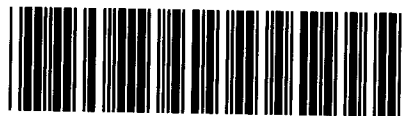


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JOINT APPLICATION OF ELECTRIC
TRANSMISSION TEXAS LLC AND
SHARYLAND UTILITIES TO AMEND THEIR
CERTIFICATES OF CONVENIENCE AND
NECESSITY FOR THE NORTH EDINBURG
TO LOMA ALTA DOUBLE-CIRCUIT 345-KV
TRANSMISSION LINE IN HIDALGO AND
CAMERON COUNTIES, TEXAS

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY OF JOHN WOMACK

ON BEHALF OF

INTERVENOR MIL ENCINOS LTD.

AND

INTERVENOR G. E. BELL PROPERTIES LTD.

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A	Footprint of Bell Tract
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R.....	Link 344 Impact on PUD/TIRZ-approved development

1 **I. Introduction**

2 **Q. Please state your name, title, and business address.**

3 A. My name is John A. Womack, I am the business manager for Mil Encinos
4 Development Ltd ("Mil Encinos") and G.E. Bell Properties Ltd ("Bell Properties") and
5 their affiliated entities. My business address is 200 North 23rd Street, Peñitas, Texas.
6

7 **Q. Please describe your educational, professional, and employment**
8 **background.**

9 A. I have a Bachelor of Business Administration degree in Finance from Texas A&I
10 University, and I am a licensed real estate agent and a registered mortgage loan
11 originator. I am a current member and past president of Texas Land Developers
12 Association, and in addition to other city committee memberships, I am the Chairman of
13 the City of Peñitas Economic Development Council 4A. For three and one-half years,
14 from 1993 to 1996, I was executive director of the Kingsville Chamber of Commerce.
15 Following that employment, I was the Business Manager for Kingsville Publishing
16 Company, the publisher of the Kingsville Record and Duval Record newspapers from
17 1996 to the end of 2002. Since 2003 I have been the Business Manager for Mil Encinos
18 and Bell Properties under a consultant contract related to the implementation of
19 development of a 710-acre planned community in Peñitas, Texas, which I will refer to in
20 my testimony as "the Bell Tract".
21

22 **Q. What are your job responsibilities in connection with Mil Encinos and G.E.**
23 **Bell Properties?**

24 A. My responsibilities include coordinating the development of approximately 1200
25 single-family dwellings and over one-million square feet of commercial and retail space
26 on the 710-acre Bell Tract. In this connection, I develop and execute strategic plans
27 involving affected governmental entities, utilities providers, financial institutions;, and the
28 local community. I conduct marketing surveys and project demand for mixed-use
29 development, I coordinate activities associated with the operation of a Tax Increment
30 Investment Zone and a Planned Unit Development created in conjunction with the City
31 of Peñitas and Hidalgo County for the Bell Tract, and I oversee the construction and

1 leasing of the 30,000 square-foot Peñitas Plaza shopping center on the Bell Tract. I
2 coordinate closely with the elected officials, staff and consultants of the City of Peñitas
3 and Hidalgo County as part of my work.
4

5 **Q. For what business entities are you testifying?**

6 A. I am testifying on behalf of Mil Encinos and Bell Properties, each of which is an
7 intervenor in this proceeding. At times in my testimony I will refer to the two entities as
8 "the Bell Intervenors."
9

10 **Q. What is the connection between these two entities?**

11 A. These two entities, together with other affiliates having common ownership, own
12 the Bell Tract and have been engaged in the development of this tract for a number of
13 years.
14

15 **II. Purpose and Scope of Testimony**

16
17 **Q. What is the purpose of your testimony in this proceeding?**

18 A. The purpose of my testimony is as follows.
19

20 (1) To describe the extensive efforts by the Bell interests and the City of Peñitas,
21 initiated well before the filing of this Application, to develop the Bell Tract for residential
22 housing and retail sites within and for the general benefit of the City, including: (a) the
23 establishment of a Tax Reinvestment Zone for the Bell Tract to provide tax-backed
24 financing for public works and improvements to serve the new development on the Bell
25 Tract; (b) securing federal loans and grants and \$625,000 in contributions from the Bell
26 interests to install waste-water treatment facilities to serve new development on the Bell
27 Tract; and (c) obtaining approval for the overall project on the Bell Tract as a "Planned
28 Unit Development";
29

30 (2) To describe how selecting a route that includes Links 56, 60, or 344 – all of which
31 are directly located on and throughout the Bell Tract, including 150-foot rights of way –

1 would (a) permanently eliminate significant and critical amounts of prime developable
2 land from the Planned Unit Development approved for the Bell Tract, including
3 residential accommodations, core retail sites, and land dedicated for a city hall building
4 and other city facilities, and (b) jeopardize the ability of the Tax Increment
5 Reinvestment Zone to repay its debts; and
6

7 (3) To urge the selection of a route that does not include Link 56, 60, or 344. At least 27
8 Alternate Routes are available that do not include Links 56, 60, or 344. They include
9 Supplemental Routes 1A through 10A and Alternative Routes Nos. 1, 2, 4, 5, 6, 8, 20,
10 21, 22, 23, 24, 25, 26, 27, 28, 29, and 30, all of which Applicants' have said are
11 constructible, viable and meet PUC criteria. Applicants have also indicated that all of
12 the individual line segments (Links) are constructible, viable, and can be used to create
13 additional routes or modifications to the proposed routes as long as the combinations
14 are forward progressing. In this regard, Applicants have identified the following Link
15 combinations that could be used to create additional north-to-south routes that would
16 not impact the planned development on the Bell Tract: (a) Links 35, 36, 37, 38, 40, 28,
17 41a, 41b, 57, 59, 61, 342, 71a, 71b, 75, 78, and 81; and (b) Links 25, 23, 24, 28, 41a,
18 353, 62b, 85a, and 85c.
19

20 **Q. What did you do to prepare for your testimony?**

21 A. I reviewed various documents including portions of the Environmental
22 Assessment and Alternative Route Analysis (the "EA"), portions of the joint Applicants'
23 pre-filed Direct Testimony, joint Applicants' responses to Mil Encinos/Bell Properties
24 requests for information, Applicants' standard transmission line right of way
25 agreements, maps filed by the joint Applicants in this proceeding identifying the
26 alternative routes for the transmission line as they pertain to the Bell Tract and the
27 overall project, as well as the filings made on behalf of Mil Encinos and Bell Properties,
28 maps depicting certain parties' consensus on line routing following the route adequacy
29 hearing in this case, and graphics available to me that depict existing and planned
30 development of the Bell Tract. I also made recent visual inspections of the areas that
31 would be affected by Links 56, 60, and 344 on the Bell Tract.

1
2 **Q. Is the information contained in your testimony true and correct to the best**
3 **of your knowledge and belief?**

4 A. Yes.
5

6 **III. Location and Description of the Bell Tract Property**
7

8 **Q. Please generally describe the properties of Mil Encinos and Bell Properties**
9 **that are the subject of your testimony.**

10 A. The Bell Tract, as mentioned, is a 710-acre parcel located wholly within the City
11 of Peñitas ("City" or "Peñitas") in Hidalgo County. The City consists of approximately
12 4530 acres, so the Bell Tract represents a substantial amount of the land within the City,
13 about 16 percent. The Bell Tract is ideal for residential and retail development, with
14 approximately 1864 feet of frontage along U.S. Highway 83, which runs from
15 Brownsville to Harlingen and then westward through Mercedes, Weslaco, Donna, Pharr,
16 McAllen, and Mission to Peñitas, then on northwestward through Rio Grande City, and
17 ultimately to Laredo and beyond. U.S. Highway 83 is the major connecting artery for
18 the primary cities and communities in the Rio Grande Valley, and is the cornerstone of
19 economic growth and planned residential and retail development for the City of Peñitas.
20

21 The Bell Tract extends northward from U.S. 83 in roughly a long rectangular shape with
22 a wider footprint at the south end along U.S. 83. An irrigation canal owned and
23 operated by Irrigation District No. 6 ("District 6") runs west to east across the middle of
24 the property dividing it into a northern half and southern half. The southern half of the
25 property is bounded on the west by Tom Gill Road, which runs north to south. Tom Gill
26 Road is flanked on both sides by areas of established residential subdivision and
27 retail/commercial development. Liberty Blvd. runs northward from U.S. 83 through the
28 entire length of the Bell Tract. A separate tract owned by others between Liberty
29 Boulevard and 23rd Street is the only portion of the U.S. 83 frontage not in the hands of
30 the Bell family. **Exhibit "A-1"** to my testimony, which was prepared under my direction,
31 depicts the general footprint of the Bell Tract as I have described it.

1
2 **Q. Would you please sketch the history of the commercial development of the**
3 **Bell Tract?**

4 A. Members of the Bell family purchased a portion of the 710-acre tract in 1945 and
5 initially used it for farming and raising cattle, eventually acquiring adjacent contiguous
6 tracts through family members and the related affiliates to reach the present total size,
7 as well as other properties in the area. The Bell brothers constructed an irrigation
8 channel to serve the agricultural interests for the Bell Tract during this period, as
9 depicted by Exhibit "A-2", which was prepared under my direction. By the mid-1990s,
10 Tom Gill Road, on the western edge of the south block of the Bell Tract, was paved and
11 the City of Peñitas was incorporated. As the urbanization of the area accelerated, the
12 Bell family and their related entities developed areas around the Bell Tract, as well as
13 portions of the Bell Tract itself. The Bell interests created over 700 lots for primarily
14 residential use just outside the Bell Tract, as well as a second subdivision containing 20
15 commercial lots, two of which were purchased by the U.S. Postal Service and by Texas
16 State Bank. In 1999, the Bell interests sold acreage on the west side of the Bell Tract to
17 the La Joya School District for a new elementary school, which was built in 2002. The
18 new school created a further catalyst for growth and development of the area.

19
20 In 2004, the Bell family members combined their properties through Mil Encinos to
21 create a "Planned Unit Development" for the entire 710 acre Bell Tract that was
22 approved by the City of Peñitas and calls for 70 percent of the land to be used to
23 provide residential accommodations and the remainder for retail purposes. In mid-
24 2005, the Peñitas Plaza, a 30,000 square foot leasable retail center was completed on
25 the southwest corner of the Bell Tract, fronting on U.S. 83; the Plaza achieved a 60
26 percent occupancy rate by 2006. In 2005 the Bell interests contributed over \$60,000 to
27 the City of Peñitas for the widening and paving of Liberty Boulevard, which as I've
28 already mentioned runs northward from U.S. 83 through the Bell Tract.

29
30 Although development throughout the Rio Grande Valley, as elsewhere, was
31 significantly slowed by the national recession that commenced in 2008, new

1 development continued on the Bell Tract. Beginning in 2004, Walmart indicated to the
2 Bell family an interest in locating a "Supercenter" on the Bell Tract, and moved forward
3 with this plan, acquiring a site on the southwest corner of the Bell Tract and constructing
4 a 185,000 square-foot store north of the Peñitas Plaza. The Supercenter opened in
5 May, 2009, and has been an economic cornerstone for future development on the Bell
6 Tract.

7
8 The pace of development of the Bell Tract is illustrated by **Exhibit "B"** and **Exhibit "C"**
9 aerial maps prepared under my direction which show the tract, respectively in 1995, as
10 almost exclusively agricultural, and in 2008, just prior to the recession, as including an
11 extensive subdivision development to the north and east of the tract, and the
12 elementary school, the Walmart Supercenter in almost-completed state, and the
13 operating Peñitas Plaza retail center on the Bell Tract.

14
15 **Q. Was the national recession the primary factor in slowing development**
16 **activity on the Bell Tract and in the Peñitas area?**

17 A. The recession was a major contributor, but equally significant was a moratorium
18 on all new commercial and residential development established by the Hidalgo County
19 Commissioners Court in May 2004 within the certified service area of the La Joya Water
20 Supply Corporation ("LJWSC"), which was the supplier of all potable water to the Bell
21 Tract. The moratorium was in response to determinations by the Texas Water
22 Development Board and Texas Commission on Environmental Quality that LJWSC had
23 not achieved compliance with certain statutory provisions establishing sanitary
24 standards for the supply of drinking water. The moratorium was ultimately lifted in 2009
25 with a successor entity stepping in to serve the certified water utility area, but at that
26 point valuable development opportunities had been lost. The City of Peñitas also had
27 difficulties negotiating for the provision of adequate waste-water treatment systems in
28 the area. Further, once the City began the installation of the waste-water system, it had
29 to prohibit any development within the system's certified service area of single-family
30 residential lots served by septic tanks.

1
2
3
4 **IV. Local Government Groundwork for Development of the Bell Tract**

5
6 **Q. Please describe your knowledge of the participation and actions of local**
7 **governmental entities in connection with the planned development of the Bell**
8 **Tract.**

9 A. Local governmental entities have played a significant role in fostering existing
10 and planned development in the area and on the Bell Tract. Since 2004 I have
11 represented the Bell interests in working closely with the City of Peñitas and other local
12 governmental entities on a number of crucial initiatives to benefit the community through
13 the development of the Bell Tract. I have personal knowledge regarding all of these
14 matters. I will cite four initiatives in particular.

15
16 First, in 2004, the City of Peñitas adopted an ordinance establishing a Tax Increment
17 Reinvestment Zone ("Zone") on the Bell Tract, pursuant to Chapter 311 of the Texas
18 Tax Code. The Zone consists of 713 acres, 710 acres of which is the Bell Tract.
19 **Exhibit "D"** to my testimony is a map prepared under my supervision showing the Bell
20 Tract in relation to the 713 acre Zone. To create the Zone the City first had to hold a
21 public hearing, find that the Zone will be of general benefit to the City, and approve a
22 "project" plan and "financing" plan for the Zone. The City also determined that the area
23 in the Zone substantially impairs and arrests the sound growth of the City because it is
24 predominantly open and undeveloped and lacks public water distribution, wastewater
25 collection and storm water drainage facilities.

26
27 The essential purpose of the Zone is to provide public financing for public works and
28 improvements to serve housing and retail businesses on the Bell Tract. The approved
29 project plan for the Bell Tract, which was a basis for the Zone's establishment, includes
30 the design and construction of streets, drainage facilities, sanitary sewer and water
31 treatment facilities, public landscaping, lighting, and other improvements on or around

1 the Bell Tract. Under the approved financing plan, the debts incurred to construct these
2 public works and improvements are paid out of the incremental increases in ad valorem
3 tax collections from all taxable real property within the Zone. Therefore, the Zone's
4 ability to repay its debt depends on increasing the value of all taxable real property
5 within the Zone. **Exhibit "E"** to my testimony is a copy of the project plan and financing
6 plan approved by the City for the Zone.

7
8 The Zone was finally approved by Ordinance of the City of Peñitas in November of
9 2004, attached hereto as **Exhibit "F-1"**, and the ordinance was amended and restated
10 in February, 2005 (**Exhibit "F-2"**). The City later created the Peñitas Redevelopment
11 Authority to aid and act on behalf of the City in performing its governmental functions,
12 including assisting the Zone's board in implementing the development and financing for
13 the Bell Tract project. See **Exhibit "F-3"**, the agreement between the City, the Zone,
14 and the Authority. Hidalgo County entered into an interlocal agreement in 2009
15 implementing its role in connection with the Zone. See **Exhibit "F-4"**. Tax year 2004
16 was used as the base year to establish a baseline amount of ad valorem taxes collected
17 from all taxable real property within the Zone. To support the approved financing plan
18 and pay the debts incurred by the Zone, the City of Peñitas and Hidalgo County each
19 agreed to pledge specified portions of the ad valorem tax revenue collected from all
20 taxable real property within the Zone that exceed the baseline amount collected in 2004.
21 The Zone's contractual obligation for the potential reimbursement of over \$30,000,000
22 extends through December 31, 2035. The Zone has recently committed its income
23 stream to assist the City of Peñitas in paying off a \$1 million loan associated with the
24 construction of Liberty Boulevard and related reimbursements to Mil Encinos. The
25 creation of the Zone represents a clear financial commitment by the City of Peñitas and
26 County of Hidalgo, and indeed the community, to promote the Bell Tract for
27 development for the general benefit of the community. The existence of the Zone
28 likewise contributed to the decision by Walmart to locate its facility on the Bell Tract.

29
30 The second initiative, which I alluded to above, relates to the provision of waste-water
31 treatment facilities that are now available to serve the Bell Tract. Following extensive

1 efforts by the Bell interests and local authorities, the United States Department of
2 Agriculture awarded a loan and grant in 2005 for construction of waste water treatment
3 infrastructure. Construction approval was granted in 2010. Mil Encinos contributed
4 \$625,000 to the project that year, and the facility was completed in 2013. In May of
5 2013 the City of Peñitas began the process of connecting its waste-water system to
6 residential locations, and for the first time, to commercial entities. Walmart had installed
7 its own package treatment system, an option not available to smaller businesses.
8

9 Third, beginning in 2010, Mil Encinos and Bell Properties undertook the expense and
10 effort to obtain the approval of the City of Peñitas to proceed with the development of
11 the Bell Tract as a Planned Unit Development ("PUD"). A PUD is a zoning tool that
12 allows a developer to obtain land use approvals for a large, multi-use real estate
13 development project through a single, unified development process, rather than
14 obtaining approvals piecemeal as the different land uses are developed. However,
15 PUD approval requires extensive and costly pre-construction work to essentially "master
16 plan" the development in advance, including engineering analysis, surveys, and layouts
17 of lots, streets, drainage facilities, green spaces, and land uses.
18

19 In the case of the Mil Encinos PUD, the boundaries of the PUD are coextensive with the
20 Bell Tract. The Bell Intervenors hired David Salinas, Engineers, and Ken DeJarnett, a
21 professional land planner, to plan an optimal development of the Bell Tract, with areas
22 designated for roadways, utility infrastructure, retail and commercial pad sites, and other
23 features designed to achieve the best and highest use of the Bell Tract. These designs
24 and plans were presented to the City of Peñitas in 2011 and developed into final plans
25 through a collaborative process with the City's Planning and Zoning Committee. The
26 City Council of Peñitas approved the PUD for the Bell Tract on November 8, 2011, as
27 reflected in **Exhibit "G"**. **Exhibit "H"** to my testimony depicts the land uses approved
28 for the PUD by the City. The result of the PUD approval by the City and of the
29 completion of the major utility infrastructure to serve the area is that the Bell Tract is
30 ready and available for continued development on an approved basis.
31

1 And fourth, through a collaborative planning process, the City of Peñitas approved a
2 Neighborhood Revitalization Plan ("Plan") for the Diamond Avenue Neighborhood,
3 which is located within the southern portion of the Bell Tract and is one of the oldest
4 neighborhoods in Peñitas, containing the Espanola Heights subdivision, scattered single
5 family homes, the JFK elementary school, and a portion of the Zone. The Plan, which I
6 have reviewed and had input into in my capacity as Business Manager for the Bell
7 interests, is a significant indication of development initiative in the southern portion of
8 the Bell Tract and the adjacent area to the west. **Exhibit "I"** to my testimony is a copy
9 of the Plan as approved by the City. The City adopted the Plan to complement the
10 Zone and PUD. The goal of the Plan is to provide the neighborhood with improvements
11 and incentives it needs to grow economically, prevent further deterioration of the
12 existing single family homes, encourage new housing activity, including affordable rental
13 housing, increase the City's tax base, and be a viable and desirable place to live and
14 work. This is exactly the type of development that the Bell Intervenors have drawn
15 plans for on the Bell Tract. As part of the Plan, the City commits to expansion of
16 Liberty Boulevard to five traffic lanes, to actively work with developers toward the
17 expansion of badly needed single-family and affordable rental housing in the
18 revitalization area, and to market the area as a desirable location for appropriate
19 business activities.

20
21 **Q. What investments and contributions to public facilities or amenities have**
22 **the Bell Intervenors made in the Bell Tract area?**

23 A. The Bell family have made several contributions in addition to their participation in
24 influencing the creation of the Zone, the PUD, their efforts to obtain support for utility
25 infrastructure, and their input to the City's Neighborhood Revitalization Plan.
26 Mil Encinos and Bell Properties have obtained a total of two loans from financing
27 entities totaling \$4,300,000 to finance construction of infrastructure and projects for the
28 development of the Bell Tract and to cover other pertinent expenses. The Bell
29 Intervenors have to date contributed approximately \$ 1,000,000 from their share of the
30 funds derived from these loan proceeds for development-related costs and
31 infrastructure costs. More than \$500,000 of these contributions is expected to be

1 reimbursed from the Tax Increment Reinvestment Zone fund. In addition, the Bell
2 Intervenor in 2013 donated 13 acres of land in the Bell Tract to the City of Peñitas for a
3 new city hall building and City parks and recreation facilities and five acres for
4 temporary drainage purposes in connection with the extension of Liberty Boulevard. I
5 am aware that the City has received a U.S.D.A. loan commitment of \$3 million to fund
6 construction of the city hall facility.

7
8 **Q. Can you summarize the development initiatives that are currently in place**
9 **for the Bell Tract?**

10 A. Yes. The Bell Tract is in a Tax Increment Reinvestment Zone established by
11 ordinance of the City of Peñitas. The Zone consists of 713 acres of which 710 acres
12 are the Bell Tract. The purpose of the Zone is to promote residential, commercial, and
13 retail development on the Bell Tract by committing incremental increases in ad valorem
14 tax collections from taxable real property within the Zone to repayment of debt incurred
15 to construct approved public works and improvements on the Bell Tract. The Zone's
16 ability to repay its debts inherently depends on increasing values of all taxable real
17 property in the Zone.

18
19 After extensive and costly efforts to master-plan the development of the Bell Tract, the
20 City of Peñitas approved the Bell Tract as a Planned Unit Development under its zoning
21 laws, to include residential, commercial, oil and gas, and municipal uses of land. The
22 City of Peñitas also adopted a Neighborhood Revitalization Plan that includes the
23 southern portion of the Bell Tract to provide improvements and incentives for economic
24 growth, new housing, and to increase the tax base for one of the oldest neighborhoods
25 in the City. The creation of the Zone, PUD, and Neighborhood Revitalization Plan on
26 the Bell Tract is evidence of a shared appreciation for the development of the Bell Tract
27 by the local community and governments.

28
29 Infrastructure that is constructed and in place on the Bell Tract includes a completed
30 waste water treatment and collection system that is available to serve new development
31 on the Bell Tract. City, county, and state plans are presently underway for the

1 enlargement and extension of Liberty Boulevard, which will run north through the Bell
2 Tract to provide a primary transportation route for north/south traffic. The City of
3 Peñitas has received grants for a City hall complex and related city facilities for a
4 donated site located on the Bell Tract. I am aware that tax credits have been granted
5 to an entity called Texas Grey Oaks Development LLC to support the underwriting of
6 the Villas at Peñitas, a planned 144-unit apartment complex on a site within the Bell
7 Tract that is north of the Walmart. The Walmart itself, open since 2009, provides a
8 major retail amenity for any person residing in or around the Bell Tract. The Peñitas
9 Plaza retail center and the JFK elementary school are other existing developments on
10 the Bell Tract that provide evidence of its importance to the community.

11
12 **Q. How would you characterize these land use initiatives relating to the Bell**
13 **Tract?**

14 . All of these initiatives pre-date the Applicants' filing and are approved and established
15 programs that are reflected by (i) governmental authorization through ordinances and
16 resolutions, (ii) approved loans, and (iii) in some cases, established infrastructure,

17
18 **V. Drilling Activity on the Bell Tract**

19
20 **Q. In the currently undeveloped areas of the Bell Tract, what other activities**
21 **occur that are relevant to the routing of transmission lines in this proceeding?**

22 A. Since the original acquisition of the Bell Tract by the Bell interests, portions of the
23 tract have been leased for oil and gas development to Fidelity Exploration and
24 Production Company LLC ("Fidelity"), an oil and gas producer that is not affiliated with
25 the Bell family. In connection with this lease, several active oil and gas wells are
26 present on the Bell Tract that produce hydrocarbons, and which provide royalty income
27 to the Bell interests. These leases have terms that are renewable and are expected to
28 continue for the foreseeable future so long as minerals continue to be produced by
29 these wells. In addition, Fidelity has the right pursuant to the lease to drill at other
30 locations within the Bell Tract, but restricted to certain specific Drilling Zones or by
31 special permits.

1 **Q. Please explain how the drilling program would be coordinated with the**
2 **development plans approved as part of the Mil Encinos PUD?**

3 A. The PUD makes specific provision for certain dedicated spaces correlating to the
4 specified Drilling Zones, such that the existing wells could continue to operate, as
5 reflected in **Exhibit "J"** to my testimony. Fidelity, by the terms of the City's Drilling
6 Ordinance, would not have the right to drill in constructed areas outside the specified
7 Drilling Zones, unless they offset land on the basis of either of two conditions set out in
8 the ordinance.

9
10 **Q. Are any of these Drill Zones in close proximity to the proposed route**
11 **segments?**

12 A. Yes, two drilling zones and an 'offset site' location are very close to the location
13 of Link 56 near the eastern boundary of the Bell Tract, such that this Link may impede
14 Fidelity's ability to conduct oil and gas exploration and production activities. I would
15 refer the Honorable Administrative Law Judges to the direct testimony of Fidelity, an
16 intervenor, in this regard.

17
18 **VI. Land Use Impacts of Link Nos. 56, 60, and 344 on the Bell Tract**

19
20 **Q. What communications, if any, have the Bell Intervenors had with ETT and**
21 **Sharyland regarding your reaction to the announced routings of the transmission**
22 **line?**

23 A. I and other representatives of Mil Encinos and Bell Properties, including the
24 founding owners of the two entities, brothers Mr. Jerry Bell and Mr. Duane Bell,
25 attended the ETT/Sharyland public meeting held in McAllen on October 8, 2012. The
26 brothers, who are somewhat advanced in years, exhibited some confusion regarding
27 the maps and line routings. They did not understand the full array of options available
28 for the line routing when they attempted to communicate alternate locations that would
29 minimize impacts to the Bell Tract. As the operating manager for the two development
30 entities, I obtained a reasonably clear idea of the location of the proposed routings and
31 of the possible impact on the tract for which I am responsible, although I had a fairly

1 limited understanding of the nature of the proceeding and the timing and process for a
2 final determination. Following the meeting, I sent the joint Applicants a letter, attached
3 to my testimony as **Exhibit "K"**, expressing my concerns regarding the impact of the
4 proposed routing on the Bell Tract. In the letter I made the Applicants aware of the
5 Zone encompassing the Bell Tract and the Planned Unit Development approved by the
6 City of Peñitas for the Bell Tract. I offered to meet with the Applicant representatives to
7 discuss alternatives that would minimize impact to the Bell Tract.

8
9 **Q. What further communications did you have with Applicant representatives?**

10 A. I never received a response to my letter. I understand now that it would have
11 been advantageous to initiate more extensive discussions with the Applicants and bring
12 more complete information to their attention prior to the filing of the Application, but at
13 the time I did not understand that. I and the Bell brothers and City Staff members met in
14 person with the Mr. Roper and Mr. Jones of ETT on July 31, 2013 to discuss the
15 routings and the impacts they would have on the City's plans and those of the Bell
16 properties. By then, however, the Application had been filed and proposed routes and
17 Links designated, so our discussions were unavailing.

18
19 **Q. What is the practical effect of placing a 150 foot right of way on the Bell Tract
20 for a transmission line in this proceeding?**

21 A. According to the Easement and Right of Way Agreement ("Easement Agreement")
22 obtained from ETT, ETT and its successors and assigns would have the right to
23 "construct, erect, alter, inspect, maintain, operate, patrol, protect, reconstruct, modify,
24 add to, remove, repair, replace, upgrade and/or enlarge electric transmission and
25 distribution lines, which may consist of towers or poles made of wood, metal, concrete
26 or other materials, wires, guys, anchors, communication lines and associated fixtures
27 and appurtenances, all in variable numbers, and such lines may transmit electricity of
28 any voltage or amperage, on, over, along, across and under the following lands ..." A
29 copy of the ETT Easement Agreement, as obtained from the Applicants, is attached to
30 my testimony as **Exhibit "L"**.

1 The Easement Agreement also restricts the use of the land within the easement area. It
2 provides that the Bells' and the Bells' "heirs, successors, assigns, agents, licensees,
3 and legal representatives shall not place, construct or permit to be placed or
4 constructed any aboveground structure, house or other habitable structure, reservoir,
5 storage tank or other obstruction or permit any excavation, on, over or within the
6 Easement Area, and shall not change the grade within the Easement Area, without the
7 prior express written consent of [ETT]."

8
9 In my view, the Easement Agreement gives ETT broad and exclusive rights to use the
10 easement area to transmit electricity and would appear to allow the installation of
11 multiple lines and other facilities. Additionally, the Easement Agreement would prohibit
12 the Bells from developing or excavating any of the land within the easement areas. The
13 right of way would have a significant detrimental impact on the planned development for
14 the Bell Tract by permanently removing land from the planned development and
15 impeding development of lands adjacent to the easement areas. The Bell Tract
16 development project would likely need to be redesigned and there would be a host of
17 new development constraints relating to the project, all of which would impinge on
18 development activities completely apart from locating habitable structures within the
19 right-of-way--activities such as leveling for parking lots, sloping land to provide driveway
20 access, making grade changes to provide drainage, excavating to install water,
21 wastewater, and storm water facilities, and creating landscaping features. Narrow strips
22 of land would be produced that are undevelopable or very limited for most types of
23 development.

24
25 **Q. Please describe proposed Link 56 as it relates to the Bell Property.**

26 A. The following is how Applicants have described Link 56: "Link 56 begins at the
27 intersection of Link 54, located approximately 0.27 miles southwest of the intersection of
28 Mile 4 Rd and Giles Rd. The Link runs south for approximately 0.81 miles (and cross
29 Mile 3 Rd). The Link continues south for about 0.67 miles parallel to the east side of
30 Water Canal Rd. The Link then continues south for approximately 1.03 miles until it
31 reaches the Links intersection with Links 60, 344, and 347, located on the north side of

1 an irrigation/drainage canal, approximately 0.59 miles north-northeast of the intersection
2 of U.S. 83 and 23rd St.”

3
4 Link 56 is a component of six of the 32 proposed Alternative Routes, i.e. Alternative
5 Route Nos. 10, 16, 17, 19, 31, and 32.

6
7 As it relates to the Bell Tract, Link 56 (and the entire 150 foot right of way) runs north to
8 south along and within the eastern boundary line for the north half of the Bell Tract.
9 After crossing from the west side of Water Canal Rd. to the east side, Link 56 enters the
10 Bell Tract at the north-east corner of the property and then runs due south along and
11 within the eastern boundary line of the upper half of the Bell Tract until it intersects with
12 the District 6 irrigation canal that runs west-to-east through the property. At the
13 irrigation canal, Alternative Route Nos. 16 and 19 would take the line off the Bell Tract
14 to the east via Link 347, while Alternative Route Nos. 10, 17, 31, and 32 would have the
15 line span the irrigation canal and continue due south onto the southern half of the Bell
16 Tract via Link 60. **Exhibit “M”** attached to my testimony is Applicants’ map showing
17 Link 56, marked under my supervision to show the Bell Tract.

18
19 **Q. How would the placement of Link 56 on the Bell Tract impact the planned**
20 **development?**

21 A. Link 56 would directly obstruct and permanently eliminate 46 single-family residential
22 lots from the planned development. **Exhibit “N”** to my testimony overlays Link 56 onto
23 a map of the planned development for the Bell Tract, as approved under the Zone and
24 P.U.D. authorizations. Additionally, due to the right of way prohibitions that I have
25 already mentioned, development activities in the areas adjacent to the right of way
26 would be limited and problematic.

27
28 **Q. Please describe Link 60 as it relates to the Bell Tract.**

29 A. This is the most devastating Link to the planned development on the Bell Tract.
30

1 Applicants describe Link 60 as follows, "Link 60 begins at the intersection of Links 56,
2 344, 347 on the north side of an irrigation/drainage canal, located approximately 0.59
3 miles north-northeast of the intersection of U.S. 83 and 23rd St. The Link runs south for
4 approximately 0.54 miles until it reaches the Link's intersection with Links 63 and 64,
5 located immediately northwest of the intersection of U.S. 83 and U.S. 83 Business."
6

7 Link 60 is a component of ten of the 32 proposed Alternative Routes, including
8 Alternative Route Nos. 3, 7, 9, 10, 12, 13, 17, 18, 31, and 32 .
9

10 As it relates to the Bell Tract, Link 60 begins north of the irrigation canal described
11 above, then runs south and, rather than following the property boundary lines of the Bell
12 Tract, cuts through the middle of the southwest quadrant of the property until it
13 intersects with US Hwy 83. **Exhibit "O"** to my testimony is Applicants' map showing
14 the location of Link 60, marked under my supervision to show the Bell Tract.
15

16 **Q. How would the placement of Link 60 on the Bell Tract impact the planned**
17 **development?**

18 A. Link 60 would devastate the planned development. Because Link 60 does not follow
19 the property boundary lines and runs down the middle of southeast quadrant of the Bell
20 Tract, it would permanently take significant portions of prime commercial real estate
21 completely out of contention for development as a retail shopping center according to
22 the approved plans, as well as eliminating 37 multi-dwelling locations. Again, the right
23 of way would eliminate any above-ground structures within the 150-foot easement area
24 and severely constrain development activities on lands adjacent to the right of way. The
25 constraints would be doubly bad because the right of way would not run along the
26 property boundary line. **Exhibit "P"** to my testimony overlays Link 60 onto a map of the
27 approved planned development on the Bell Tract. As you can see, the southeast
28 quadrant is the main part of the Bell Tract designated under the PUD for retail
29 development because of its long frontage onto US Highway 83. It is the piece that
30 makes the overall development work from an economic standpoint and is one of the

1 main selling points for the PUD to attract people to reside on the Bell Tract and within
2 the city limits of Peñitas.

3
4 **Q. Please describe Link 344 as it relates to the Bell Tract?**

5 A. Applicants describe Link 344 as follows, "Link 344 begins at the south end of Link
6 55, located approximately 0.55 miles northwest of the intersection of U.S. 83 and Tom
7 Gill Rd. The Link runs east-northeast for approximately 0.30 miles parallel to the south
8 side of an irrigation/drainage canal (and crosses an existing transmission line). The
9 Link then turns northeast for approximately 0.09 miles (and crosses an
10 irrigation/drainage canal and Tom Gill Rd.). The Link then turns east for approximately
11 0.7 miles parallel to the north side of an irrigation/drainage canal (and crosses 23rd St.).
12 The Link then turns southeast for approximately 0.16 miles parallel to the north side of
13 an irrigation/drainage canal, until it reaches the intersection of Links 6, 60 and 347,
14 located on the north side of an irrigation/drainage canal, approximately 0.59 miles north-
15 northeast of the intersection of U.S. 83 and 23rd St."

16
17 Link 344 is a component of six of the 32 proposed Alternate Routes, including Alternate
18 Route Nos. 11, 12, 13, 14, 15, and 18.

19
20 As it relates to the Bell Tract, Link 344 runs west-to-east across the middle of the Bell
21 Tract, just north and paralleling the entire length of the District 6 irrigation canal that cuts
22 across the middle of the Bell Tract. **Exhibit "Q"** to my testimony is Applicants map
23 showing Link 344 (misabeled as 347), marked under my supervision to identify the Bell
24 Tract.

25
26 **Q. How would the placement of Link 344 on the Bell Tract impact the planned**
27 **development?**

28 A. Link 344 would obstruct and permanently eliminate approximately 30 planned
29 residential lots north of and along the irrigation canal, and take significant portions of
30 tracts designated as prime commercial development or dedicated for a city hall building
31 and related city facilities. **Exhibit "R"** to my testimony overlays Link 344 on a map of

1 the planned development on the Bell Tract. Again, the right of way would prohibit
2 erection of any above-ground structures within the 150-foot right of way and severely
3 constrain development of land adjacent to the right of way. Additionally, Link 344
4 parallels the irrigation canal for a significant distance, rather than spans it. I would refer
5 the Honorable Administrative Law Judges to the direct testimony of District 6,
6 intervenors, with respect to potential significant safety and maintenance issues related
7 to this routing.

8
9 **Q. How would the placement of Links 56, 60 or 344 on the Bell Tract impact the**
10 **Tax Increment Reinvestment Zone?**

11 A. Keep in mind that the Bell Tract comprises 710 acres out of the 713 acre Zone and
12 that the Zone's ability to repay its debts depends on increasing values of all taxable real
13 property within the Zone. Placing Links 56, 60, or 344 on the Bell Tract would take
14 significant portions of the Bell Tract out of contention for development and reduce the
15 amount of land that can be developed and taxed to pay the Zone's debts. I am aware
16 that property values are not *per se* an issue in this proceeding and not generally a
17 permissible subject for testimony regarding impact. However, property value diminution
18 has the potential to jeopardize the integrity of the Tax Increment Reinvestment Zone,
19 which is obligated for financing tied to increases in ad valorem tax revenues. The
20 economic productivity of the lands directly affected by a Link would be substantially
21 reduced or eliminated. The economic productivity of the remaining lands indirectly
22 affected by a Link would also more than likely be reduced due to the presence of 345
23 kV transmission lines in the vicinity. Whether backed by science or not, there is a
24 popular belief that residing near high voltage power lines is hazardous to one's health.
25 This concern seems to be recognized by the PUC's policy of prudent avoidance.
26 Therefore, the overall impact of placing any of these Links on the Bell Tract would be to
27 permanently reduce property values within the Bell Tract thus jeopardizing the Zone's
28 ability to pay its debts.

29
30 **Q. How would the placement of Links 56, 60, or 344 on the Bell Tract impact the**
31 **Planned Unit Development?**

1 A. The boundaries of the PUD are the same as the Bell Tract. Placing any of the Links
2 on the property would seriously alter the approved layout of development for the Bell
3 Tract, which the Bell interests have gone to great lengths to design and configure. The
4 plans would likely need to be re-developed, re-designed, and re-approved by the City,
5 potentially delaying development of the entire Bell Tract indefinitely. It would represent
6 a significant setback to the Bell interests and the community of Peñitas, not to mention a
7 waste of a lot of the time, effort and money invested by the Bell family and City of
8 Peñitas.

9
10 **Q. How would the elimination of sites for habitable structures due to Links 56, 60,**
11 **or 344 affect the planned development and community?**

12 A. The Bell Tract represents approximately 23 percent of all the land in Peñitas. It is
13 the only area in the City that is primed for development in the near term. So whatever
14 the impact on the Bell Tract will also be felt by the City.

15
16 As Section 2.2.3.1 (Population Trends) of the EA points out, Hidalgo County
17 experienced population growth of 36% between 2000 and 2010 and is projected to
18 experience substantially more population growth during the next 30 years. Between
19 2010 and 2020, 2020 and 2030, and 2030 and 2040, the EA notes that population
20 increases in Hidalgo County are projected to be at 27%, 24% and 18% respectively.
21 With this growth comes a need for residential accommodations. Plainly stated, there is
22 a shortage of housing accommodations in the City of Peñitas and in Hidalgo County in
23 general. Getting people to move within the city limits and building the tax base is critical
24 for the survival and growth of the City and the region. To accomplish these goals,
25 housing accommodations must be provided within the city limits.

26
27 The approved Zone and PUD require approximately 70% of the Bell Tract to be
28 developed for single family housing, with the remainder developed for commercial uses
29 to provide residents with amenities and jobs. Over 130 residential and multi-family
30 habitable structures would be eliminated from the City by Links 56, 60 and 344. This
31 would seriously thwart the efforts of the Bells and the City to provide housing to attract

1 residents to the City and build the tax base. It would also prolong the housing shortage
2 that afflicts the area.

3
4 **Q. What other impacts of the Electric Transmission Texas and Sharyland**
5 **Utilities Application would affect the Mil Encinos and Bell Properties tracts?**

6 A. Aside from the permanent displacement of land directly impacted by the Links,
7 the enormous structures required for transmission towers in the range of 145 to 155 feet
8 tall, as specified in the Application, would impose an eyesore in terms of visual impact
9 on the land uses planned adjacent to the transmission line facilities. I'm aware that
10 development has occurred in the Rio Grande Valley in juxtaposition to transmission
11 facilities, but it is not desirable and it reduces the appeal of properties for residential and
12 commercial users, in addition to eliminating developable space.

13
14 **VII. Impact of Link Nos. 56, 60, and 344 on Community Values**

15
16 **Q. What qualifications do you have to discuss community values related to**
17 **the impacts of location of the transmission line in the area of the Bell Tract and in**
18 **the City of Peñitas?**

19 A. As discussed in my work background, my history for the past ten years in
20 connection with development initiatives for the Bell properties and the Bell Tract, and
21 my role as chairman of the Peñitas Economic Development Council, have given me
22 personal knowledge of all the activities related to development efforts for the Bell Tract
23 and the City of Peñitas, including efforts in which Mil Encinos and Bell Properties have
24 worked closely with the City of Peñitas and made joint efforts in connection with the
25 city's growth to enhance the infrastructure in this small urbanizing area for the benefit of
26 the community. My experience is within the scope of the definition of "community
27 values" provided in Section 2.2 of the EA, which is "a shared appreciation of an area or
28 other natural resource by a national, regional, or local community."

29
30 **Q. How does the development of the Bell Tract relate to community values in**
31 **the City of Peñitas?**

1 A. The Bell brothers had a vision about how they could use their property to improve
2 the lives and living conditions in the area by facilitating municipal services, creating jobs,
3 and providing infrastructure allowing for new residents and retail and commercial
4 ventures, as well as. a new city hall, parks, venues, bike trails, and library, along with a
5 much larger police force and the city's own fire department. In pursuit of that vision, the
6 City of Peñitas and the Bell family together have overcome numerous and at times
7 seemingly insurmountable obstacles, including the four-year moratorium on new
8 residential water meters that resulted from the effects of corrupt operation of a private
9 water supply corporation. The City's population has grown from several hundred since
10 its incorporation to over 7500, making it the largest city in Western Hidalgo County. The
11 Bells and other developers have provided over 1500 residential lots within the city, with
12 most of those lots now containing a single-family dwelling. In addition to the Walmart,
13 over 125,000 rentable square feet of retail and commercial building space is in place.

14
15 The Bell family made a number of commitments to support its vision for the community:
16 these included expenditure of more than \$125,000 toward infrastructure costs with the
17 hope, but no certainty, that the Zone would be created, donation of land for city and
18 community facilities, and the planting of over 1000 oak trees on the Bell Tract. The
19 trees and other contributions are an emblem of the Bell family's commitment to the long
20 term growth of the community.

21
22 Community leaders in Peñitas, with community support, created a 4A economic
23 Development Council, a 4B Economic Development Council, and a Crime prevention
24 District, all of which are funded by sales tax. Peñitas citizens reside in an area with a
25 mean income of \$23,000 per household. Yet they evidenced a significant expression of
26 their belief in their community by voting to pay extra taxes to provide these structures
27 that can foster community improvement. The creation of these entities, as well as the
28 Zone and the PUD designation for the Bell Tract, are all indications of "a shared
29 appreciation of an area [the Bell Tract] . . . by a local community."

1 Q. What impact or effect on community values do you believe would occur if
2 Link Nos. 56, 60, and/or 344 is located on the Bell Tract?

3 A. I firmly believe the City's establishment of the Zone, the Neighborhood Revitalization
4 Plan, and its approval of the PUD on the Bell Tract all evidence a "community value."
5 The establishment of these development tools is clear evidence of "a shared
6 appreciation of an area [the Bell Tract] . . . , by a . . . local community." The Zone
7 represents a commitment of public funds by the City and County to finance public
8 improvements and support residential and commercial development on the Bell Tract.
9 This commitment could only be made after holding a public hearing and adopting an
10 ordinance finding that the creation of the Zone on the Bell Tract will enhance the value
11 of all taxable property in the Zone and will be of general benefit to the community.
12 Similarly, the City approved the PUD designation to allow the development of the Bell
13 Tract to be fast-tracked as a single, unified development encompassing residential,
14 commercial and municipal uses of land. Placing any of these Links on the Bell Tract
15 would scuttle large portions of the PUD and require extensive redesigning and re-
16 approval of the development with increased constraints due to the right-of-way
17 prohibitions.

18
19 The goals of the Neighborhood Revitalization Plan to encourage new housing activity
20 and increase its tax base would be thwarted by locating any of the Links on the Bell
21 Tract. The Links would eliminate housing activity and have the effect of decreasing the
22 tax base by taking land out of development and reducing values of the remaining lands.

23
24 Locating Links 56, 60, or 344 on the Bell Tract would have a direct and negative impact
25 on the Zone, the Revitalization Plan, and the PUD by permanently removing significant
26 and critical areas of land from the development plans approved by the City, and
27 impeding or arresting planned uses of the remaining lands. Locating any of these Links
28 on the Bell Tract would also jeopardize the ability of the Zone to generate sufficient
29 increases in ad valorem tax revenues to repay debts incurred to provide public works
30 and improvements in the Zone.

1 **Q. What consideration do you think should be given to the planned**
2 **development of the Bell Tract in establishing a route in this proceeding?**

3 A. It is clear that 'planned development' was a reason why the project transmission line
4 was not routed directly into the AEP TCC South McAllen Substation. In the Direct
5 Testimony of Applicants' witness Mark Caskey, dated July 3, 2013, he states that one of
6 the reasons why the transmission project does not route directly into the AEP TCC
7 South McAllen Substation is 'known planned development adjacent to the substation.' I
8 believe the same considerations should be given to the Bell Tract, especially because
9 there appear to be a number of Alternative Routes and Links which would not directly
10 impact the Bell Tract that joint Applicants indicate are viable, constructible, and meet the
11 requirements of the PUC and ERCOT. In this case, the Bell plans are sufficiently
12 definite and underway.

13
14 Additionally, Section 2.2.2 of the EA states that 'existing land uses within the study area
15 were identified and placed into the following categories: urban/developed, planned land
16 use, agriculture, oil and gas facilities, transportation/aviation/utility features, and
17 communication towers.' Section 2.2.2.2 of the EA states that 'The planned land use
18 category identifies objectives and/or policies regarding land use goals and plans,
19 including . . . planned developments.' Section 3.1 of the EA states that a 'composite
20 constraints map' was created for the study area to identify 'present and known future
21 uses: a measure of the level of potential conflict with land management and land use
22 policies.' Despite the plain meaning of the quoted language above, joint Applicants in
23 fact did not categorize individual properties to determine planned land use or present
24 and known future use. Therefore, I don't think the joint Applicants have struck the
25 proper balance between future development plans that are speculative and have not
26 begun and imminent development that is either underway or about to begin. In
27 response to requests for information, Joint Applicants indicated that they did not
28 consider the existence of the Zone, the PUD, or the Neighborhood Revitalization Plan in
29 proposing to locate Links 56, 60, and/or 344 on the Bell Tract. I submit that these
30 community values ought to be taken into consideration and that the route selected
31 should protect these community values.

1
2 **Q: How would you characterize the Bell Intervenors' attitude toward the need**
3 **for the proposed transmission lines?**

4 The Bells are not taking a 'not in our back yard' attitude. We understand the probable
5 need for this transmission line in the Valley. The Bell Intervenors are simply saying that
6 Links 56, 60, and 344 would create a devastating impingement on the imminent
7 retail/commercial/residential development plans for this community, plans which are
8 already underway and are supported by evidence beyond plans such as City resolutions
9 and ordinances. The Bell Intervenors are asking that these land use plans, which
10 amount to community values, be recognized.

11
12 The inadequacies of the siting process and of human communication before the filing of
13 the joint Applicants' CCN Application should not justify selection of routes that would
14 have destructive effects on a community. Locating Links 56, 60, and 344 on the Bell
15 Tract would effectively prohibit in some places and unfairly constrain in others the
16 development of the most important portions of the Bell Tract and the City, which is the
17 culmination of 19 years of incremental development in this area by the Bell family in
18 conjunction with the City of Peñitas. The consequence is that the economic future of
19 Peñitas would be highly adversely affected, and the quality of life the City can offer its
20 citizens would be severely diminished.

21
22 **VIII. More Desirable Alternative Links and Potential Adjustments**

23 **Q. What routing of the proposed line would be most preferable from the**
24 **perspective of the Bell interests?**

25 A. Following the issuance of the Administrative Law Judge's Order No. 6 relating to
26 the route adequacy proceeding in this case, the Applicants' filing of their Amended
27 Application proposes ten additional routes, Nos. 1S through 10S ("Supplemental
28 Routes"), all of which would eliminate several miles of links in Western Hidalgo County,
29 including the links that are problematic for the Bell Interests. Of these Supplemental
30 Routes, the Bell Intervenors primarily support Route 3S, for the reasons set out in the
31 testimony of Mr. Mike Rhodes filed on behalf of the Joint Landowners, with whatever

1 minor adjustments are proposed by the affected intervenor landowners. Alternatively, If
2 Route 3S is not determined to be optimal, the Bell Intervenors support any of the other
3 nine Supplemental Routes, i.e. Routes 1S and 2S, and Routes 4S through 10S, with
4 any agreed adjustments to the links that comprise these routes.
5

6 **Q. If the routes that include western Hidalgo County links are considered**
7 **viable notwithstanding the issues raised in the route adequacy hearing and the**
8 **addition of the supplemental routes, which of those routes or link segments with**
9 **western locations would best take into account the planned land use of the Bell**
10 **Tract?**

11 A. I will list them in order of preference.

12 First: There are 17 proposed Alternative Routes that would not impede or destroy the
13 planned land use on the Bell Tract, including Alternative Route Nos. 1, 2, 4, 5, 6, 8, 20,
14 21, 22, 23, 24, 25, 26, 27, 28, 29, and 30. According to the Direct Testimony of Teresa
15 Trotman, dated July 3, 2013, each of the aforementioned routes 'comply with the PUC's
16 routing criteria and are acceptable from a design and constructability perspective.' Also,
17 new routes using existing Links could be created to take into account the planned land
18 use for the Bell Tract. Joint Applicants have indicated that the following forward-
19 progressing Link combinations (which are not included in any of the 32 proposed
20 Alternative Routes or the 10 Supplemental Routes) provide feasible north-to-south
21 options that would not impact the Bell Tract: (1) Links 35, 36, 37, 38, 40, 28, 41a, 41b,
22 57, 59, 61, 342, 71a, 71b, 75, 78, and 81, and (2) Links 25, 23, 24, 28, 41a, 353, 62b,
23 85a, and 85c. According to the Direct Testimony of Mark Caskey, 'all of the individual
24 line segments are constructible, viable, and can be used to create additional routes or
25 modifications to the proposed routes as long as the combinations are forward-
26 progressing.'

27
28 Second:

29 If Link 56 is used, Alternative Route Nos. 16 and 19 are preferable over any of the
30 alternative routings that contain Links 60 and 344.
31

1 Third: Less preferable to Alternative Route Nos. 16 and 19 would be Alternative Route
2 Nos. 11, 14, and 15, which include Link 344 but not Link 60.

3
4 Fourth: Using any route with Link 60 in it would have a totally devastating impact on the
5 Bell Tract and the local community as it would eliminate the key retail/commercial sector
6 of the Bell Tract and block the location of the power retail center, effectively displacing
7 the heart of the planned development. Link 60 is included in the following Alternative
8 Route Nos.: 3, 7, 9, 10, 12, 13, 17, 18, 31, and 32. At a minimum, if Link 60 will be
9 utilized it should be rerouted along the property boundary lines of the Bell Tract.

10
11 **IX. Conclusion**

12 **Q. Please summarize your testimony.**

13 A. The Bell family interests that are the Intervenor here have worked continuously
14 for almost 20 years to develop the Bell Tract in order to upgrade the housing, utility
15 infrastructure, and retail/commercial resources in this small urban area for their own
16 benefit and that of the community of Peñitas, much of which has had the status of being
17 a mere "colonia" for many years. The Bell Intervenor have made substantial financial
18 commitments for the Bell Tract as well as contributions to the community in order to
19 create optimally located commercial and civic developments and to create jobs as a
20 result. Established plans that lay all the groundwork for this development, approved by
21 local governing bodies and supported by City ordinances and resolutions, are in place
22 and have been for some time. Development is imminent and underway. The proposed
23 routes that contain Links 56, 60, and 344 would severely impact the Bell Intervenor's
24 interests and the community values and aspirations related to the development of the
25 Bell Tract and the amenities and opportunities it provides. In determining the routing of
26 the transmission line, the commitments, efforts, and expenditures of the Bell Intervenor
27 and the efforts of the City of Peñitas should be thoroughly considered. Mil Encinos and
28 Bell Properties respectfully request that the PUC not certify any route that includes
29 Links 56, 60, and 344 in order to avoid the significant impacts these Links would entail.

30
31 **Q. Does that conclude your direct testimony?**

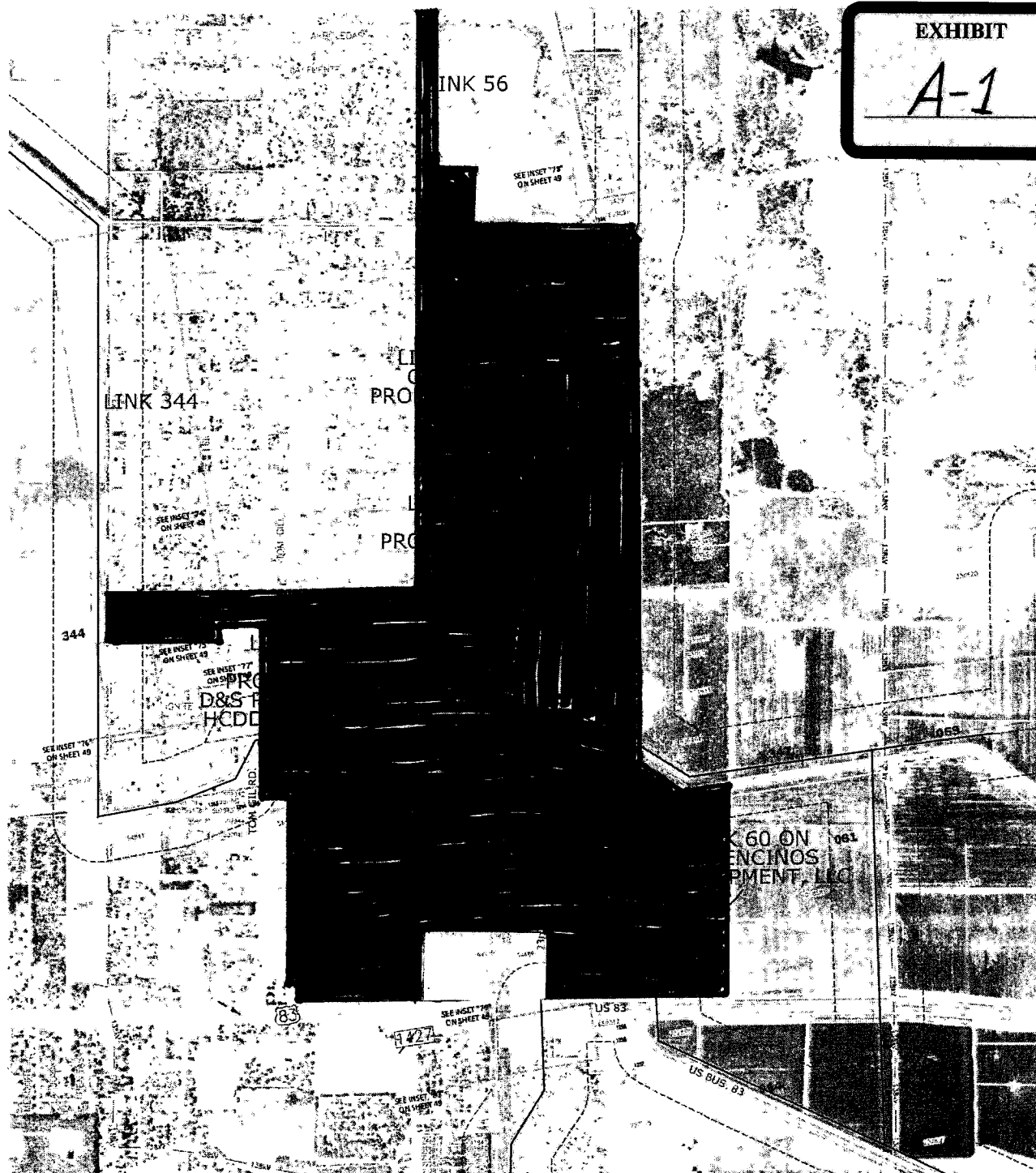
1 A. Yes, although I reserve the right to supplement my testimony if necessary in
2 appropriate circumstances.

3

4

EXHIBIT

A-1

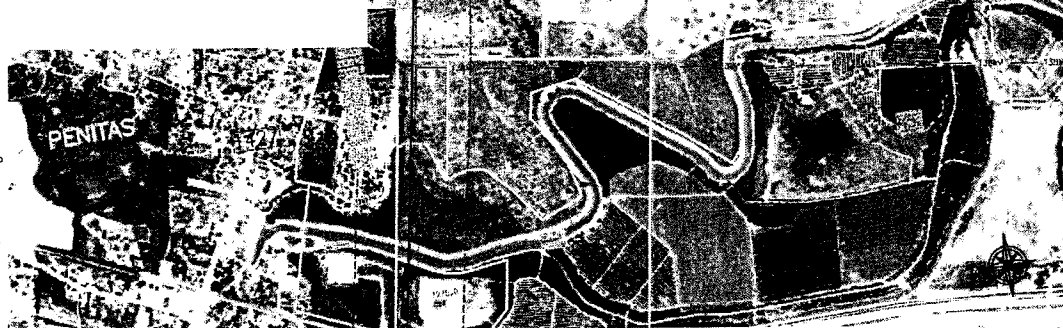


* PROPERTY OWNERSHIP
MAPS SHTS 11 & 14 OUT
OF 56 CITY OF PENITAS


LEGEND

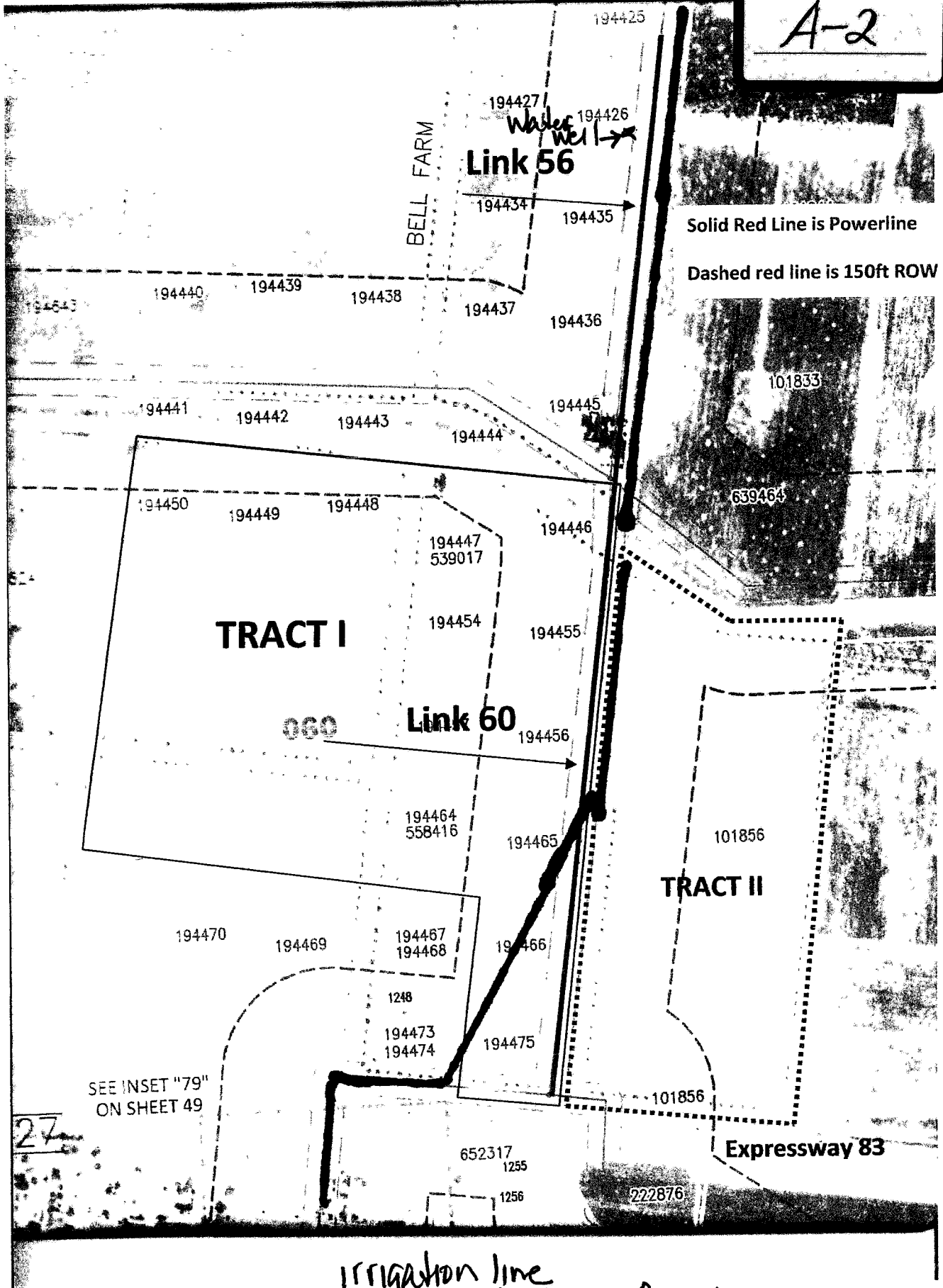
* PROPERTY OWNERSHIP
MAPS SHTS 11 & 14

Bell Tract



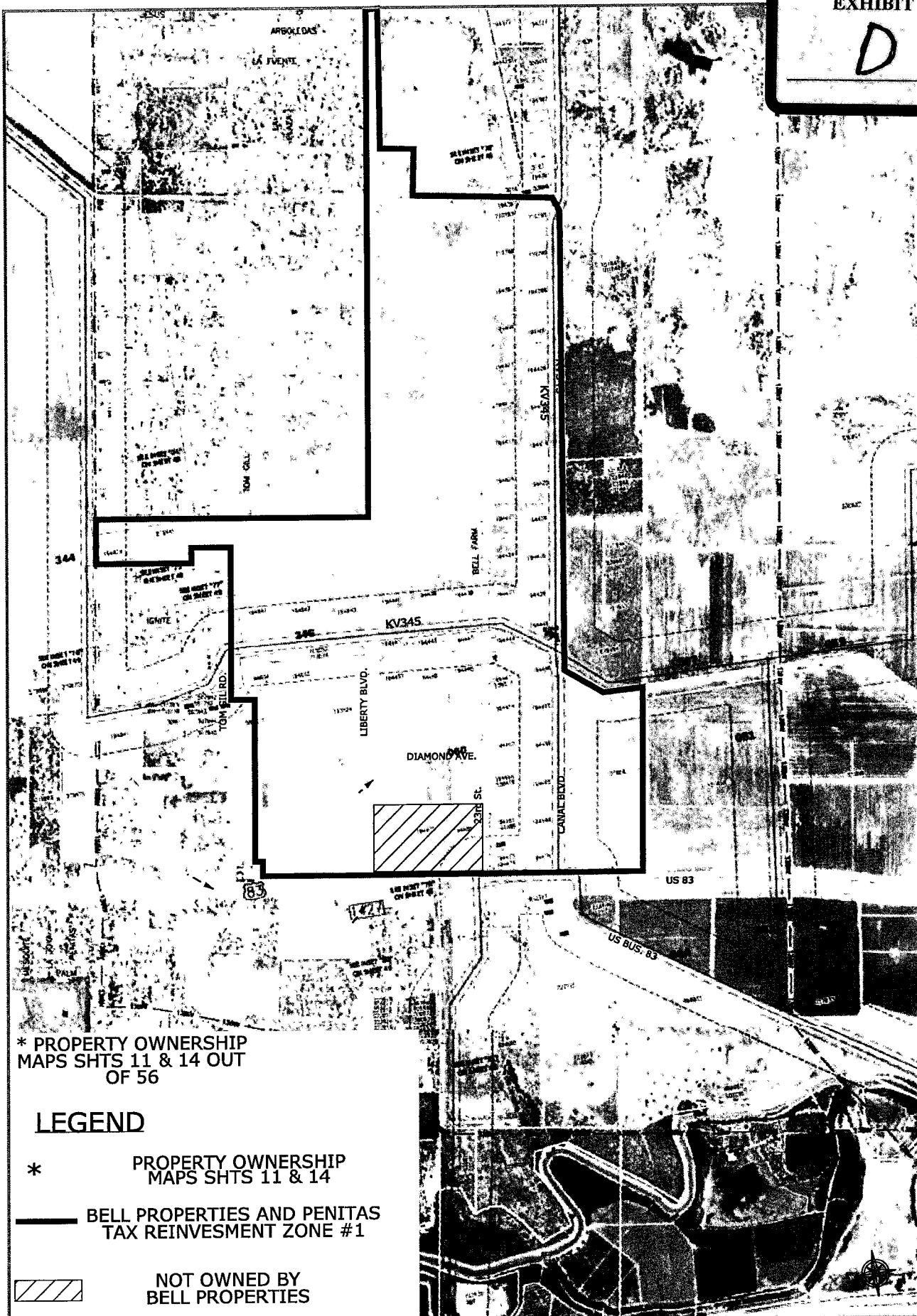
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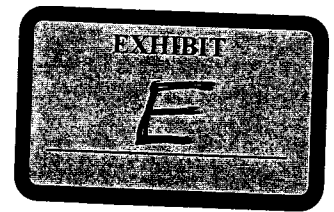






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PENITAS TAX INCREMENT REINVESTMENT ZONE #1

**PROJECT PLAN AND REINVESTMENT ZONE FINANCING
PLAN**

CITY OF PENITAS, TEXAS

Hawes Hill Calderon, L.L.P., TIRZ Consultants and Planners

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PROJECT PLAN

INTRODUCTION

This document constitutes the Project Plan and Reinvestment Zone Financing Plan as required by Chapter 311, Texas Tax Code. The purpose of the Zone is to provide for the design and construction of both proposed connector streets and thoroughfares, regional drainage facilities, water, sanitary sewer, wastewater treatment facilities, public landscaping, lighting and other specific project costs in order to facilitate the development of both residential and commercial properties. The reinvestment zone includes open land where certain regional infrastructure is absent and consequently where residential and commercial development would not occur "but for" the creation of such a zone. All development will occur on undeveloped land.

Expenditures associated with the design and construction of public infrastructure, as well as other specific project related costs, will be funded (reimbursed) by tax increment revenues derived from increases in property values following the new development.

Location

The TIRZ is generally bounded by Tom Gill Road on the west, 2 mile Road on the north, Giles Road on the east, and Hwy 83 on the south, and as further described in the enclosed map. The property consists of approximately 716 acres of land. A property metes and bounds description is provided in Appendix A.

EXISTING USES AND CONDITIONS OF REAL PROPERTY IN THE ZONE AND PROPOSED IMPROVEMENTS TO AND PROPOSED USES OF THE PROPERTY

Existing Conditions

The property is generally undeveloped. The subject site has been utilized as farmland and is currently agriculturally exempted. The development of the property is further constrained by the lack of basic infrastructure including major thoroughfares and drainage facilities. There is a predominance of defective or inadequate sidewalk or street layout, as well as problems with faulty lot layout in relation to size, adequacy, accessibility, or usefulness. The area is predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality.

Surrounding Land Uses

Land uses surrounding the Zone are predominately undeveloped. However, there is a public school close to the reinvestment zone, which serves a small residential enclave to the west of the zone.

Proposed Land Uses

Property located within the Zone will be mixed use in its development with approximately 70% of the land developed for single family housing, and the remainder developed for commercial usages. In addition, it is contemplated that a regional drainage system will be developed which may include drainage detention outside the boundary of the reinvestment zone.

Table A below lists the various land uses per the Conceptual Master Plan, along with their respective acreages and percentage of the gross land area.

Table A
Acreage Per Land Use Summary

Land Use Category	Acreage	% of Gross Acreage
Undeveloped residential	343	48.1%
Public ROW	50	7.01%
Parks	30	4.2%
Commercial	290	40.69%
TOTALS	714	100.0%

PROPOSED CHANGES OF ZONING ORDINANCES, THE MASTER PLAN OF THE CITY, BUILDING CODES, AND OTHER MUNICIPAL ORDINANCES

All construction will be done in conformance with existing building code regulations of the City of Penitas. There are no proposed changes of any city zoning ordinances, master plans, or building codes.

Zone non-project costs include those development items that will be funded by the developer for which no tax increment reimbursement is expected. These non-project development items and their associated costs are shown in Table B.

Non-Project Items	Estimated Cost
TXDOT funded projects	\$7,000,000
Drainage District funded projects	\$6,000,000
Total Non-Project Costs	13,000,000

The subject property is vacant and there will be no displacement of residents.

REINVESTMENT ZONE FINANCING PLAN

A DETAILED LIST DESCRIBING THE ESTIMATED PROJECT COSTS OF THE ZONE, INCLUDING ADMINISTRATIVE EXPENSES AND A STATEMENT LISTING THE KIND, NUMBER, AND LOCATION OF ALL PROPOSED PUBLIC WORKS OR PUBLIC IMPROVEMENTS IN THE ZONE

Table C lists the estimated project costs for the Zone. It is anticipated that the developer will advance funds for the improvements and will be reimbursed as provided in a separate agreement and other documentation between the developer, the TIRZ, the Penitas Redevelopment Authority (references made herein to the Authority are made in anticipation of its creation) and the Penitas Zone. It is anticipated that the infrastructure improvement costs will include additional financing costs associated with the projects. Line Item amounts may be adjusted with approval of the Zone Board of Directors, and will be reimbursed or disbursed based on actual audited costs for the infrastructure identified in the plan.

**Table C
Estimated Zone Project Costs**

Project Items	Estimated Costs
Water Improvements including wells	\$1,698,373
Waste Water Improvements	\$1,552,032
Drainage Improvements	\$6,093,650
Demolition Costs	0
Relocation of Utility Lines	0
Sidewalks	\$ 671,304
Streets	\$6,414,058
3 Bridges	\$2,250,000
Lights	\$ 724,388
Engineering / Surveying	\$1,800,000
Contingency	\$1,000,000
Zone Administration – 30 years	\$1,200,000
Financing costs including interest	\$ 6,800,000
Total	\$30,203,805

ECONOMIC FEASIBILITY STUDY

Appendix B contains an economic feasibility study prepared for the proposed commercial and residential development to assess the market for the proposed development. The study concludes that the proposed development is feasible and the demand for the projects is strong.

THE ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED

The amount of estimated bonded indebtedness is shown in Table C.

THE TIME WHEN RELATED COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

Schedule C shows the anticipated time when bonds could be issued based on the revenue-derived from the estimated build-out schedules. Bonds may be issued to pay the related project costs of the Zone.

DESCRIPTION OF THE METHODS OF FINANCING ALL ESTIMATED PROJECT COSTS AND THE EXPECTED SOURCES OF REVENUE TO FINANCE OR PAY PROJECT COSTS, INCLUDING THE PERCENTAGE OF TAX INCREMENT TO BE DERIVED FROM THE PROPERTY TAXES OF EACH TAXING UNIT THAT LEVIES TAXES ON REAL PROPERTY IN THE ZONE

Description of the Methods of Financing

In accordance with 311.015 of the Tax Increment Financing Act, the City may issue tax increment bonds or notes, the proceeds of which may be used to pay project costs on behalf of the Zone or Authority. Upon creation of a Redevelopment Authority for the Zone, the Authority may be authorized to incur debt and issue debt or obligations to satisfy developer reimbursements for eligible project costs. If either Zone or Authority bonds are issued, bond proceeds shall be used to provide for the project related costs outlined in this plan. It is anticipated that the Developer will advance project-related costs and be reimbursed through the issuance of Zone tax increment revenue bonds and/or be paid directly from increment revenues of the Zone as provided for in a Development Agreement. It is also contemplated that some project costs will be funded with grants from one or more entities.

No bonds will be issued until adequate tax increment has been created in the Zone to support bond debt service. Tax increment revenue will be applied to pay or reimburse all debt service on the Zone or Authority's bonds as prescribed in a Development Agreement.

Expected Sources of Revenue to Finance or Pay Project Costs

Schedule A shows the projected build-out schedule of the proposed commercial and residential development, which is supported by the Economic Feasibility Studies in Appendix B.

**Table D
Increment Dedicated to the Zone**

Taxing Unit	Dedicated Tax Rate	Years
Penitas* (2004 – 2034)	\$0.30/\$100 Valuation	30
Hidalgo County (2004 – 2034)	\$0.5015/\$100 Valuation	30

* Penitas may use its contributed tax increment funds for municipal zone related project costs in order to implement the Zone's Project Plan and Reinvestment Zone Financing Plan.

Tax Increment Fund

The City shall create and establish a Tax Increment Fund for the Zone, which may be divided into sub-accounts as provided for in the creation ordinance. The Tax Increment Fund and each account shall be maintained at the depository bank of the City of Penitas and shall be secured in the manner prescribed by law for funds of Texas cities. The annual Tax Increment shall equal the property taxes levied by the City or any other taxing unit participating in the Zone for that year on the captured appraised value, as defined by the Tax Increment Act (the "Act"), of real property located in the Zone that is taxable by the City or any other taxing unit participating in the Zone, less any amounts that are to be allocated from the Tax Increment pursuant to the Act.

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

It is projected that taxable property values in the zone will increase to approximately \$135 million by 2018. Schedule A shows the annual captured appraised value of these increases in property value during the build-out period.

DURATION OF THE ZONE

The City of Penitas shall establish the Zone by Ordinance. The ordinance shall establish that the Zone will take effect on January 1, 2005 and termination of the operation of the Zone shall occur on December 31, 2035. The Zone may terminate at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of proposed revenue bonds, notes or other obligations, if any, that all project costs, bonds, and interest on bonds have been paid in full.

SCHEDULES

- A. RESIDENTIAL BUILD-OUT SCHEDULE**
- B. ZONE CAPTURED APPRAISED VALUE AND REVENUE SCHEDULE**
- C. THE ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED**
- D. PROJECTED ZONE REVENUES**
- E. REVENUES FOR NON-PARTICIPATING JURISDICTIONS**

SCHEDULE A

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS

Residential Buildout Schedule (in Thousands)

Residential Project Values	Home Construction	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
		Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	
BINGLE FAMILY	Home Construction											
50 x 130 Lots				30	20	29	25	25	25	22	20	187
50 x 130 Lots				38	30	30	25	25	25	25	20	231
75 x 140 Lots				38	32	34	34	25	25	30	30	235
				\$2,400	\$1,600	\$2,000	\$2,000	\$2,000	\$2,000	\$1,750	\$1,600	
				\$3,950	\$3,300	\$3,300	\$3,300	\$2,750	\$2,750	\$2,750	\$2,750	
				\$5,320	\$4,480	\$4,750	\$4,750	\$3,500	\$3,500	\$4,200	\$4,200	
Total Home Sales			104		82	89	75	75	72	75	66	557
Total Captured Value		\$0	\$0	\$11,680	\$9,380	\$10,080	\$8,250	\$8,250	\$8,010	\$8,550	\$8,650	\$73,830
Cumulative Captured Value		\$0	\$0	\$11,680	\$21,060	\$31,140	\$39,370	\$47,620	\$55,630	\$64,180	\$72,830	

(CONTINUED)

Residential Project Values	Home Construction	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
		Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	Captured Value (K)	
BINGLE FAMILY	Home Construction											
50 x 130 Lots		20	20	10	3	3	3	3	3	3	3	237
50 x 130 Lots		25	25	11	3	3	3	3	3	3	3	232
75 x 140 Lots		32	32	16	3	3	3	3	3	3	3	315
		\$4,480	\$4,480	\$2,240	\$	\$	\$	\$	\$	\$	\$	
Total Home Sales		77	77	37								848
Total Captured Value		\$8,830	\$8,830	\$4,260	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$96,740
Cumulative Captured Value		\$8,830	\$17,660	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	

- Note:
1. Captured value is presented in thousands of dollars.
 2. Projected value of home construction is in 2004 dollars excluding inflation.
 3. Home construction in a calendar year results in captured appraised value in the following tax year.

SCHEDULE B

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS

Commercial Buildout Schedule (in Thousands)

Commercial Project Values	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014	
	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)
Commercial Value		\$ 529		\$ 1,953		\$ 3,355		\$ 4,810		\$ 3,559		\$ 1,959		\$ 3,335		\$ 4,197		\$ 1,723		\$ 3,357
Total Captured Value		\$899		\$1,953		\$3,355		\$4,810		\$3,559		\$1,959		\$3,335		\$4,197		\$1,723		\$3,957
Cumulative Captured Value		\$899		\$2,982		\$6,310		\$11,120		\$14,680		\$16,638		\$19,974		\$24,171		\$25,901		\$29,857

Commercial Project Values	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024	
	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)	Square Feet	Captured Value (K)
Commercial Value		\$ 1,978		\$ 4,395		\$ 1,953		\$ 1,953		\$0		\$0		\$0		\$0		\$0		\$0
Total Captured Value		\$1,978		\$4,395		\$1,953		\$1,953		\$0		\$0		\$0		\$0		\$0		\$0
Cumulative Captured Value		\$31,836		\$36,232		\$38,185		\$40,138		\$40,138		\$40,138		\$40,138		\$40,138		\$40,138		\$40,138

Note:

1. Captured value is presented in thousands of dollars.

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS Projected Assessed Valuations

SCHEDULE C

Tax Roll Jan 1	Incremental Residential Assessed Valuation	Incremental Residential Assessed Valuation	No. of Homes Added	Cum. No. of Homes	Senior Citizens Exemption			Commercial Valuation	City		County	
					Number of Eligible Homes (1)	County Exemption Amount (2)	Projected Taxable Valuation		Projected Taxable Valuation			
2005 \$	- \$	-	0	-	-	\$	-	\$	998,974	998,974	998,974	
2006 \$	- \$	-	0	-	-	\$	-	\$	2,952,161	2,952,161	2,952,161	
2007 \$	11,690,000 \$	11,690,000	104	104	2.1	\$	(104,000)	\$	6,310,049	17,990,049	17,886,049	
2008 \$	9,380,000 \$	21,080,000	92	196	3.7	\$	(196,000)	\$	11,120,235	32,190,235	31,994,235	
2009 \$	10,060,000 \$	31,120,000	89	275	5.5	\$	(275,000)	\$	14,679,606	46,799,606	45,524,606	
2010 \$	8,250,000 \$	39,370,000	75	350	7.0	\$	(350,000)	\$	16,638,379	56,008,379	55,658,379	
2011 \$	8,250,000 \$	47,620,000	75	425	8.5	\$	(425,000)	\$	19,973,890	67,592,890	67,168,890	
2012 \$	8,010,000 \$	55,630,000	72	497	9.9	\$	(497,000)	\$	24,171,261	79,801,261	79,304,261	
2013 \$	8,550,000 \$	64,180,000	75	572	11.4	\$	(572,000)	\$	26,900,579	90,690,579	89,508,579	
2014 \$	9,650,000 \$	73,830,000	85	657	13.1	\$	(657,000)	\$	29,857,300	103,687,300	103,030,300	
2015 \$	8,830,000 \$	82,660,000	77	734	14.7	\$	(734,000)	\$	31,835,661	114,496,661	113,761,661	
2016 \$	8,830,000 \$	91,490,000	77	811	16.2	\$	(811,000)	\$	36,231,709	127,721,709	126,910,709	
2017 \$	4,250,000 \$	95,740,000	37	848	17.0	\$	(848,000)	\$	38,184,885	133,924,885	133,076,885	
2018 \$	- \$	95,740,000	0	848	17.0	\$	(848,000)	\$	40,138,062	135,878,062	135,030,062	
2019 \$	- \$	95,740,000	0	848	17.0	\$	(848,000)	\$	40,138,062	135,878,062	135,030,062	
2020 \$	- \$	95,740,000	0	848	17.0	\$	(848,000)	\$	40,138,062	135,878,062	135,030,062	
2021 \$	- \$	95,740,000	0	848	17.0	\$	(848,000)	\$	40,138,062	135,878,062	135,030,062	
2022 \$	- \$	95,740,000	0	848	17.0	\$	(848,000)	\$	40,138,062	135,878,062	135,030,062	
2023 \$	- \$	95,740,000	0	848	17.0	\$	(848,000)	\$	40,138,062	135,878,062	135,030,062	
2024 \$	- \$	95,740,000	0	848	17.0	\$	(848,000)	\$	40,138,062	135,878,062	135,030,062	
Total	\$ 95,740,000		848						40,138,062	135,878,062	135,030,062	

Note: (1) Senior Citizen Exemption projected @ 5% of total homes built

(2) County Senior Exemption is \$15,000

(*) The City has no exemptions for homestead or over 65.

TAX INCREMENT REINVESTMENT ZONE NO. ONE, CITY OF PENITAS
SCHEDULE D
Projected Zone Revenues

Tax Year	Cal Year	City Tax Rate	City Zone Collection	County Tax Rate	County Participation	County Zone Collection	Total Zone Revenues Available	City Rebate for Services	County Revenue Retained	Zone Revenue Available for Project Costs	Cumulative Zone Revenue Available for Project Costs
2025	2026	\$ 0.3000	\$ 2,967	\$ 0.5600	85%	\$ 5,010	\$ 8,007	\$ -	\$ (584)	\$ 7,123	\$ 7,123
2026	2027	\$ 0.3000	\$ 8,866	\$ 0.5600	85%	\$ 14,806	\$ 23,651	\$ -	\$ (2,513)	\$ 21,049	\$ 28,172
2027	2028	\$ 0.3000	\$ 53,970	\$ 0.5600	85%	\$ 96,869	\$ 143,696	\$ (26,000)	\$ (15,826)	\$ 101,840	\$ 130,011
2028	2029	\$ 0.3000	\$ 98,541	\$ 0.5600	85%	\$ 160,451	\$ 258,992	\$ (46,500)	\$ (28,315)	\$ 182,177	\$ 312,188
2029	2030	\$ 0.3000	\$ 137,399	\$ 0.5600	85%	\$ 228,306	\$ 365,705	\$ (68,750)	\$ (40,289)	\$ 296,666	\$ 598,853
2030	2031	\$ 0.3000	\$ 198,026	\$ 0.5600	85%	\$ 279,127	\$ 447,152	\$ (87,500)	\$ (49,258)	\$ 310,384	\$ 879,248
2031	2032	\$ 0.3000	\$ 232,782	\$ 0.5600	85%	\$ 396,852	\$ 539,634	\$ (106,250)	\$ (56,444)	\$ 373,939	\$ 1,253,187
2032	2033	\$ 0.3000	\$ 236,404	\$ 0.5600	85%	\$ 397,711	\$ 537,115	\$ (124,250)	\$ (70,184)	\$ 442,880	\$ 1,595,967
2033	2034	\$ 0.3000	\$ 270,242	\$ 0.5600	85%	\$ 448,886	\$ 719,137	\$ (143,000)	\$ (79,215)	\$ 496,912	\$ 2,192,779
2034	2035	\$ 0.3000	\$ 311,052	\$ 0.5600	85%	\$ 516,867	\$ 827,799	\$ (184,250)	\$ (91,182)	\$ 572,327	\$ 2,765,106
2035	2036	\$ 0.3000	\$ 343,487	\$ 0.5600	85%	\$ 570,519	\$ 914,022	\$ (193,500)	\$ (790,579)	\$ 629,523	\$ 3,384,929
2036	2037	\$ 0.3000	\$ 383,169	\$ 0.5600	85%	\$ 536,457	\$ 1,019,622	\$ (202,750)	\$ (112,316)	\$ 704,556	\$ 4,089,485
2037	2038	\$ 0.3000	\$ 401,779	\$ 0.5600	85%	\$ 557,381	\$ 1,069,155	\$ (212,000)	\$ (117,773)	\$ 739,382	\$ 4,828,868
2038	2039	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 5,582,176
2039	2040	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 6,335,484
2040	2041	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 7,088,793
2041	2042	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 7,842,101
2042	2043	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 8,595,409
2043	2044	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 9,348,718
2044	2045	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 10,112,026
2045	2046	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 10,865,334
2046	2047	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 11,618,643
2047	2048	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 12,371,951
2048	2049	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 13,125,259
2049	2050	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 13,878,568
2050	2051	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 14,631,876
2051	2052	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 15,385,184
2052	2053	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 16,138,493
2053	2054	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 16,891,801
2054	2055	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 17,645,109
2055	2056	\$ 0.3000	\$ 407,834	\$ 0.5600	85%	\$ 577,176	\$ 1,084,810	\$ (212,000)	\$ (119,502)	\$ 753,308	\$ 18,398,418

SCHEDULE E

10/21/2005