS CONCLUDE YOUR TESTIMONY?

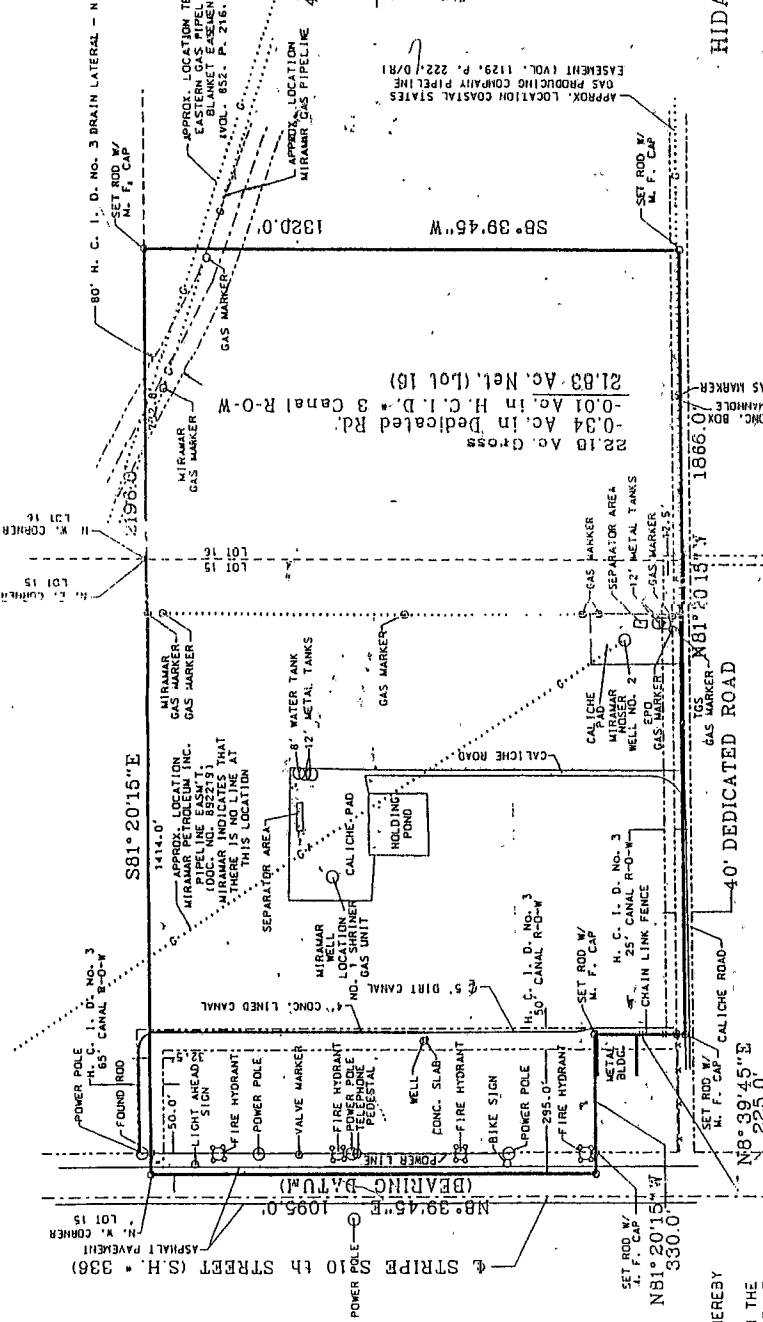
A-6. Yes.



OWNER: DOROTHY FRANCIS CHAPAS

MICHAEL FABIAN, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE FOREGOING MAP IS A TRUE AND CORRECT REPRESENTATION OF THE SURVEY MADE ON THE DATE AND UNDER MY SUPERVISION AND THAT THERE ARE NO VISIBLE DISCREPANCIES, ERECTIONS, OR SHORTAGES IN AREA OR UNLINED LINES OR ANY ENCROACHMENTS OR OVERLAPPING OF IMPROVEMENTS EXCEPT AS SHOWN ON THIS PLAT. THIS PROPERTY IS SHOWN IN ZONE 18 OF THE FLOOD INSURANCE RATE MAPS. THIS SURVEY WAS PROVIDED BY MULTIPLE ORIGINALS ONLY FOR THE APPROPRIATE NAMED HEREON. IN CONJUNCTION WITH THE ORIGINAL TRANSACTION WHICH SHALL TAKE PLACE WITHIN SIX MONTHS AFTER THE SURVEY WAS PROVIDED.

MICHAEL FABIAN
REGISTERED PROFESSIONAL LAND SURVEYOR
CALLEEN, TEXAS



EASEMENT STATUS

GRANTEE	VOL.	PAGE	STATUS
HIDALGO CO.	270	44, D/R	FILLS IN SOUTH 10' ST. R-O-W. WEST SIDE OF LOT 15.
STATE OF TEXAS	1117	447, D/R	FOR CROSSING H. C. D. NO. 1 FACILITIES IN 10' ST. R-O-W.
STATE OF TEXAS	1124	443, D/R	BLANKET EASEMENT FOR CROSSING FACILITIES IN 10' ST. R-O-W.
MIRAMAR PETROLEUM INC.	DOC. NO. 892219		H. C. I. D. NO. 3 CANALS & FACILITIES IN 10' ST. R-O-W.
CABOT CARBON CO.	852	212, D/R	APPROX. LOCATION (PLATTED)
TEXAS EASTERN	873	344, D/R	NOT APPLICABLE
COASTAL STATES	877	15, D/R	APPROX. LOCATION PLOTTER (BLANKET)
GAS PRODUCING CO.	1129	222, D/R	FROM THIS EASEMENT PLATTED WHICH PROVIDES PERM. TO CROSS W. D. NO. 2 CANAL R-O-W

NET AREA TABULATION

LOT 15	38.77 AC.
LOT 16	21.83 AC.
TOTAL	60.60 AC.

MAP

LOT 15 AND
THE WEST 1/2 OF LOT 16,
SECTION 3,
HIDALGO CANAL CO'S SUBDIVISION,
OF PORCIONES 54.65 & 66,
HIDALGO COUNTY, TEXAS.
SAVE & EXCEPT THE SOUTH 235.0 FT.
OF THE WEST 330.0 FT.
OF SAID LOT 15.

RECORDED IN VOL. Q, P. 177, D/R

MICHAEL FABIAN SURVEYING, INC.
TEL. 320 N. 15TH ST.
CALLEEN, TEXAS 78501 (806) 687-4680

MICHAEL FABIAN
REGISTERED PROFESSIONAL
LAND SURVEYOR
W.O. # 1369
BK 336-T PG. 28
SCALE 1" = 300' DATE 2-5-2007

COPYRIGHT MICHAEL FABIAN SURVEYING, INC. 2007
NO LICENSE HAS BEEN CREATED, EXPRESSED OR
IMPLIED TO COPY THIS PLAT OF SURVEY. IF THIS
PLAT OF SURVEY DOES NOT BEAR AN ORIGINAL
SIGNATURE OF THE REGISTERED PROFESSIONAL
SURVEYOR, THE SURVEYOR'S PRACTICES ACTING UNDER
ARTICLE 606C, VERNON'S TEXAS CIVIL STATUTES.

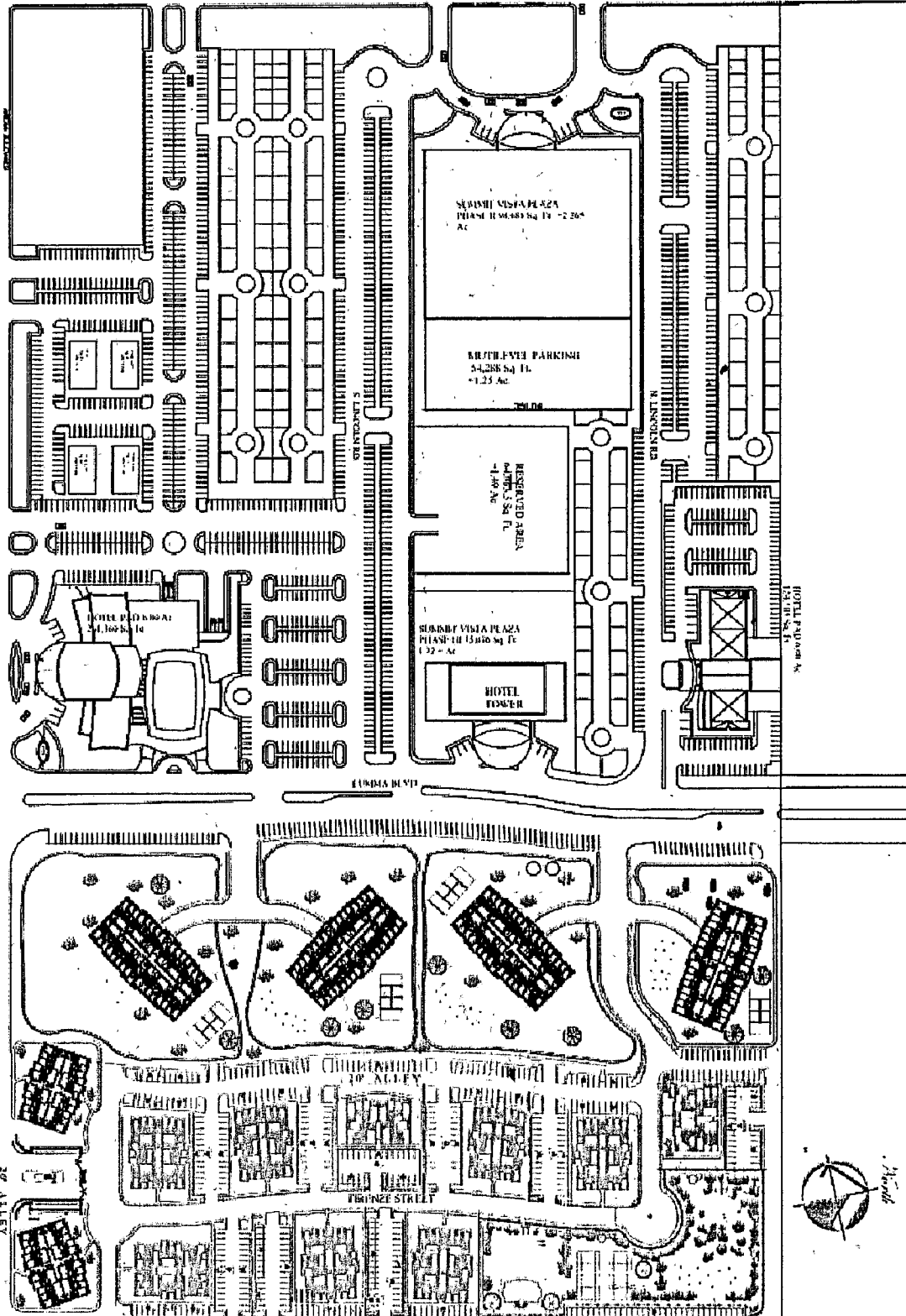
10th STREET

DICKER STREET

ARENA BOULEVARD

CROWNE PLAZA PROJECT

LUMMA HOUSING PROJECT



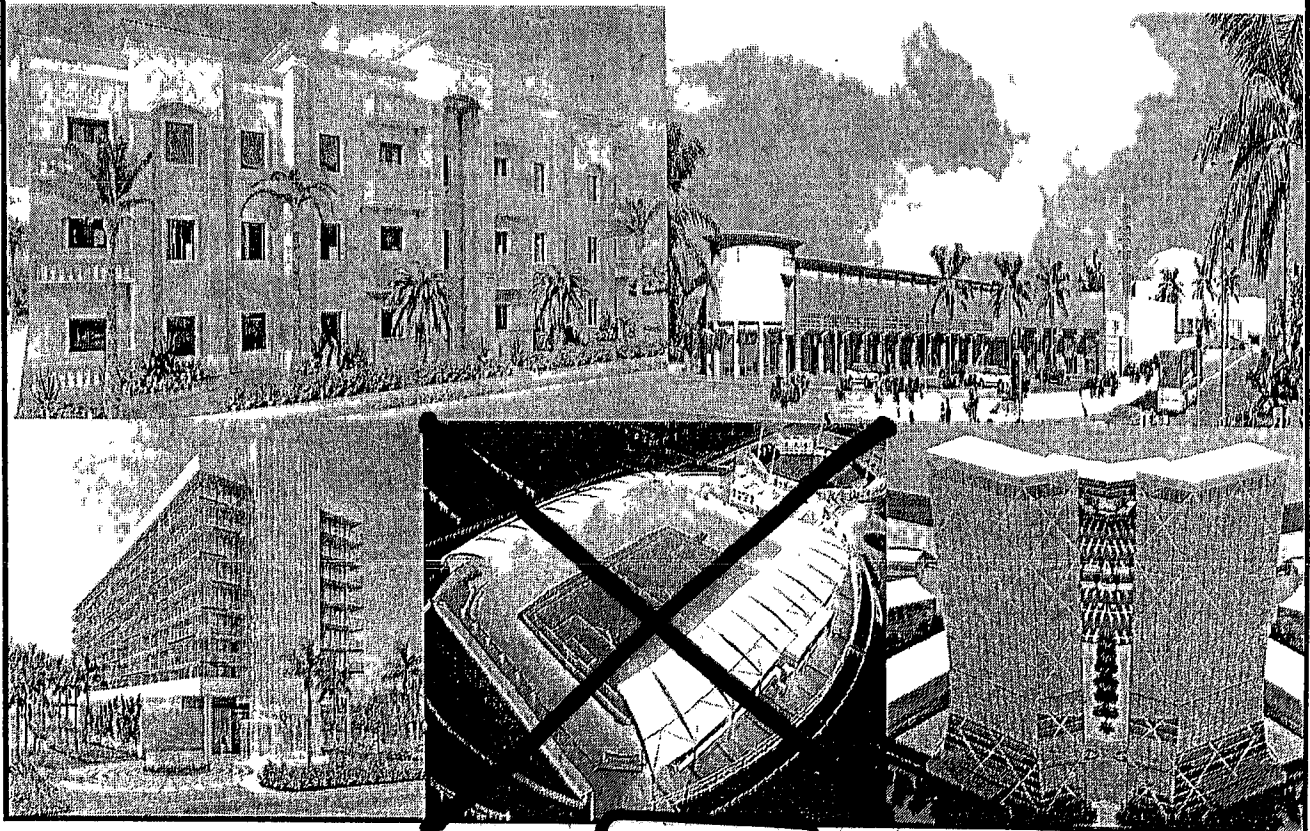
FALCON-DALLAS, TX

EXHIBIT
II

Summa

MACRO - PROJECT LOCATED IN HIDALGO, TEXAS, USA

Special Presentation for Lucky & Landa



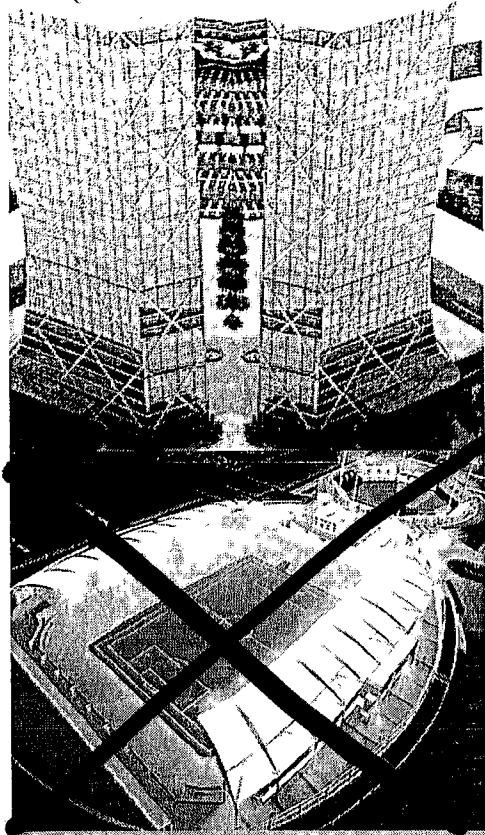
X = no longer part of the master plan

FALCON-DALLAS, TX
EXHIBIT
III

**LUMMA MACRO PROJECT
LOCATED IN HIDALGO, TEXAS USA**

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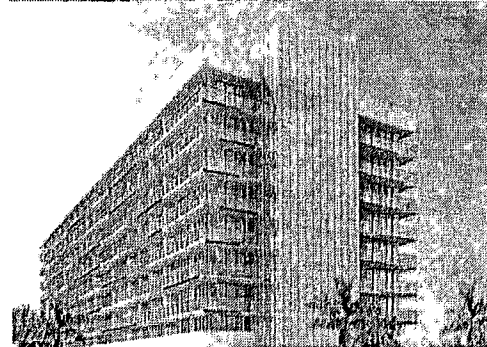
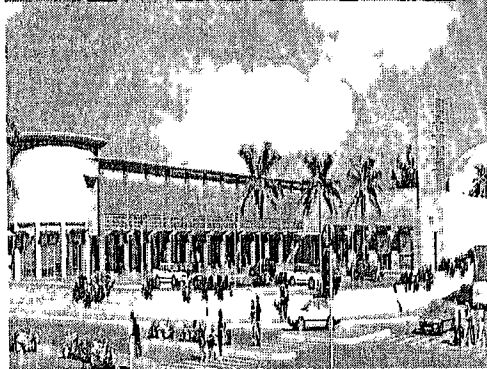


PART I

GENERAL MASTER PLAN OF:

Lumma

MACRO – PROJECT

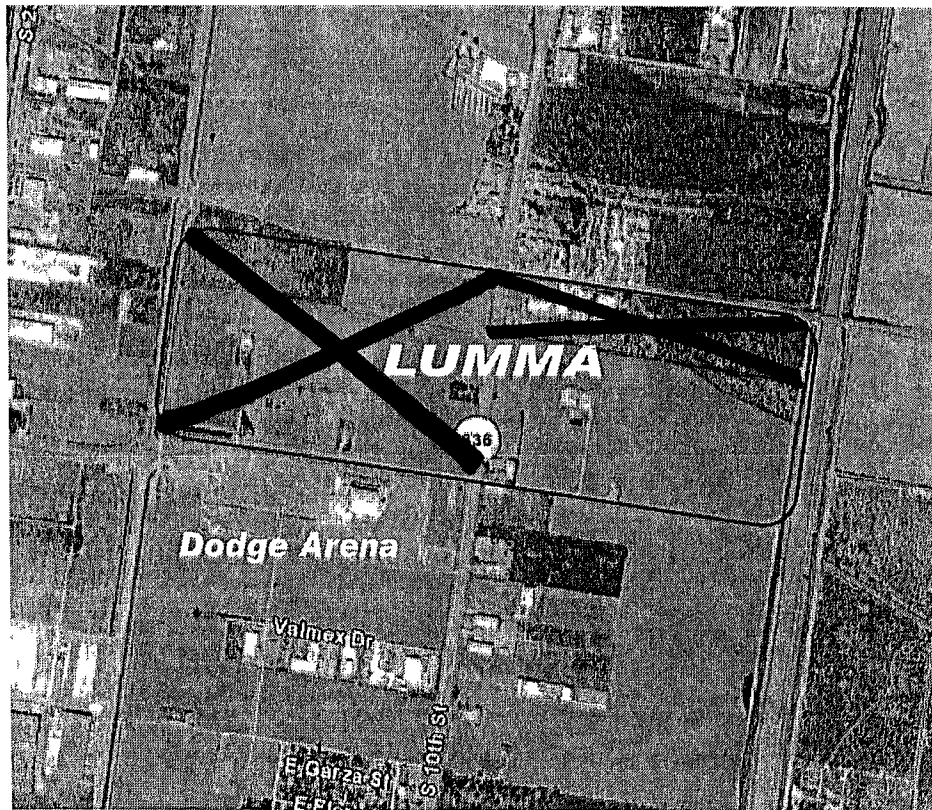


LUMMA

MACRO - PROJECT

- LUMMA Macro - Project is a mixed development project, which includes:
 - ▶ Residences
 - ▶ Stadium
 - ▶ Towers
 - ▶ Hotels
 - ▶ Shopping Centers
- Lumma Macro Project it's planned to develop in a land of 170.76 acres in the metropolitan area of Hidalgo, McAllen and Texas Valley.

LUMMA MACRO - PROJECT
GOOGLE EARTH SITE



LOCATION AND PRESENT SURROUNDINGS OF
LUMMA MACRO - PROJECT

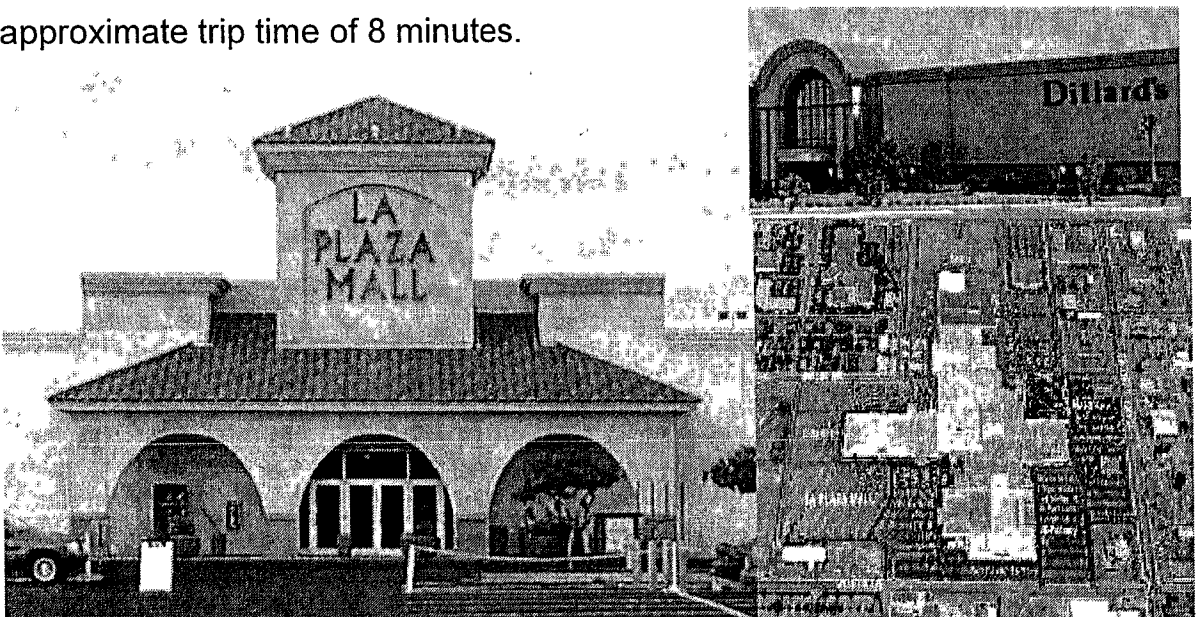
LUMMA

MACRO - PROJECT

- The location of Lumma Residences, Towers, Hotels and Shopping Center are just 20 feet from the main entrance to the center of Dodge Arena and has 1,096 feet frontage south 10th Ave. The Stadium, Shopping Center and Hotels are next to the Dodge Arena.

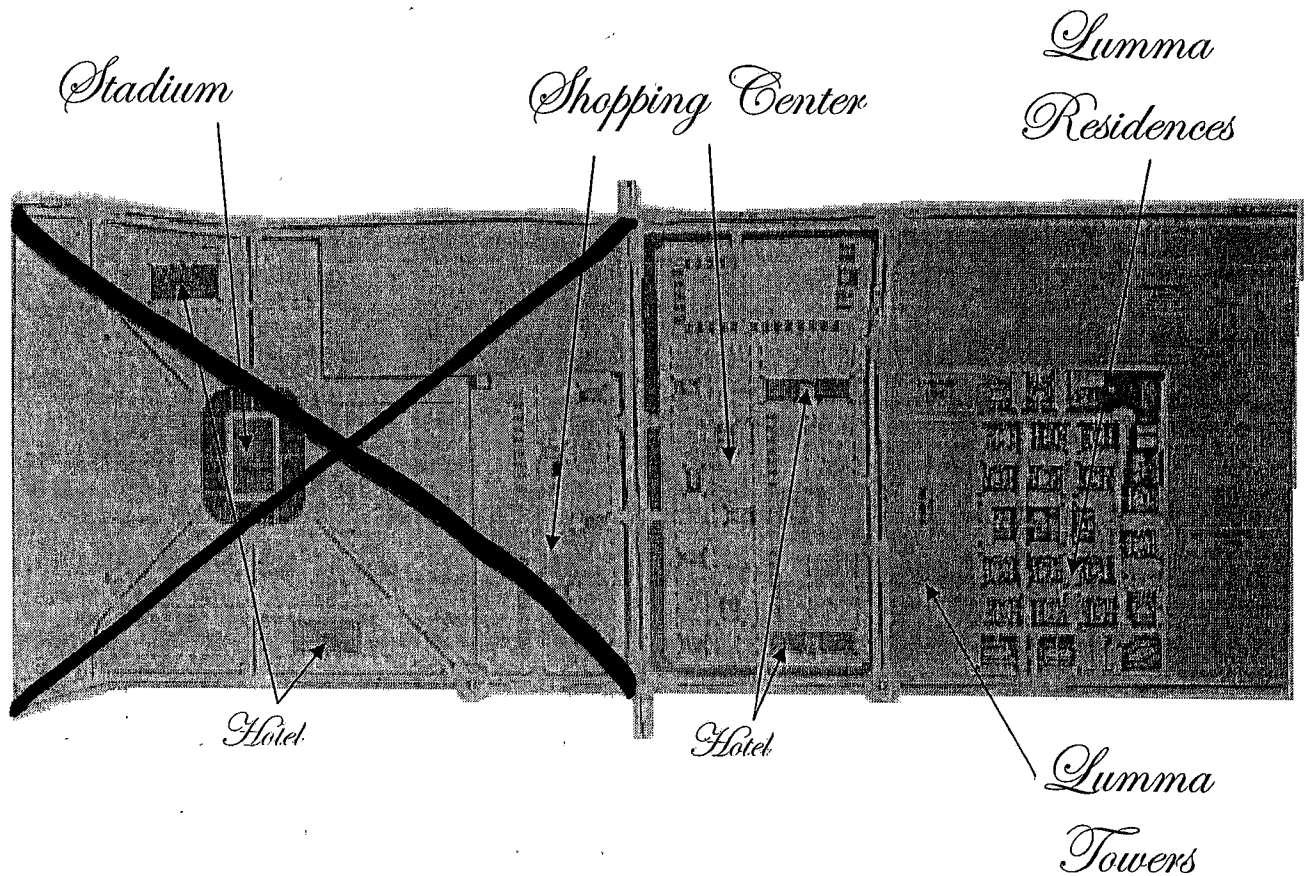


- The project is 4,35 miles from La Plaza Mall and the McAllen Airport, with an approximate trip time of 8 minutes.



LUMMA
MACRO - PROJECT

Lumma
Master Plan



LUMMA

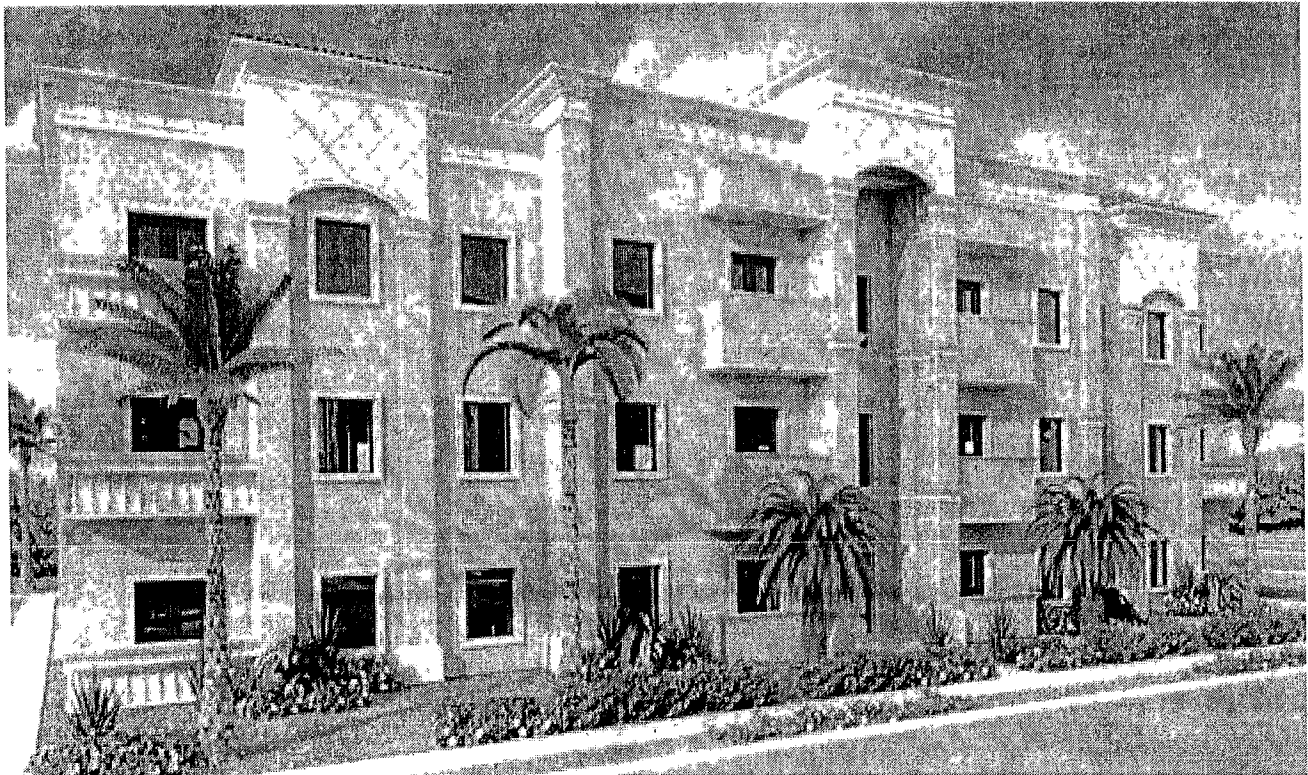
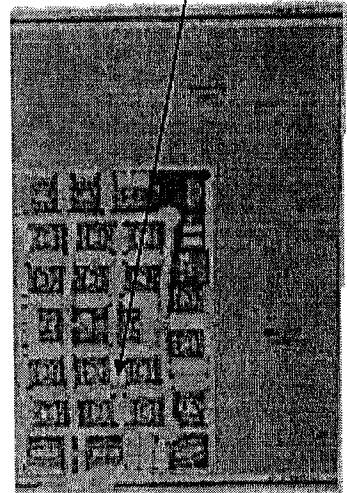
DEVELOPMENT PROJECTS

RESIDENTIAL APARTMENTS

■ RESIDENTIAL APARTMENTS

- ▶ 23 Buildings
 - 17 Buildings → 306 Apartments: 3 Bedrooms
 - 3 Buildings → 36 Apartments : 2 Bedrooms
36 Apartments: 3 Bedrooms
 - 3 Buildings → 36 Apartments : 4 Bedrooms
 - Total Apartments: 414 units
- ▶ Club House
 - Swimming pool, sport areas with multipurpose courts, palapas, green areas and other amenities.
- ▶ Area of 24.01 acres

Lumma
Residences



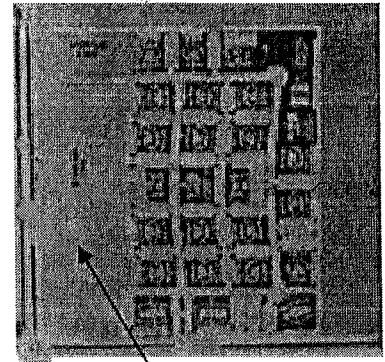
LUMMA

DEVELOPMENT PROJECTS

RESIDENTIAL TOWERS

■ RESIDENTIAL TOWERS

- ▶ 4 Towers, 15 levels each one
- ▶ 144 Apartments per tower
- ▶ 3 Parkings levels
- ▶ 12 Apartments levels
- ▶ Total Apartments: 576
- ▶ Green areas
- ▶ Area of 13 acres



*Lumma
Towers*

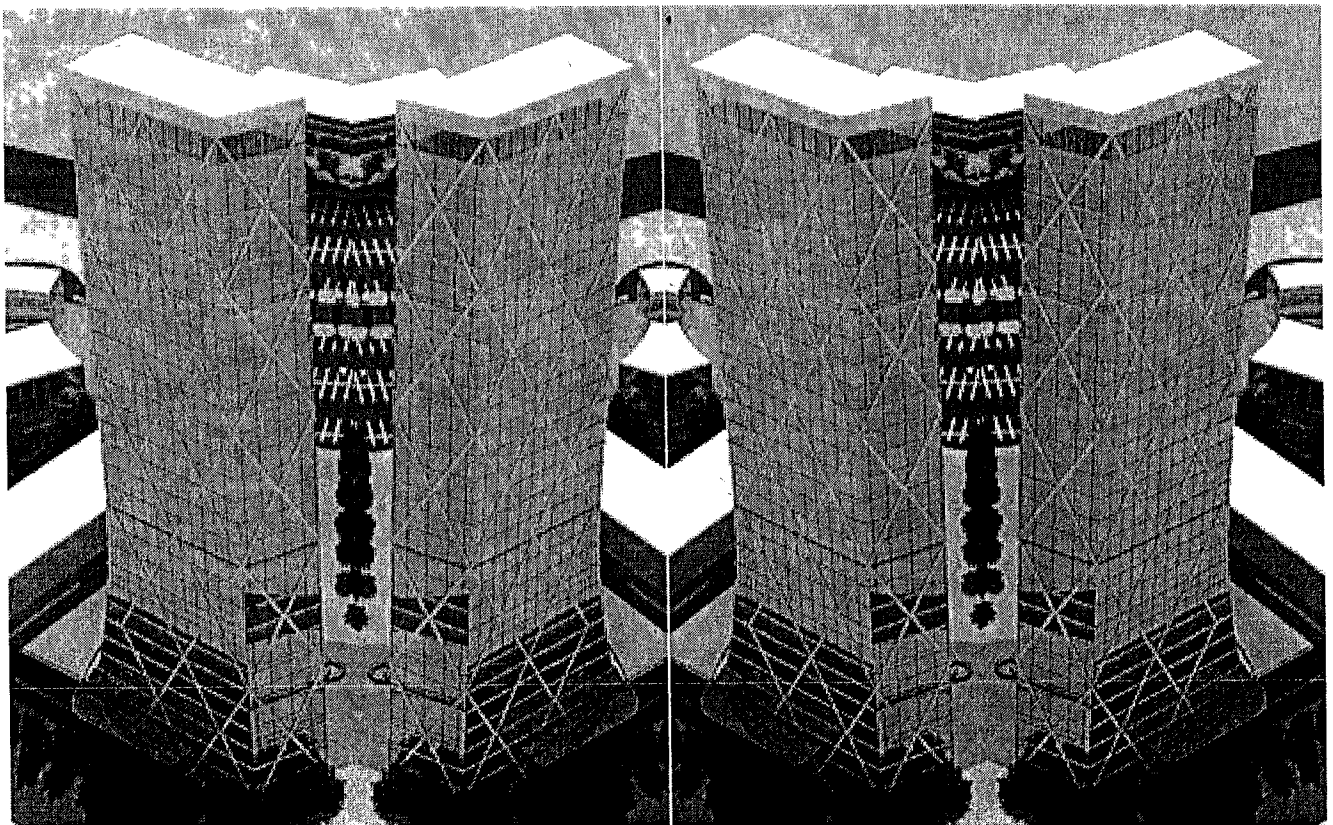


Image does not correspond to the project

LUMMA

DEVELOPMENT PROJECTS

SHOPPING CENTER

■ SHOPPING CENTER

- ▶ Total Area of 29.6 acres
- ▶ 1 Anchor Store *pad* in area of 59,900 sq ft
- ▶ 26 Commercial Areas *pads*
in area of 39,000 sq ft retail
- ▶ 7 Restaurant *pads*
in area of 44,176 sq ft for leasing
- ▶ 2 Hotels in area of 294,504 sq ft
- ▶ Total Area for Leasing
Lumma Shopping Center 437,580 sq ft

Shopping Center

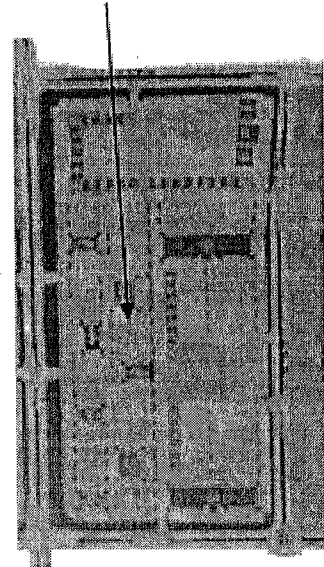


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LUMMA

LUMMA ENTERTAINMENT DISTRICT

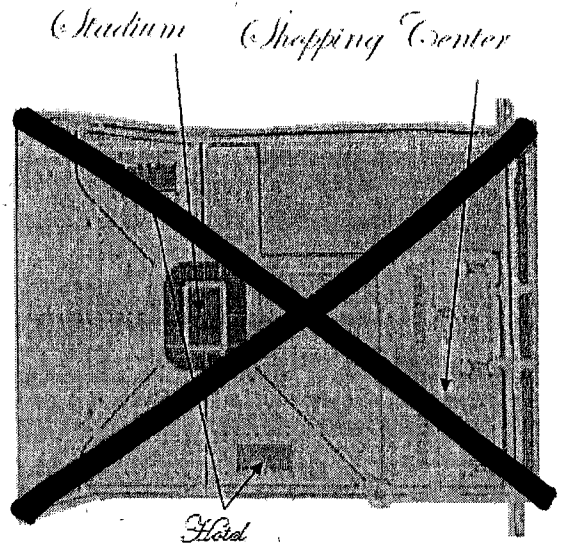
STADIUM – HOTELS – SHOPPING CENTER

■ STADIUM

- ▶ Total Area of 74.5 acres
- ▶ Capacity 28,000 seats (estimated)

■ HOTELS

- ▶ Total Area of 471,002 sq ft
- ▶ 2 Hotels



■ SHOPPING CENTER

- ▶ Total Area of 20.8 acres
- ▶ 2 Movie Theater pads in area of 67,200 sq ft
- ▶ 30 Commercial Areas pads in area of 45,000 sq ft
- ▶ 7 Restaurant pads in area of 35,000 sq ft
- ▶ Total Area for Leasing Stadium Shopping Center 147,200 sq ft

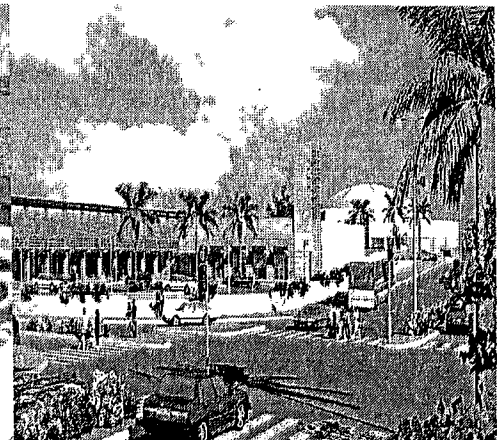
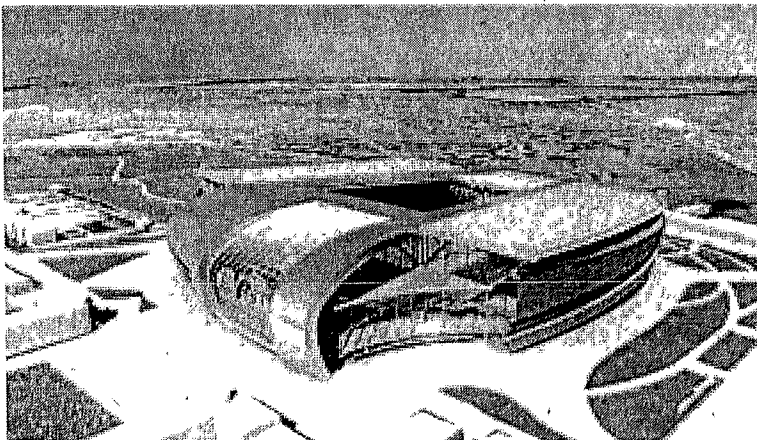


Image does not correspond to the project

LUMMA

LUMMA ENTERTAINMENT DISTRICT STADIUM – HOTELS – SHOPPING CENTER

■ RESIDENTIAL APARTMENTS

- ▶ Income \$75,000,000 dlls
- ▶ Cost \$53,250,000 dlls
- ▶ Utility \$21,750,000 dlls

■ RESIDENTIAL TOWERS

- ▶ Income \$172,800,000 dlls of 4 towers
- ▶ Cost \$112,122,008 dlls of 4 towers
- ▶ Utility \$60,677,992 dlls of 4 towers

■ COMMERCIAL AREA LUMMA

- ▶ Anchor store 59,900 sq ft * 1.00 dlls/sq ft = \$59,900 dlls monthly
\$702,000 dlls monthly
- ▶ Commercial Pads 1,500 sq ft * 1.5 dlls/sq ft = \$2,250 dlls monthly * 26
commercial areas =
\$58,500 month
\$702,000 annual
- ▶ Restaurants 44,176 sq ft * 1.2 dlls/sq ft = \$53,011 dlls monthly
\$636,134 dlls annual

TOTAL \$2,057,000.00 DLLS ANNUAL IN LEASE

LUMMA

LUMMA ENTERTAINMENT DISTRICT STADIUM – HOTELS – SHOPPING CENTER

LUMMA ENTERTAINMENT DISTRICT VALUES AND PRICING

■ HOTEL 1

214,325 sq ft * \$10 DLLS/sq ft

- ▶ Income \$2,143,325 DLLS
- ▶ Cost \$621,543 DLLS
- ▶ Utility \$1,521,707 DLLS

■ HOTEL 2

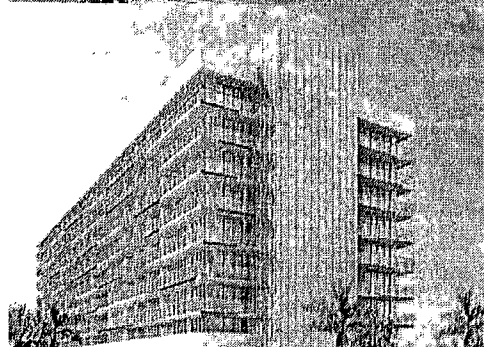
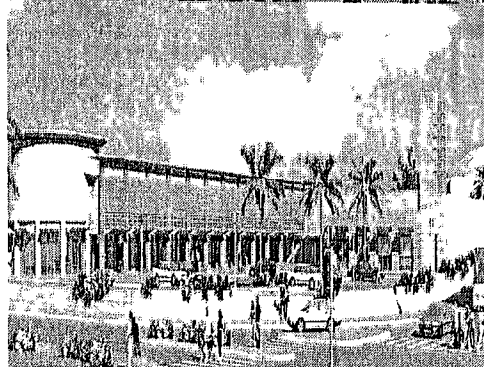
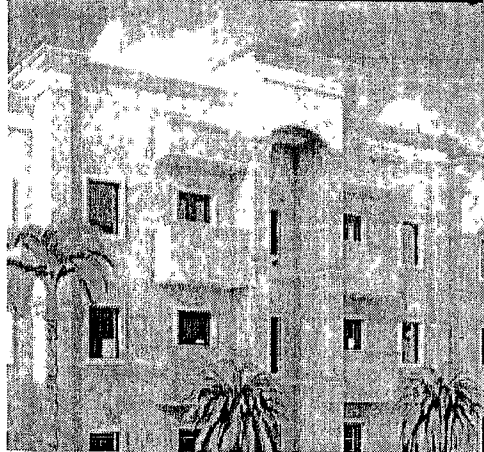
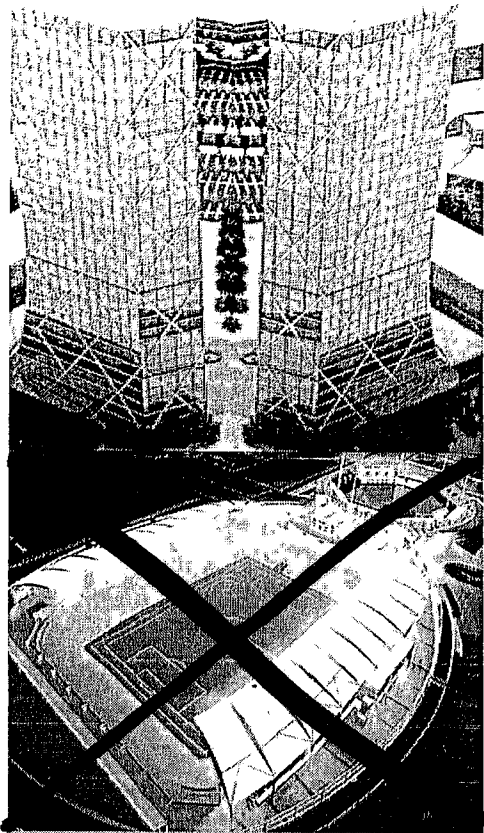
256,677 sq ft * \$15 DLLS/sq ft

- ▶ Income \$3,850,155 DLLS
- ▶ Cost \$744,363 DLLS
- ▶ Utility \$3,105,792 DLLS

■ MOVIE THEATER

- ▶ 67,200 sq ft * 1.00 DLLS/sq ft = \$67,200 DLLS monthly
\$806,400 DLLS annually
- ▶ Restaurants 35,000 sq ft * 1.2 sq ft = \$42,000 DLLS monthly
\$504,000 DLLS annual
- ▶ Commercial areas 30 pads * 1,500 sq ft = 45,000 sq ft * 1.5 sq ft = \$67,500 month
\$810,000 annual

TOTAL IN LEASE \$2,120,400.00 DLLS ANNUAL



PART II

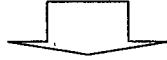
GENERAL LOCATION'S ANALYSIS
FOR:

Lumma

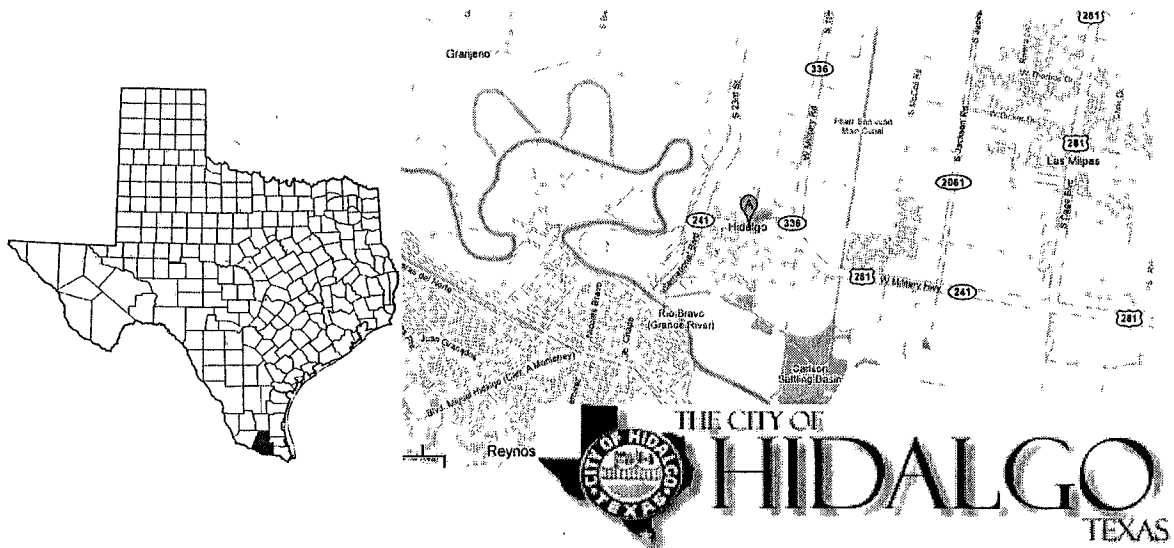
MACRO - PROJECT

LUMMA MACRO-PROJECT LOCATION:
HIDALGO, TX. U.S.A.

HIDALGO, TX: IMPORTANT INDICATORS



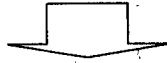
- The city of Hidalgo is part of Hidalgo County in the state of Texas in the United States of America; is located in the south frontier with Mexico, specifically with Reynosa, Tamaulipas.



- The state of Texas is the second largest of the US in territorial -extension, also, is the second most populated state of the country (after California), with a population of 23'507,783 inhabitants (census 2006), with a 35% Latin / Hispanic, considered among the fastest growth.
- Actually, the city of Hidalgo is considered as part of the Metro Area of McAllen – Edinburg – Mission, same which occupies the number 6 ranking among the 10 largest metropolitan areas the state of Texas (census 2006). McAllen is the biggest city in Hidalgo County.
- The economy in this metropolitan area is directly related to the business to work with Mexico and tourism of pleasure-business-shopping of Mexicans.

**LUMMA MACRO-PROJECT LOCATION:
HIDALGO, TX. U.S.A.**

**HIDALGO, TX. AS LOCATION OF PROJECT
LUMMA MACRO - PROJECT**



Important Indicators

- The Metro Area of Hidalgo – McAllen – Edinburg – Mission has the following indicators:
 - ▶ #1 Fastest growing Metro in the State of Texas.
 - ▶ #1 In Job Growth in the United States.
 - ▶ #2 Lowest Cost Area to Live in.
 - ▶ #4 In Nation for Job Creation and Retention.
 - ▶ #8 Fastest Growing Metro in the United States.
 - ▶ 4% Annual Population Growth Rate.

- The city of McAllen possesses high indicators, such as:
 - ▶ #12 In Sales Tax Collections.
 - ▶ #15 In Population.
 - ▶ #17 In the number of Households.
 - ▶ #20 In Per capita Income.
 - ▶ More than 80 of Fortune 500's global manufacturers have operations in McAllen / Reynosa.
 - ▶ In 2004 the City of McAllen achieved over \$3 Billion in total retail sales.



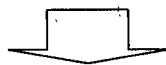
McAllen Metro has long been a magnet for Mexico business and recreational tourism and placed as one of the places with fastest growth in the United States of America

LUMMA MACRO-PROJECT LOCATION:
HIDALGO, TX. U.S.A.

HIDALGO, TX. U.S.A.
CITY OF GROWTH AND TRANSFORMATION

■ The indicators of Hidalgo City are:

- ▶ Population in 2007 was 11,357 inhabitants.
- ▶ 55.11% Growth Population.
- ▶ Appreciation the last year has been 3.40%.
- ▶ Cost of living is 17.23% Lower than the U.S. average.
- ▶ Jobs have increased by 1.77% last year.
- ▶ The median age is 25.6 years.
- ▶ The average household size is 4.24 people. 49.27% of people are married, with children. 13.68% have children, but are single.
- ▶ The income per capita is \$6,440 USD, which includes all adults and children.
- ▶ The median household income is \$22,631 USD.
- ▶ Violent crime, on a scale from 1 (low crime) to 10, is 3.
- ▶ Hidalgo owns great reserves of lands at low costs and this is catching a part of the population that arrives to McAllen, Tx.



Hidalgo as destiny of real estate projects is catching an important part of growth and movement of urban Metro of McAllen, Texas, which increases its potential of attractiveness.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

DODGE ARENA

- Dodge Arena → Hidalgo, Tx. Dodge Arena is located at 2600 North 10th Street (Hwy 336) in Hidalgo, Texas. The \$20 million multi-purpose complex features a 6,800-seat arena that will configure up to 5,500-seats for ice hockey, football and soccer and a center stage concert capacity of 6,800-seats.
- Owned by the City of Hidalgo, Texas Municipal Facilities Corporation, the arena features 25 suites and 500 club seats. The property also includes 2,200 surface parking spaces on site, as well as a 2,000 square-foot lounge with access from outside of the arena, as well as 1,000 square-foot bar and 300 square-foot pro shop.
- The tremendous success of the venue, which hosts everything from ice hockey to a newly established NBA development league franchise, has made this former “suburb of McAllen” an important stop for the many tourists and visitors to that city.



LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

DODGE ARENA FACTS

- Dodge Arena is located in Hidalgo, Texas, which falls within the McAllen-Harlingen-Brownsville market. Hidalgo is located in South just a couple of miles from the U.S./Mexico border and approximately one hour from the Gulf of Mexico. Border crossings are frequent and daily both into Mexico and from Mexico. According to the United States Immigration and Naturalization Service, there are approximately 500,000 border crossings per month just through Hidalgo. There are an additional 3 million crossings per month within approximately one hour's driving time from Hidalgo.
- The second week of opening featured two Luis Miguel concerts with a combined gross of \$803,000. This event was promoted by Clear Channel Entertainment.
- Sesame Street sold out five shows in mid-November. In fact, a fifth show was added to accommodate the demand.
- The first World Wrestling Entertainment (WWE) show was on November 17, 2003 and sold out at a capacity of 6,950.
- The arena hosted the IFC (International Fighting Championships) on December 6, 2003 which was the first ever caged fighting event sanctioned in the State of Texas.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

DODGE ARENA FACTS

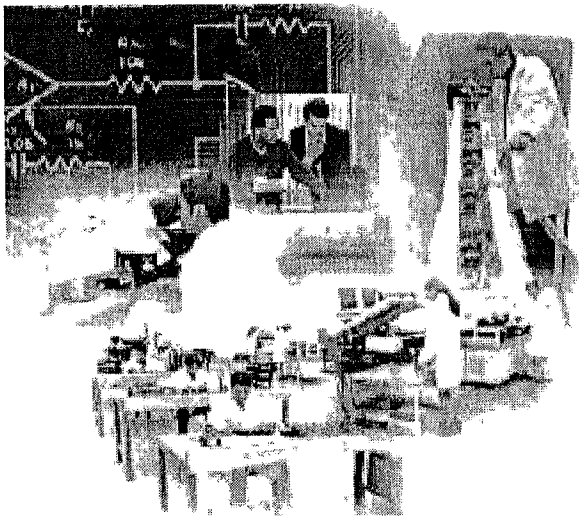
- The Arena's first boxing event was on Friday, January 16, 2004. The event was promoted and attended by Oscar de la Hoya's "Golden Boy Promotions." The event was broadcast as part of the "Solo Boxeo" series on "Telefutura" which is carried in 42 U.S. markets and 70 foreign countries. Garnering a 5.3 rating, it was fourth highest rated "Solo Boxeo" event in the history of the series.
- January 29, 2004 marked the first Globetrotters event which sold out.
- On January 30, 2004 through February 1, 2004, the Arena sold out three out of four Monster Jam Shows.
- On February 28, 2004, the second WWE show was placed on sale and promptly sold out in 3 ½ hours.
- Kelly Clarkson, one of the many showstoppers, performed here December 7, 2005 to a sold-out crowd to raise money for the Ronald McDonald House Charity.



LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

MAQUILADORAS

"Manufacturing is booming in the Valley, thanks in part to NAFTA (North American Free Trade Agreement). Manufacturing plants are located on both sides of the U.S./Mexico border with representation by many Fortune 500 companies. Plants located in the Valley have over 70,000 employees. The Maquiladora or "twin plant" concept was a predecessor to NAFTA and has been expanded to include global companies."¹



LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

McALLEN, TEXAS

Located just a few miles to the north on the along the all important 10th Street corridor is the city of McAllen and its booming economy will also factor into the success of the hotel.

McAllen has long been a magnet for Mexico business and recreational tourism.

McAllen is being transformed into a major international trade area by developing first-rate commercial, retail, office, industrial, medical, retirement and educational facilities. The promotion of international and retail trade, tourism and manufacturing is among the most successful along the U.S. - Mexico Border.

The Rio Grande Valley includes the four southern-most counties in Texas: Cameron, Hidalgo, Starr and Willacy. It is in the geographic center of the region most recently termed the Rioplex, which includes the four Rio Grande Valley counties and the Northern Mexico border cities between Matamoros and Ciudad Mier.

The principal cities of McAllen, Brownsville and Harlingen combine to form the northern half of the Rioplex and are among the most rapidly growing region in America. In fact, the McAllen-Edinburg-Mission MSA ranked fourth' fastest growing MSA in the U.S. between 1990 and 2000.

The 2004 Census places the population of the Rio Grande Valley at 978,369, a 39.6% increase over 1990. Put simply, the Rio Grande Valley population is larger than eight states.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

McALLEN, TEXAS

The southern half of the Rioplex includes the Mexico border cities of Matamoros, Rio Bravo and Reynosa, which contribute at least another 1.7 million to the region's population. This brings the total population of this bi-national, bicultural, bilingual, international metropolitan area to 2.7 million.

Statistics vary according to source, but all agree that Hispanics represent from 83% to 87% of the U.S. population; U.S. residents under 35 years of age make up between 40% and 50%. The population, although diverse, is defined by two dominant demographic criteria: Hispanic and young.



LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

McALLEN.....THE JEWEL IN THE VALLEY CROWN!

McAllen is indeed the "Jewel in the Valley Crown." This is not to imply the other Valley communities are not doing well. It is just apparent the McAllen, economically, is running like a finely tuned engine. Consider these facts:

- The McAllen, Mission, Edinburg MSA and Reynosa, Mexico comprise a dynamic community with a combined population of 1.4 million. During the past two decades, this area has made bold advances, with unprecedented growth in both population and industrial attraction. The McAllen MSA is rated:
 - ▶ Fastest Growing Metro in the State of Texas ²
 - ▶ # 1 in Job Growth in the United States
 - ▶ # 2 Lowest Cost Area to Live in
 - ▶ # 4 in Nation for Job Creation and Retention
 - ▶ # 8 Fastest Growing Metro in the United States
 - ▶ 4% Annual Population Growth Rate
- Reynosa Metro: 3
 - ▶ Fastest Growing City in the State of Tamaulipas
 - ▶ Top 5 Fastest Growing Cities in Mexico
 - ▶ Reynosa's Maquiladora Industry is recognized nationally for continued job growth
 - ▶ 5% annual Population Growth Rate

² FUENTE: U.S. Census Bureau 2005, Milken Best Performing Cities Index, Forbes Magazine 2005

³ FUENTE: INEGI, Department of Labor-Mexico, State of Tamaulipas

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

McALLEN.....THE JEWEL IN THE VALLEY CROWN!

McAllen is represented by 40 of America's top 100 retailers. More than 80 of Fortune 500's global manufacturers have operations in McAllen / Reynosa. Included among them are: AT&T, Bissel, Black & Decker, BMW, Delco, Drexel Meyer, Eaton, Emerson, GE, Johnson Controls, Nokia, R. R. Donnelley & Sons, Panasonic, Siemens, Sony, Symbol, TRW, West Bend and Whirlpool. It is an undisputed fact that McAllen is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 10 million people within a 200 mile radius. In the bi-national metropolitan area, McAllen retailers serve an immediate market population of 1.8 million.

The Texas Comptroller tracks the Top 20 Cities in Texas on a regular basis. Retail phenomenon. The table below presents the top 20 Cities in Texas in terms of the Sales Tax Collections for 2005. It also presents the most recent Census population estimates for July 2004. By dividing Sales Tax collections by Population, the Sales Tax Per Capita is revealed. However, by including per capita income, number of households and total retail sales in each city, a whole new set of conclusions can be made. While McAllen is 20th in Per Capita Income, 17th in the number of Households, 15th in Population, and 12th in Sales Tax Collections, among the top 20 cities on the Comptrollers list, McAllen is ranked:

- ▶ 1st in total Retail Sales Per Household (\$89,375)
- ▶ 2nd in Retail Sales Per Capita (25,443)
- ▶ 3rd in Per Capita Sales Tax Collections (\$409)

In 2004 the City of McAllen achieved over \$3 Billion in total retail sales.

- ▶ This represents 48.1% of all retail sales in Hidalgo County and 97% of all retail sales in Cameron County.
- ▶ According to the U.S. Census Bureau, in 2004 McAllen had only 18% of Hidalgo County population.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

McALLEN.....THE JEWEL IN THE VALLEY CROWN!

► McAllen's share of 2004 retail sales was as follows:

- 36.5% of Building material sales
- 57.6% of General Merchandise Sales
- 27.5% of Food Store Sales
- 48 / 7% of Automotive / Gasoline Sales
- 82.4% of Apparel & Accessory Store Sales
- 60.8% of Home Furniture Sales
- 46.2% of Eating and Drinking Sales, and
- 54.4% of all Miscellaneous Retail Sales

McAllen is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 8.2 million people. This sector has become the driving force in McAllen's economy, growing a staggering 138% over the last 10 years, to over 3 billion and employing 27% of the workforce.⁴

The McAllen area has also been successful in attracting a number of call centers as a result of a young and trainable workforce. A few of the call centers are Converges, T-Mobile, Merkafon, Hotel.com and Ticketmaster. In Hidalgo County, cross-border cargo and vehicular traffic increased 214% and 69% respectively during the decade of the 1990's from 228,133 to 715,305 cargo trucks and from 10.92 million to 18.45 million automobiles. US / Mexico trade crossing the international bridge in Hidalgo County increased from \$5.0 billion in 1994, pre-NAFTA, to \$12.56 billion in 2000.

⁴ Texas Comptroller, US Census Estimates 2004, NAI Site Right and NAI Rio Grande

LUMMA MACRO-PROJECT LOCATION:
HIDALGO, TX. U.S.A.

COMPARISON OF POPULATION WITHIN SELECTED METRO AREAS

METRO AREAS	1990	2000	2004	%
SAN FRANCISCO, CA	6'253,311	7'039,362	6'951,260	-1.25%
PHILADELPHIA, PA	5'892,937	6'188,463	5'951,797	-3.82%
DETROIT, MI	5'187,171	5'456,428	5'437,277	-0.35%
DALLAS, TX	4'037,282	5'221,801	5'696,767	9.10%
HOUSTON, TX	3'731,131	4'669,571	5'171,071	10.74%
ATLANTA, GA	2'959,950	4'112,198	4'477,579	8.89%
MIAMI, FL	3'192,582	3'876,380	4'051,442	4.52%
PHOENIX-MESA, AZ	2'238,480	3'251,876	3'715,360	14.25%
RIOPLEX (US & MEXICO)	1'711,665	2'457,009	2'870,941	16.85%
SAN ANTONIO, TX	1'324,749	1'592,383	1'850,466	16.21%
LAS VEGAS, NV-AZ	852,737	1'563,282	1'688,385	8.00%
NEW ORLEANS, LA	1'285,270	1'341,724	1'313,694	-2.09%
RIOPLEX USA	643,665	981,959	1'030,075	4.90%
EL PASO, TX	591,610	679,622	714,945	5.20%
McALLEN MSA	383,545	569,463	658,029	15.55%

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

TEXAS MALL LURES RICH MEXICAN SHOPPERS

Saturday, November 25, 2006

By LYNN BREZOSKY, Associated Press Writer

MERCEDES, Texas → With a blare of mariachis and a platform sagging under the weight of public officials wanting to take part, this impoverished Mexican border city recently cut the ribbon on a \$50 million outlet mall that boasts status labels like Burberry, Izod and Coach.

Although the median household income is half the national average and only 15 percent of its residents have graduated from college, towns like Mercedes are the jackpot for retailers who find their stores accessible to Mexican luxury shoppers, particularly from the mansion-filled hills of Monterrey, 120 miles away.

And so far, cross-border holiday shoppers have helped keep cash registers ringing at Mercedes' new Rio Grande Valley Premium Outlets, owned by Simon Property Group Inc., a subsidiary of Chelsea Property Group.

"The Mexican consumer really likes to go shopping in the United States," Chelsea President John Klein said. "We have had the experience in other malls in the Valley; it's a family event."

Agustin Gomez, 31, and Jesse Gonzalez, 28, drove from Monterrey Tuesday for a daylong trip to Mercedes. Both said they spent about \$400 on clothes and shoes for their children.

"We come for the prices, and we'll be returning before Christmas," Gomez said.

"They don't have all these stores in Monterrey," Gonzalez said.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

TEXAS MALL LURES RICH MEXICAN SHOPPERS

Alicia Mansur, a stylish 26-year-old from Ciudad Victoria, Mexico, said she shopped in the U.S. about six times a year, usually spending about \$1,000 at a time. She said her friends told her about the new mall and she couldn't wait to come.

"Banana (Republic), BCBG, Burberry, Calvin Klein.....the same clothes in Mexico would cost much more," she said.

The outlet is strategic, less than 45 minutes from several international border crossings and well within the zone for which Mexicans need only a short-term visa to travel. U.S. Customs and Border Protection has inland immigration checkpoints about 70 miles north of the border.

It's also aimed at shoppers who used to drive more than four hours from the border to the high-end outlets at San Marcos, just north of San Antonio.

"When they were going to the outlet centers in San Marcos they would have to get two permits, then they would have to get past two checkpoints," Mercedes Mayor Joel Quintanilla said. "The Mexican families that we talk to here at the outlet centers are very excited. They can spend more time shopping instead of being on the road."

With 35 percent of sales in McAllen and 26 percent of sales in Brownsville (the Valley's two largest cities) going to Mexicans, economists at the Dallas Federal Reserve call retailing an "export sector" for the Valley.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

TEXAS MALL LURES RICH MEXICAN SHOPPERS

Private jets fly wealthy wives into the airport in McAllen, 21 miles from Mercedes. The parking lot at McAllen's La Plaza Mall fills every weekend with late model cars and sport utility vehicles bearing Mexican license plates.

The wealthiest will fly in, according to the study by the Center for Border and Economic Studies spending about \$8,000 a year. The same study found that lower-income Mexicans crossing on foot or in buses spend about \$1,000.



LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

AIR TRANSPORTATION

McAllen has emerged as a regional air transportation center serving the 4th fastest growing metropolitan area in the United States. Frequent daily flights between McAllen-Miller International Airport and major airline transportation hubs in Dallas and Houston provide easy access to any destination in the world. American and Continental serve the airport with 737 and DC-9 equipment. Continental Airlines offers seven daily flights to Houston's Bush Intercontinental, and American has three daily flights to Dallas-Fort Worth International. Together they provide link McAllen than more than 200 major destinations with only one intermediate stop. There are several air charter services, aircraft maintenance and two FBO's – McCreery Aviation and MFE International-serving the McAllen area.

- ▶ Miller International has 34 medium sized aircraft departing each week.
- ▶ There are over 4 long haul flights per week from Miller International.
- ▶ There are over 99 domestic flights per week from Miller International.
- ▶ The shortest flight out of Miller International is 316 miles.

Tourism, Trade & Manufacturing Lure Diverse Crowds to McAllen⁵

A city flush with visitors is a city awash in growth. Such is the great fortune of McAllen; a Texas border city that attracts 2 million Mexican consumers, hundreds of thousands of wintering Midwesterners and Canadians, and thousands more nature lovers who flock to the region's heralded World Birding Center each year.

The 3 million McAllen visitors create nearly 50,000 jobs through the muscle of their own spending.

5 McAllen Magazine, 2007, excerpted in entirety.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

AIR TRANSPORTATION

"A lot of people don't understand that about tourism, but it's all-pervasive," says Nancy Millar, Vice President and Convention & Visitors Bureau director for the McAllen Chamber of Commerce. Reynosa's 800,000 people reside just across the border, and Monterrey – Mexico's third-biggest city with 3 million people – lies a little more than two hours away. Their frequent jaunts to McAllen have coined a Spanish word, mcallaeando, for "let's do McAllen."

According to Visa, Mexican consumers spend more in McAllen each year than in any other U.S. city. They helped drive retail spending to \$3.7 billion at 14,000 metro McAllen retail outlets in a recent quarter. Total 2005 sales of \$11.4 billion higher than a decade ago, according to Texas Comptroller Carole Keeton Strayhorn.

"Retail continues to be a huge driver for us," says Steve Ahlenius, the McAllen chamber CEO. Sales at the million-square-foot La Plaza Mall have surpassed \$500 per foot for some stores, making them the highest-grossing stores in their chain.

Simon Property Group, which owns the mall, has embarked on a new 600,000-square-foot Palm Crossing retail center that will complement McAllen's tourism economy when it opens in late 2007 – about six months after the new McAllen Convention Center.

That 175,000-square-foot facility with 16 breakout rooms accommodates meetings for up to 1,500 people in a west McAllen setting beside Palm Crossing.

LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

AIR TRANSPORTATION

The CVB surpassed its first-year goal of a dozen conventions and can double its meeting capacity with the new facility. Long-range plans call for a performing arts hall to join the complex.

Diversity characterizes the McAllen economy. Some 40 years ago, a foundation was laid for manufacturers to build in Reynosa and ship from McAllen offices. A foreign-trade zone established duty-free storage, and with the passage of NAFTA a decade ago, "That rocket just took off," says Ahlenius, citing such industry stalwarts as Black & Decker, Whirlpool, TRW, Nokia, LG and Panasonic among the area's more than 100 manufacturers.

While McAllen develops Quinta Mazatlan – a 15-acre former estate with the largest adobe structure in south Texas – into a world-class birding center, it's also stirring the creative juices downtown.

The Chamber envisions new generations of creative professionals flocking to McAllen with the birders and shoppers. Among the lures is the McA2 Creative incubator, a former urban school transformed into a series of studios, shops and performing stages for artists, musicians, drama troupes, graphic designers and others who can bring a new vibrancy to the Rio Grande Valley's commercial capital.

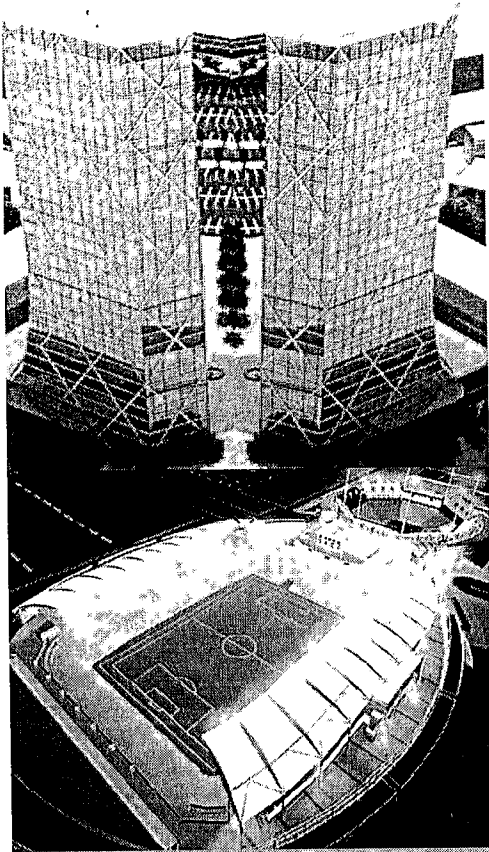
LUMMA MACRO-PROJECT LOCATION: HIDALGO, TX. U.S.A.

AIR TRANSPORTATION

The incubator clients gain below-market rates as they step out in faith with a business plan and a dream. With creative capital, record retail sales and international commerce, McAllen ranks among America's Top 10 fastest-growing metros – a standing that may be eclipsed only by its cultural vibrancy.

"We truly are a blend here," Millar says. "It's everywhere: You can taste it in the food, you can hear it in the language – and you can see it in the architecture and the love of color in the area."



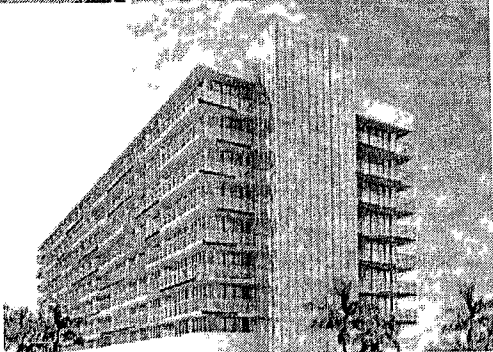
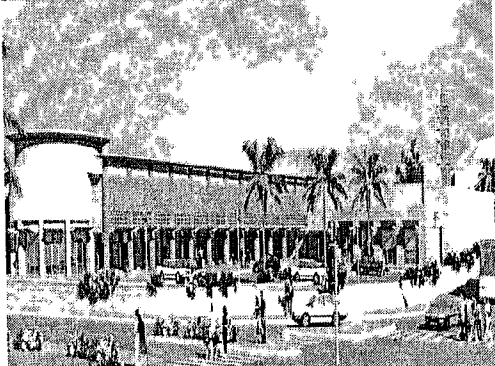


PART III

FEASIBILITY ANALYSIS OF:

Lumma

MACRO - PROJECT

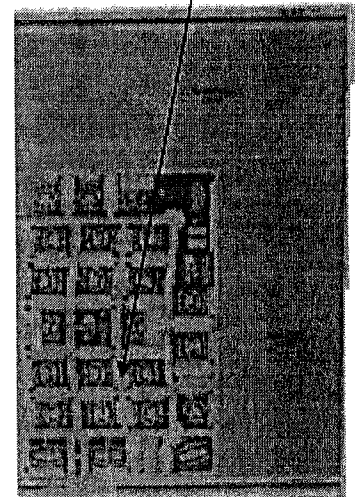


FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

■ RESIDENTIAL APARTMENTS

- ▶ 23 Buildings
 - 17 Buildings → 306 Apartments: 3 Bedrooms
 - 3 Buildings → 36 Apartments : 2 Bedrooms
36 Apartments: 3 Bedrooms
 - 3 Buildings → 36 Apartments : 4 Bedrooms
 - Total Apartments: 414 units
- ▶ Club House
 - Swimming pool, sport areas with multipurpose courts, palapas, green areas and other amenities.
- ▶ Area of 24.01 acres

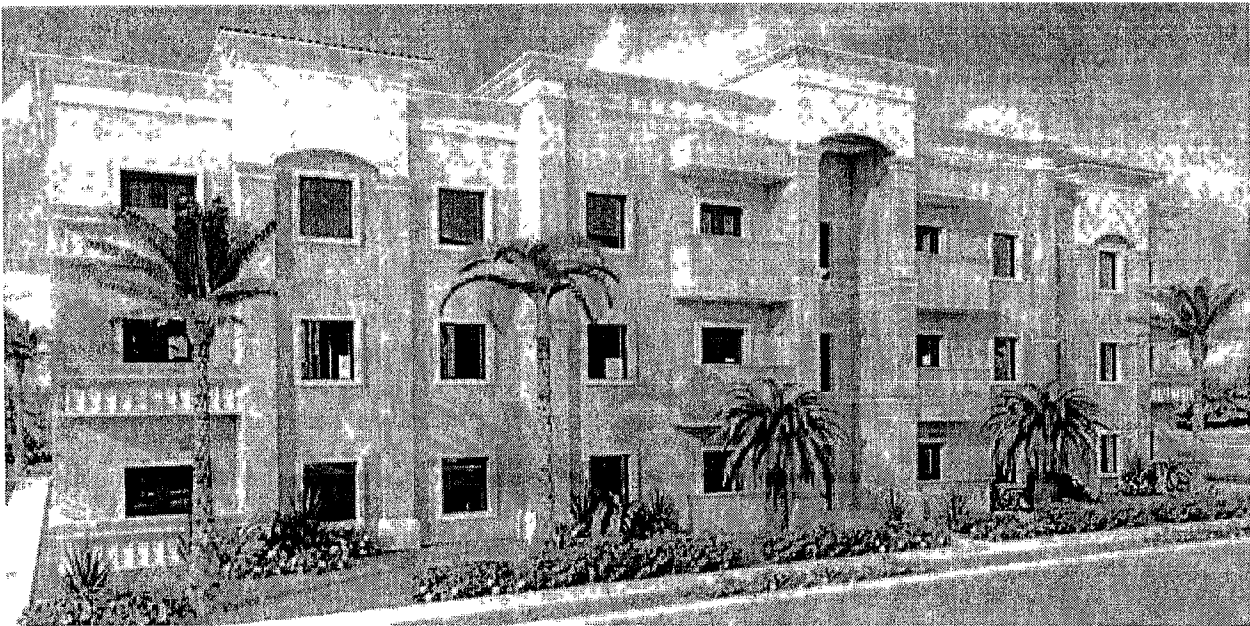
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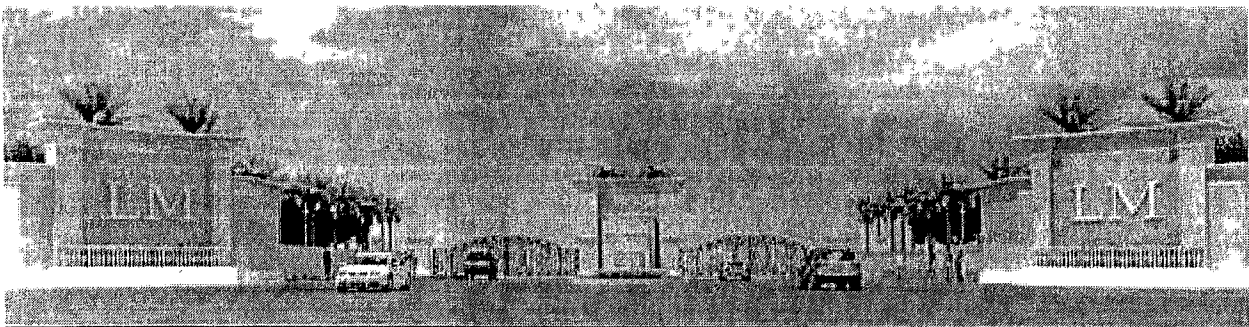
FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

RESIDENTIAL APARTMENTS DISTRIBUTIONS

■ FAÇADE



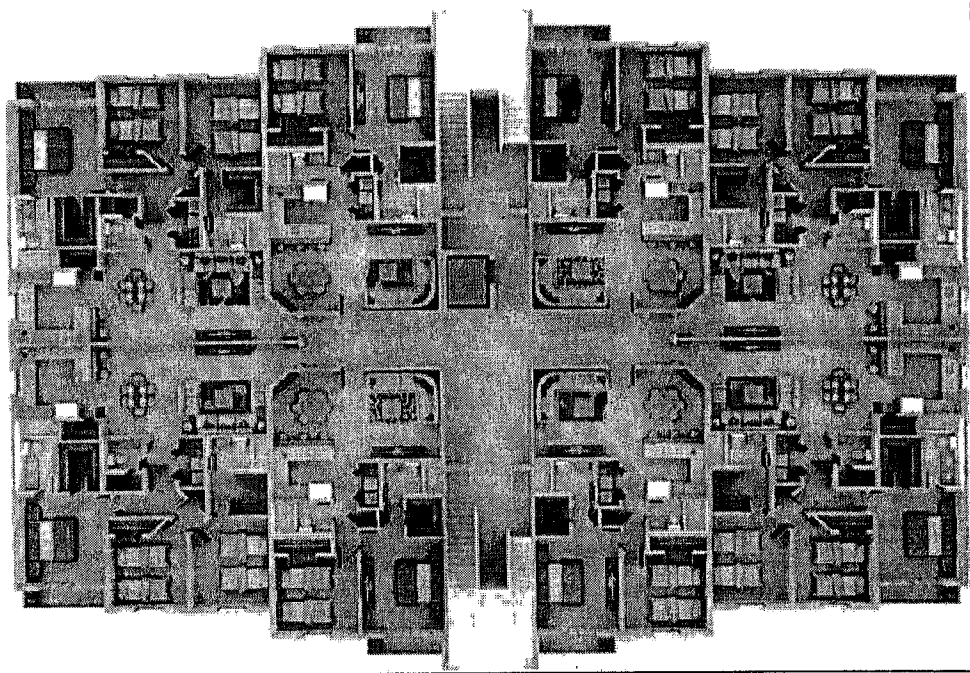
■ MAIN ENTRANCE



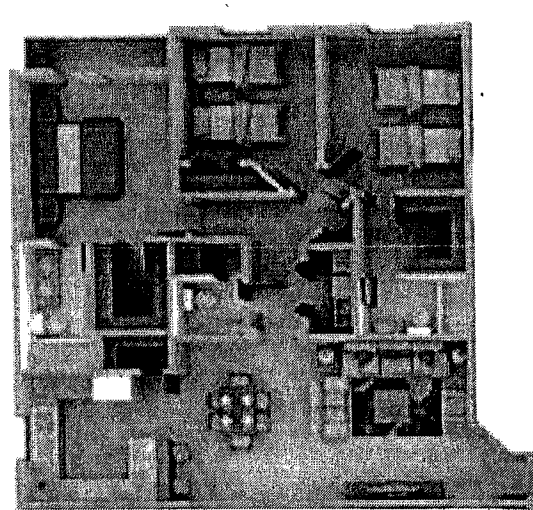
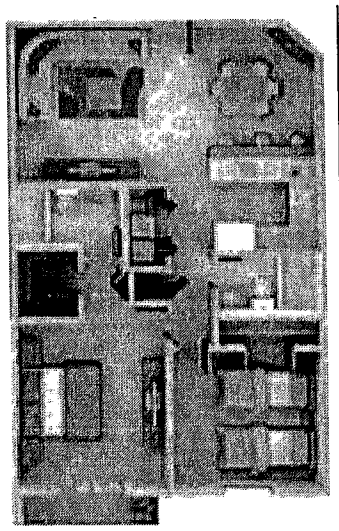
FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

RESIDENTIAL APARTMENTS DISTRIBUTIONS

■ FLOOR VIEW



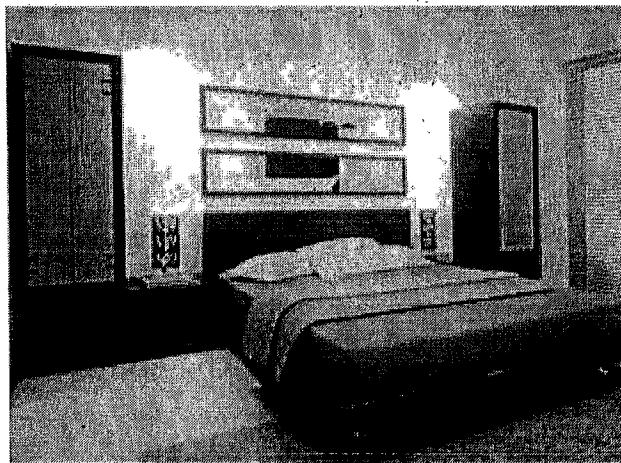
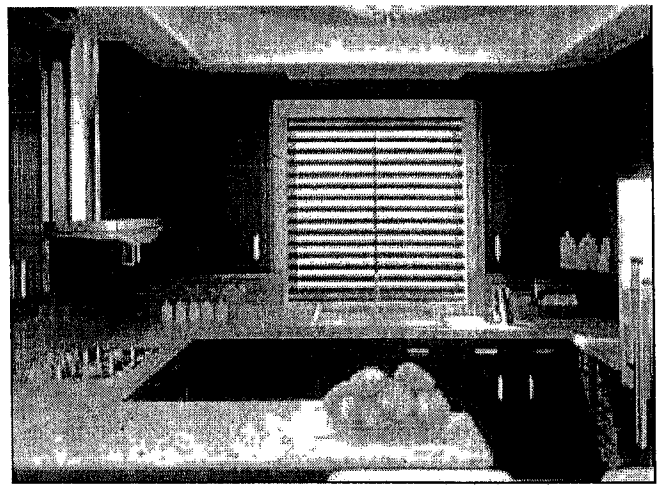
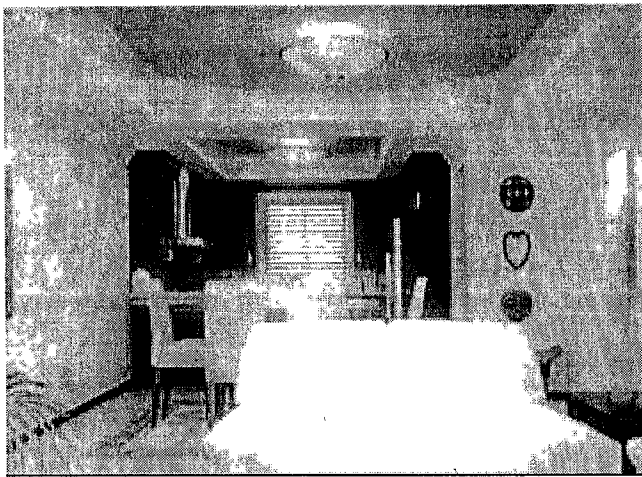
■ 2 & 3 BEDROOM APARTMENTS' DISTRIBUTION



FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

RESIDENTIAL APARTMENTS DISTRIBUTIONS

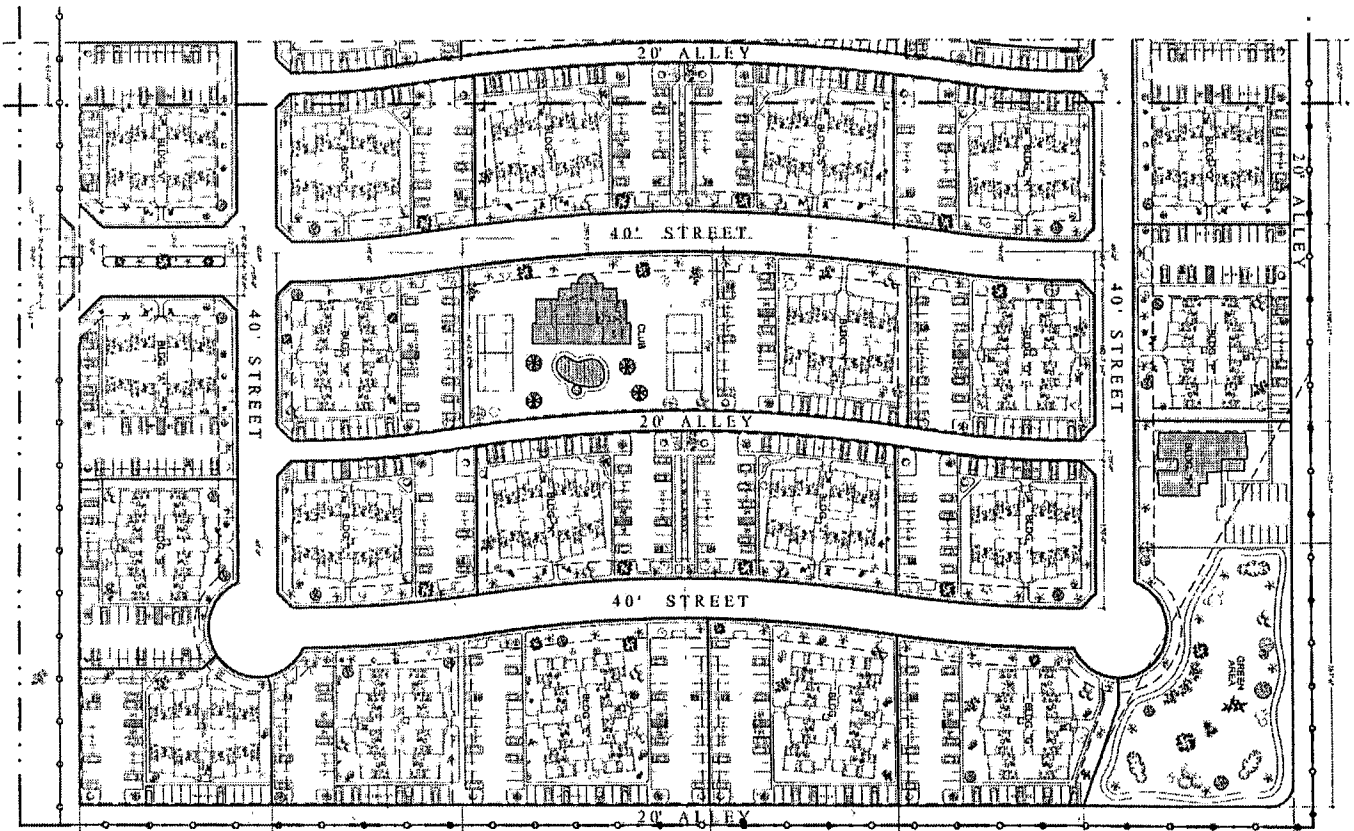
■ INTERIORS



FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

RESIDENTIAL APARTMENTS DISTRIBUTIONS

■ MASTER PLAN PHASE 1



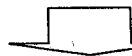
FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

ELEMENTS FOR THE MARKET FEASIBILITY QUALIFICATION OF LUMMA RESIDENCES PROJECT



- The Feasibility Evaluation of LUMMA Project is structured by the measurement of all variables of impact related with:

- ▶ Evaluation of the Project's destiny location (McAllen, Mission, Hidalgo, Tx. area).
- ▶ Destiny, tourism and commerce's population and economy potential growth.
- ▶ Dodge Arena indicators as a development impeller of the project's location.
- ▶ Development and potential qualification of the land destined to the Project.
- ▶ House and apartment offer evaluation, identified as possible competitors of the Project and that commercialize the real estate products in Monterrey, México.

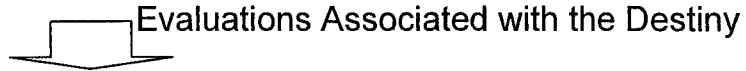


Adding

- Feasibility Qualification and Target Market Acceptance or Prospectuses Buyers of the LUMMA Residencies Community Project in:
 - ▶ Resident prospectus buyers in Texas Valley (McAllen, Mission, Hidalgo).
 - ▶ Resident prospectus buyers in Monterrey, México.

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

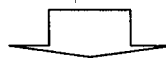
FEASIBILITY CONCLUSION AND QUALIFICATIONS OF THE LUMMA PROJECT



- The city of Hidalgo is part of the metropolitan area of:
McAllen – Edinburg, Mission
Which is number 6 among the 10 largest metropolitan areas in Texas.
- Hidalgo, as destiny of real estate Project, is gaining an important part of the growth and movement of McAllen's urban sprawl, increasing its potential.
- McAllen area has as attributes:
 - ▶ High population growth indicators.
 - ▶ Employment creation and retention.
 - ▶ Real estate products added value.
 - ▶ Population per capita income.
- McAllen is considered as an attraction magnet for tourists, investors and business:
 - ▶ Indicators of more than 3 millions Mexican visitors and Winter Texas.
 - ▶ Together with Reynosa city (México), they integrate a population market and a strong presence of companies and maquiladoras and high technology.

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

- In the specific location of LUMMA Project, is the Dodge Arena, as a growth detonator of the place.
- The location area of LUMMA Project, is considered as a suburb in the city of McAllen (incorporation processes).
- Other changes indicators and favorable transformation of the project's location place exist, with future expectations of:
 - ▶ Race Course
 - ▶ Hotels promotions
 - ▶ Commercial areas and malls



Strength Analysis

This terms are turn into strengths that favor the feasibility conditions of the mixed real estate development project:

LUMMA Residences Community