

A RESOLUTION 2007-12-13-0026R

**EXPRESSING THE CITY'S CONDITIONAL CONSENT FOR THE CREATION
BY BEXAR COUNTY OF UP TO THREE PUBLIC IMPROVEMENT DISTRICTS
FOR THE ESPADA PROJECT, LOCATED IN THE LIMITED PURPOSE AREA
OF CITY COUNCIL DISTRICT 3.**

* * * * *

WHEREAS, on October 1, 2007, a petition for creation of up to three public improvement districts to be named the Espada Special Improvement Districts 1, 2 and 3, the creation of a County Tax Increment Reinvestment Zone and a Road Utility District was submitted to the Commissioners Court of Bexar County, Texas by ESA Residential Development, Inc., a Texas corporation, E-TM Land Investment, LTD., a Texas limited partnership, and Terramark Communities, Ltd., a Texas limited partnership (the "Owners"), on approximately 1,840 acres in situated in far southeastern Bexar County and within the City's Extraterritorial Jurisdiction, generally east of State Highway 281, southeast of Loop 410 and west of the San Antonio River; and

WHEREAS, also on October 1, 2007, the City received a copy of the petition and a request from the Owners that the City consent to the creation of the PIDs, and agree not to annex the three PIDs for periods of thirty, thirty-five and forty years, respectively, to release from full-purpose limits 54.89 acres from the full-purpose City limits and for a comprehensive development agreement; and

WHEREAS, the proposed development includes the construction of approximately 4,552 single-family residential units, approximately 1,008 apartment units, and public improvements to be made in phases aggregating to an estimated \$155 million; and

WHEREAS, the Owners' plans are that construction would commence in 2008 with single-family home and apartment build-out completed some time in 2037; and

WHEREAS, in consideration for the City's consent to the creation of the PIDs by the County, the City requires the County to create the three PIDs by June 13, 2008, and to impose upon each PID the requirement to maintain paved road at the City's minimum rating on the Pavement Condition Index (PCI), currently set at 62, to promptly adjust that rating accordingly with any changes to the PCI by the City, and provide for the establishment of a maintenance fund to ensure the maintenance; and

WHEREAS, this conditioned consent is withdrawn, and the City's objection to the creation of the PIDs is raised, if any of the above conditions are not met; and

WHEREAS, in the event the County creates the PIDs, and delegates to them the powers granted by Article III, Section 52 and the powers of a road district and to provide water, wastewater and drainage facilities, conditioned upon the consent of the City as required by law, the City does not consent to the exercise by any of the three PIDs the powers of eminent domain and annexation,

nor does the City consent to the delegation of water, wastewater and drainage powers other than those necessary for financing the construction of the infrastructure required for the water, wastewater and drainage facilities, and is specifically not a consent to the retail provision of water, wastewater and/or drainage services nor is it a consent to a Certificate of Convenience and Necessity for either water or wastewater services to customers within the area; and

WHEREAS, this consent does not commit the City to enter into an agreement for services in lieu of annexation; **NOW THEREFORE**:

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City of San Antonio expresses its consent, subject to the conditions in Sections 2, 3 and 4 below, based on the review of the petition from ESA Residential Development, Inc., a Texas corporation, E-TM Land Investment, LTD., a Texas limited partnership, and Terramark Communities, Ltd., a Texas limited partnership, collectively the "Owners", for the creation by Bexar County of up to three Public Improvement Districts pursuant to the provisions of Chapter 372, Subchapter C, Texas Local Government Code, on approximately 1,840 acres in situated in far southeastern Bexar County and within the City's Extraterritorial Jurisdiction, generally east of State Highway 281, southeast of Loop 410 and west of the San Antonio River. A depiction of the boundaries for each PID is attached as Exhibit A. A copy of the petitions is attached as Exhibit B.

SECTION 2. This consent to the creation of the PIDs by Bexar County expires immediately on June 14, 2008, without further action by the Council, and the City objects to the creation of the PIDs by Bexar County if:

- (a) Bexar County has not created each PID by June 13, 2008;
- (b) Bexar County does not impose upon each PID the requirement to maintain paved road at the City's minimum rating on the Pavement Condition Index (PCI), currently set at 62, to promptly adjust accordingly with any changes to the PCI by the City, and provide for the establishment of a maintenance fund to ensure the maintenance; and
- (c) Bexar County does not impose upon each PID the requirement for compliance with the Government Accounting Standard Board (GASB) for reporting values for general infrastructure assets.

SECTION 3. The City consents to the delegation by Bexar County upon creation of the Espada Special Improvement District 1, 2 and 3, the powers granted by Article III, Section 52 and the powers of a road district, save and except the powers to exercise eminent domain and annexation.

SECTION 4. The City consents to the County's delegation of water, wastewater and drainage facility powers solely for the purpose of financing the construction of water, wastewater and drainage facilities. The City does not consent to the PIDs retail provision of water, wastewater and drainage services or to a Certificate of Convenience and Necessity for either water or wastewater services to customers within the area of the three PIDs.

SECTION 5. The statements set forth in the recitals of this Resolution are true and correct, and

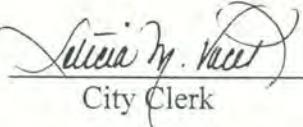
are incorporated as a part of this Resolution.

SECTION 6. If any provision of this Resolution or the application of any provision of this Resolution to any circumstance shall be held to be invalid, the remainder of this Resolution and the application of the remainder of this Resolution to other circumstances shall nevertheless be valid, as if such invalid provision had never appeared in this Resolution, and this Resolution would have been enacted without such invalid provision.

SECTION 7. This Resolution shall take effect ten (10) days after passage.

PASSED AND APPROVED this 13th day of December 2007.


M A Y O R
PHL HARDBERGER

ATTEST 
City Clerk

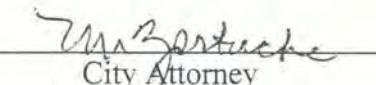
APPROVED AS TO FORM: 
City Attorney

EXHIBIT A

EXHIBIT "B"

Map of Public Improvement Districts (PIDs)

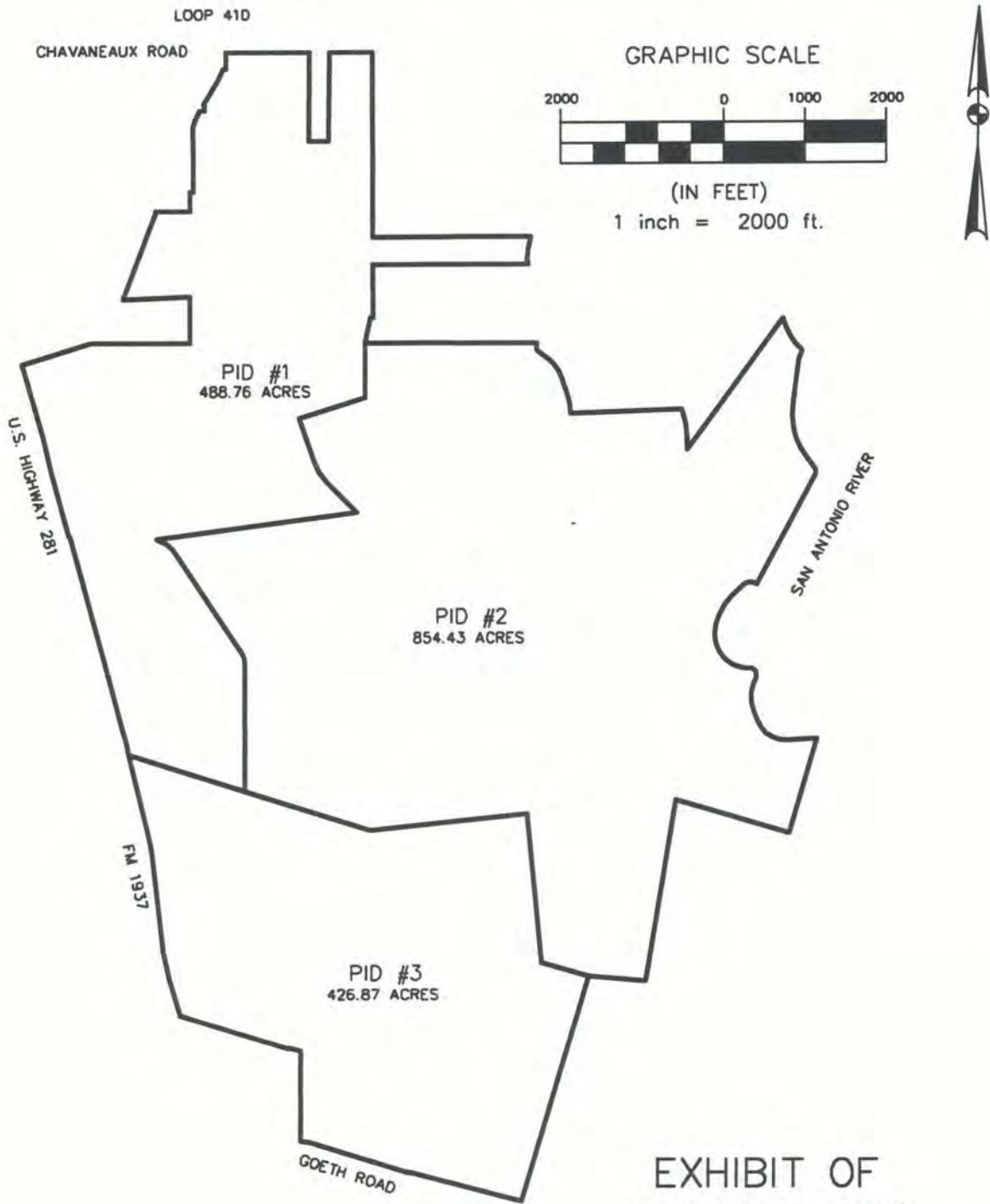


EXHIBIT OF

PID 1 (488.76 ACRES)
PID 2 (854.43 ACRES)
& PID 3 (426.87 ACRES)

NOTES:

1. THERE IS A METES AND BOUNDS DESCRIPTION WITH LIKE JOB NUMBER.
2. BEARING BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, US FOOT.

SURVCON INC. PROFESSIONAL SURVEYORS SAN ANTONIO, TEXAS 78213 6800 PARK TEN BLVD., SUITE 180-S (210) 296-2000	
SCALE: 1" = 2000'	JOB #: 600025826
DATE: 09-25-07	F.B. # N/A:
DRAWN BY: PT/TML	CAD DATE: REV. PID 1 DEANNEX 3 11-30-07
CHECKED BY: JEG	CAD FILE: ESPADA\dwg\pidmap.dwg

EXHIBIT B

**PETITION FOR CREATION
OF A PUBLIC IMPROVEMENT DISTRICT TO BE NAMED AS
ESPADA SPECIAL IMPROVEMENT DISTRICT NO. 1,
FOR APPOINTMENT OF DIRECTORS,
AND IMPOSITION OF AD VALOREM, SALES AND USE
AND HOTEL OCCUPANCY TAXES, EACH AT A SPECIFIED RATE, WITHIN THE
BOUNDARIES OF THE DISTRICT**

STATE OF TEXAS
COUNTY OF BEXAR

TO THE HONORABLE COMMISSIONERS COURT OF BEXAR COUNTY, TEXAS:

The undersigned (hereinafter the "Petitioner"), being the entities which hold fee simple title to more than 50 percent of the appraised value of taxable property proposed to be included within the public improvement district proposed in this petition (the "Petition"), with the intention to further the development of the land hereinafter described in metes and bounds, and to benefit Bexar County, acting pursuant to the provisions of Subchapter C, Chapter 372, Local Government Code, hereby respectfully petitions the Commissioners Court of Bexar County, Texas (the "County"), requesting the creation of a Subchapter C public improvement district, and would show the following:

ARTICLE I

The name of the proposed public improvement district shall be Espada Special Improvement District No. 1 (the "District"). The area proposed to be included within the District has a population of fewer than 1,000 persons.

ARTICLE II

The District shall be created and organized under the terms and provisions of Article XVI, Section 59, Article III, Section 52, and Article III, Section 52a, of the Constitution of the State of Texas, and Chapters 372, 380, 381 and 383, Local Government Code, as amended. This Petition expressly requests that the District be organized and be authorized to operate under the provisions of Subchapter C, Chapter 372, Local Government Code.

In addition, the lands within the proposed District are anticipated to be subject to an Agreement for Services in Lieu of Annexation among City of San Antonio, Texas (the "City") and the Petitioner (a "Non-Annexation Agreement").

The Petitioner requests that the County delegate to the District the powers that the County is granted by HB 2120, Acts of the 79th Legislature, codified as Subchapter C, Chapter 372, Local Government Code.

ARTICLE III

The District shall contain an area of approximately 472.79 acres of land, situated entirely within Bexar County, Texas. All of the land proposed to be included may properly be included within the District. None of the land proposed to be included in the District is within the corporate boundaries of any municipality and all of the land proposed to be included in the District is in the extraterritorial jurisdiction of the city of San Antonio, Texas. The boundaries of the proposed District are described in the map or sketch, by metes and bounds, address, or by lot and block in EXHIBIT "A", attached hereto and incorporated herein for all purposes.

ARTICLE IV

The Petitioner requests that the County delegate to the District the authority to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes within the proposed District providing that the City approves of the District exercising these powers.

The Petitioner requests that the County authorize the District to order an election to be held in the District to approve one or more grants or loan agreements. The Petitioner proposes that after the District and the grant recipient or recipients negotiate such agreements, that the County be provided the opportunity to ratify such agreements.

Petitioner does not propose that the District be granted the power to impose assessments, and accordingly Petitioner is not required to present a Service Plan, assessment plan or to prepare an assessment roll. The Petitioner requests that the County include in the powers delegated to the District the power to provide water, sewer and drainage facilities within the boundaries of the District, subject to the approval of the City as required by the Non-Annexation Agreement.

Petitioner requests that the District be managed by the County, by and through a board of directors that it appoints at the time it adopts the Order creating the District.

Petitioner requests that the County and the District conduct a joint election pursuant to provisions in Chapter 271, Texas Election Code, so that a regular county polling place may be used for a common polling place to facilitate the orderly conduct of the election because there will be no public building within the proposed District at

the time of the election. Petitioner requests that the District be created subject to the requirement that the District enter into a contract to hold the joint election. The election is proposed to be held in May, 2008. Petitioner further requests that the County submit the federal Voting Right Act pre-clearance letter to the U.S. Department of Justice in accordance with the County's standard procedures.

ARTICLE V

Attached to this petition as EXHIBIT "B", is a sworn statement of the holder of fee simple title to more than 50 percent of the appraised value of taxable real property proposed to be included within the proposed District, stating the owner's request for and consent to the creation of the District as set forth in this Petition.

ARTICLE VI

This Petition requests that the County create a public improvement district and authorize it to engage in economic development projects and grant to the District the powers requested in the Petition. The District proposes to enter into development agreements as are deemed advisable to promote state and local economic development and to stimulate business and commercial activity in the District. The general nature of the work proposed to be done within the boundaries of the proposed District includes, but is not limited to, inducements and incentives for the development and construction of a full service, resort style hotel and golf course tourist destination accomplished by entering into agreements to grant or loan District funds; improvements to utilities; establishment of roads, associated drainage and trails; parking facilities demolition and land clearing; lighting improvements; construction of entry way features; signage; and other improvements within the District; and police, fire and emergency protection and security services, establishment of conservation easements, including the costs of acquisition of open space, and payment of costs of management of the areas so encumbered or acquired; payment of costs of compliance with any "10(a)" permits issued for lands within the District, as well as marketing and advertising projects designed to promote and develop new or expanded business enterprises which will attract visitors and tourists to the District and the County and result in employment and economic activity within the District and the County. The District may undertake the projects in conjunction with private or other public entities. The District will comply with Chapter 372, and specifically Subchapter C thereof, in determining its undertakings.

ARTICLE VII

The area comprising the proposed District is not presently improved or promoted in a way that will lead to new and expanded business enterprises in the District and the County. The proposed District is necessary in order to advance, pay for

or finance economic development and improvements within the District which will result in new and expanded tourist-related business enterprises. The proposed District and its projects appear feasible, necessary and will be a benefit to the land within and to the economy of the District and the County. The proposed District will serve the public purpose of attracting visitors and tourists to the District and Bexar County.

ARTICLE VIII

The capital costs of the projects proposed to be pursued by the District including any economic development project which will be constructed as a result of the economic development grants which the District is expected to make as currently contemplated are estimated by the Petitioner to be approximately [\$47,528,820] and such costs, can be met with the ad valorem, sales and use and hotel occupancy taxes proposed to be imposed by the District and the private capital to be used to induce, incentivize and develop the proposed economic development project expected to be valued at approximately [\$391,274,24]. Petitioner requests that the County authorize the District to impose an ad valorem tax not to exceed the City's current tax rate, except as necessary to prevent a default on the District's bonds, sales and use tax not to exceed \$. 02 per taxable sale, and a hotel occupancy tax not to exceed 9% of the cost of lodging, as defined in Chapter 352, Tax Code

ARTICLE IX

Petitioner requests that the County appoint seven (7) individuals, at the time that the County adopts an order creating the District, who are qualified under Chapter 372, Local Government Code, to serve as members of the board of directors of the District.

WHEREFORE, Petitioner prays that this Petition be heard and the Commissioners Court of Bexar County, Texas set a hearing date, publish notice of and conduct a hearing, make findings, and enter an Order creating Espada Special Improvement District, in the manner specified in Chapter 372, Local Government Code, as amended.

RESPECTFULLY SUBMITTED this 1st day of OCTOBER, 2007.

ESA Residential Development, Inc.,
a Texas Corporation

By:



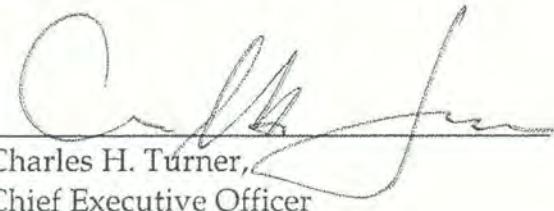
Charles H. Turner, Chief Executive Officer

E-TM Land Investment, Ltd.,
a Texas limited partnership

By: Its General Partner

E-TM General Partner, LC,
a Texas limited liability corporation

By:



Charles H. Turner,
Chief Executive Officer

Terramark Communities, Ltd.,
a Texas limited partnership

By: Its General Partner

Terramark Holdings, L.C.,
a Texas limited liability corporation

By:



Charles H. Turner,
Chief Executive Officer

EXHIBIT "A"
Property Description

Espada Special Improvement District No. 1

EXHIBIT "A"
Public Improvement District #1

September 25, 2007
Job number 60025828
PID No. 1

Meets and Bounds
Description

472.785 acres being out of a 0.989 acre tract of a called 1.0 acre tract as conveyed unto W.J. Emick in Volume 5957, Page 1565 of the Official Public Records of Real Property of Bexar County, Texas (O.P.R.R.P.B.C.T.), a 2.00 acre tract as conveyed unto Terramark Communities in Volume 11590, Page 461 of the O.P.R.R.P.B.C.T., a 24.24 acre tract, a 17.49 acre tract, a 11.70 acre tract, a 5.632 acre tract, a 20.01 acre tract, a 6.695 acre tract, a 2.036 acre tract, a 1.905 acre tract, a 11.88 acre tract, a 21.31 acre tract, a 15.05 acre tract all being recorded in Volume 12665, Page 222 of the O.P.R.R.P.B.C.T., a 672.567 acre tract conveyed unto E-TM Land Investment, LTD, in Volume 12665, Page 166 of the O.P.R.R.P.B.C.T. and Volume 12665, Page 183 of the O.P.R.R.P.B.C.T., a 439.85 acre tract conveyed unto E-TM Land Investment, LTD, in Volume 11627, Page 304 of the O.P.R.R.P.B.C.T. , the proposed Lot 2, Block 1, N.C.B. 11039 of Marshall Way Subdivision, Plat # 050111, a portion of a 22.30 acre tract conveyed unto Terramark Communities, LTD in Volume 11619, Page 782 of the O.P.R.R.P.B.C.T.,

BEGINNING at a set 1/2-inch iron rod stamped "Survcon" on the south line of Chavaneaux Road (a 40 foot right-of-way) at the northwest corner of said 0.989 acre tract and being on the east line of proposed Marshall Way (Variable Width Right-Of-Way) of said Marshall Way Subdivision from which a 10" x 10" stone pillar bears South 35° 15' East, 1.2 feet;

Thence South 89°52' 09" East, departing the east line of said Marshall Way and continuing along the south line of said Chavaneaux Road along the north line of said 0.989 acre tract a distance of 204.96 feet, departing said 0.989 acre tract and crossing said 22.30 acre tract and passing a found 1/2-inch iron rod at the northeast corner of said 22.30 acre tract at a 530.37 feet, crossing said 9.987 acre tract and said 7.042 acre tract and passing a found 1/2-inch iron rod with yellow plastic cap stamped "Pape-Dawson" at 782.15 feet and passing another found 1/2-inch iron rod with yellow plastic cap stamped "Pape-Dawson" at 833.41 feet continuing across said 5.632 acre tract for a total of 1032.49 feet to a point;

Thence South 00° 29' 54" West, 1101.53 feet departing the south line of said Chavaneaux Road and with the east line of said 5.632 acre tract and the west line of a 6.0 acre tract conveyed unto Nathan C. Saucedo in Volume 8298, Page 1014 of the O.P.R.R.P.B.C.T., to a found 1/2-inch iron rod with yellow plastic cap stamped "Pape-Dawson";

Thence South 89° 49' 44" East, 242.57 feet departing the east line of said 5.632 and with the south line of said 6.0 acre tract to a point;

Thence North 00° 29' 54" East, 1101.53 feet with the east line of said 6.0 acre tract to a found 1/2-inch iron rod with yellow plastic cap stamped "Pape-Dawson" for the northeast corner of said 6.0 acre tract on the south line of said Chavaneaux Road;

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Thence South $89^{\circ} 49' 45''$ East, continuing along the south line of said Chavaneaux Road passing a 2 inch pipe at 270.16 feet at the northeast corner of said 11.88 acre tract, same being a corner of said 21.31 acre tract and continuing for a total of 533.35 feet to a point from which a chain link fence post bears South $62^{\circ} 05'$ West, 8.6 feet;

Thence South $00^{\circ} 29' 54''$ West, 2269.81 feet departing the south line of said Chavaneaux Road and with the east line of said 21.31 acre tract to a point being the northwest corner said 15.05 acre tract and the southwest corner of a 5.94 acre tract recorded in Volume 6195, Page 461 of the Official Public Deed Records of Bexar County, Texas (O.P.D.R.B.C.T.);

Thence North $89^{\circ} 51' 59''$ East, departing the east line of said 21.31 acre tract and along the north line of said 15.05 acre tract, the south line of said 5.94 acre tract passing the southeast corner of said 5.94 acre tract at 670.00 feet, the southwest corner of a 14.94 acre tract conveyed unto Steven M. Rivas in Volume 4616, Page 391 of the O.P.D.R.B.C.T. continuing along the north line of said 15.05 acre tract and the south line of said 14.94 acre tract for a total of 1976.69 feet for the northeast corner of said 15.05 acre tract, the southeast corner of said 14.94 acre tract, the southwest corner of a called 3.09 acre tract recorded in Volume 6848, Page 645 of the O.P.R.P.R.B.C.T., the northwest corner of a called 8.934 acre tract recorded in Volume 8035, Page 458 of the O.P.D.R.B.C.T.;

Thence departing the south line of said 14.94 acre tract, the north line of said 15.05 acre tract and along the east line of said 15.05 acre tract, the west line of said 8.394 acre tract the following five (5) courses and distances;

South $10^{\circ} 52' 19''$ West, 104.91 feet to a point;

South $12^{\circ} 19' 19''$ West, 59.15 feet to a point;

South $05^{\circ} 30' 39''$ West, 46.05 feet to a point;

South $08^{\circ} 14' 59''$ West, 66.39 feet to a point;

South $15^{\circ} 04' 41''$ East, 65.97 feet to a point being the southeast corner of said 15.05 acre tract, the southwest corner of said 8.394 acre tract, the northwest corner of a called 2.539 acre tract recorded in Volume 3219, Page 520 of the O.P.D.R.B.C.T.

Thence South $89^{\circ} 51' 59''$ West, departing the east line of said 15.05 acre tract, the west line of said 8.394 acre tract, along the south line of said 15.05 acre tract, the north line of said 2.98 acre tract at a distance of 294.00 feet, passing the northwest corner of said 2.98 acre tract, the northeast corner of a called 5.96 acre tract recorded in Volume 6330, Page 395 of the O.P.R.P.R.B.C.T., continuing along the south line of said 15.05 acre tract, the north line of said 5.96 acre tract, as 1154.06 feet, passing the northwest corner of said 5.96 acre tract, the northeast corner of a 3.00 acre tract, recorded and conveyed unto

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Antonio Ramirez in Volume 5929, Page 1833 of the O.P.R.R.P.B.C.T., and continuing a total of 1950.41 feet to the southwest corner of said 15.05 acre tract;

Thence South $00^{\circ} 29' 54''$ West, 653.48 feet along the west line of said 3.00 acre tract, the west line of a 14.94 acre tract conveyed unto Canuto G. Diaz in Volume 2219, Page 314 of the O.P.D.R.B.C.T. to a point at the southwest corner of said 14.94 acre tract same being the northwest corner of a 2.303 acre tract conveyed unto Joseph Acevedo in Volume 7192, Page 267 of the O.P.R.R.P.B.C.T.;

Thence South $11^{\circ} 44' 36''$ West, 307.41 feet to a point for the southwest corner of said 2.303 acre tract and being on the north line of said 439.85 acre tract;

Thence South $00^{\circ} 02' 38''$ West, 662.07 feet departing the north line of said 439.85 acre tract and crossing said 439.85 acre tract to a point;

Thence South $72^{\circ} 29' 38''$ West, 850.44 feet continuing across said 439.85 to a point;

Thence departing said 439.85 acre tract and continuing across said 672.567 acre tract the following three (3) courses and distances;

South $19^{\circ} 07' 23''$ East, 550.10 feet to a point at the beginning of a curve to the left;

296.98 feet along said curve to the left having a radius of 665.00, a central angle of $25^{\circ} 35' 14''$, and a chord bearing and distance of South $31^{\circ} 55' 00''$ East, 294.52 feet to a point;

South $44^{\circ} 42' 37''$ East, 530.83 feet to a point on the south line of a 50 foot gas pipeline easement recorded in Volume 3403, Page 338 O.P.R.R.P.B.C.T. to a point;

Thence South $82^{\circ} 26' 41''$ West, 2486.80 feet continuing across said 672.567 acre tract and crossing an interior line of said 439.85 acre tract;

Thence departing said 50 foot gas pipeline easement and crossing said 439.85 acre tract the following four (4) courses and distances;

South $65^{\circ} 01' 33''$ East, 140.01 feet to a point at the beginning of a curve to the right;

98.73 feet along said curve to the right having a radius of 182.50, a central angle of $30^{\circ} 59' 50''$, and a chord bearing and distance of South $49^{\circ} 31' 38''$ East, 97.53 feet to a point;

South $34^{\circ} 01' 43''$ East, 1541.75 feet to a point at the beginning of a curve to the right;

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108.19 feet along said curve to the right having a radius of 182.50, a central angle of $33^{\circ} 57' 55''$, and a chord bearing and distance of South $17^{\circ} 02' 45''$ East, 106.61 feet to a point;

Thence South $00^{\circ} 03' 48''$ East, 1574.00 feet to a point on the south line of said 672.567 acre tract;

Thence North $72^{\circ} 46' 06''$ West, 1502.54 feet to a point from which a found 1/2-inch iron rod bears South $57^{\circ} 16'$ East, 1.0 foot on the east right-of-way line of South Flores Street (F.M. 1937) an 80 foot right-of-way;

Thence with the east right-of-way line of said South Flores Street the following three (3) courses and distances;

North $13^{\circ} 47' 10''$ West, 137.55 feet to a point at the beginning of a curve to the left from which a found Texas Department of Transportation (Tx DOT) Type I monument bears North $31^{\circ} 45'$ West, a distance of 0.4 feet;

186.30 feet along said curve to the left having a radius of 5769.69, a central angle of $01^{\circ} 51' 00''$, and a chord bearing and distance of North $14^{\circ} 42' 40''$ West, 186.28 feet to point;

North $15^{\circ} 38' 10''$ West, 2423.4 feet to a point on the east right-of-way line of east right-of-way line of U.S. Highway 281 (a variable width right-of-way) same being the west line of a portion of an 1115.024 acre tract conveyed unto Donald R. Vestal, C/O Royal D. Adams in Volume 5716, Page 396 of the O.P.R.R.P.B.C.T.;

Thence continuing along the east right-of-way line of said U.S. Highway 281 and the west line of said 1115.024 acre tract the following four (4) courses and distances;

North $24^{\circ} 25' 18''$ West, 50.60 feet to a point;

North $15^{\circ} 49' 53''$ West, passing a found 1/2-inch iron rod with a yellow plastic cap stamped "Pape-Dawson" at the southernmost corner of a 36.66 acre tract being a portion of said 439.85 acre tract at 399.93 feet and continuing a total of 778.48 feet to a point from which a found Tx DOT Type I monument bears South $48^{\circ} 13'$ East, a distance of 20.3 feet;

North $13^{\circ} 07' 40''$ West, 464.93 feet to a point from which a found Tx DOT Type I monument bears South $73^{\circ} 46'$ West, 1.3 feet;

North $16^{\circ} 13' 14''$ West, 299.95 feet to a point from which a found Tx DOT Type I monument bears South $73^{\circ} 46'$ West, 0.9 feet and continuing along the same

course for a total of 905.80 feet to a point from which a found Tx DOT Type 1 monument bears South 33° 10' East, 0.4 feet;

Thence North 72° 56' 55" East, 888.03 feet departing the east right-of-way line of said U.S. Highway 281 and the west line of said 1115.024 acre tract and crossing said 1115.024 acre tract to a point on the south line of a 35.80 acre tract recorded in Volume 5079, Page 222 of the O.P.R.P.P.B.C.T. and the north line of said 1115.024 acre tract;

Thence South 89° 57' 22" East, 1223.99 feet continuing along the north line of said 1115.024 acre tract and the south line of said 35.80 acre tract to a point;

Thence North 00° 01' 46" East, crossing said 35.80 acre tract and said 22.40 acre tract and passing the southeast corner of a 15.00 acre tract conveyed unto the Southside Independent School District in Volume 11322, Page 862 of the O.P.R.R.P.B.C.T. at 564.51 feet, and continuing a total of 1841.98 feet to a point on the south right-of-way line of said proposed Marshall Way;

Thence with the east right-of-way line of said proposed Marshall Way the following twelve (12) courses and distances;

South 89°58' 14" East, 41.70 feet to a point;

North 00° 21' 24" West, 426.79 feet to a point at the beginning of a curve to the right;

4.82 feet along said curve to the right having a radius of 15.00, a central angle of 18° 24' 54", and a chord bearing and distance of North 80° 23' 10" East, 4.80 feet to a point;

North 00° 23' 26" West, 58.00 feet to a point at the beginning of a curve to the right;

4.79 feet along said curve to the right having a radius of 15.00, a central angle of 18° 17' 53", and a chord bearing and distance of North 81° 14' 30" West, 4.77 feet to a point;

North 00° 21' 24" West, 292.89 feet to a point at the beginning of a curve to the right;

196.54 feet along said curve to the right having a radius of 571.00, a central angle of 19° 43' 18", and a chord bearing and distance of North 20° 27' 25" East, 195.57 feet to a point;

North 30° 19' 05" East, 25.23 feet to a point at the beginning of a curve to the right;

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15.61 feet along said curve to the right having a radius of 15.00, a central angle of $59^{\circ} 37' 02''$, and a chord bearing and distance of North $60^{\circ} 07' 36''$ East, 14.91 feet to a point;

North $89^{\circ} 56' 07''$ East, 51.59 feet to a point;

North $00^{\circ} 03' 52''$ West, 58.83 feet to a point on the south line of said proposed Lot 2, Block 1, N.C.B. 11039 of Marshall Way Subdivision, to a point at the beginning of a curve to the right;

31.40 feet along said curve to the right having a radius of 15.00, a central angle of $119^{\circ} 57' 17''$, and a chord bearing and distance of North $29^{\circ} 38' 49''$ West, 25.97 feet to a point;

Thence continuing along the east right-of-way line of said proposed Marshall Way, and with the west line of the said proposed Lot 2, Block 1, N.C.B. 11039 of Marshall Way Subdivision, the following two (2) courses and distances;

North $30^{\circ} 19'49''$ East, 354.63 feet to a point at the beginning of a curve to the left;

146.49 feet along said curve to the left having a radius of 629.00, a central angle of $13^{\circ} 20' 37''$, and a chord bearing and distance of North $23^{\circ} 39' 31''$ East, 146.16 feet to a point;

Thence South $89^{\circ} 49' 01''$ East, 31.95 feet to a found 1/2-inch iron rod on the north line of said proposed Lot 2, Block 1, N.C.B. 11039 of Marshall Way Subdivision, same being the southwest corner of said 0.989 acre tract;

Thence North $00^{\circ} 02'26''$ East, 208.24 feet along the west line of said 0.989 acre tract to the **POINT OF BEGINNING** and containing a computed area of 472.785 acres.

Bearings Based on Texas State Plane Coordinate system, South Central Zone, US Foot.

EXHIBIT "B"

Sworn Affidavit of Fee Simple Owner of Real Property
Requesting Creation Of, and Consenting To Inclusion In,
Espada Special Improvement District No. 1

STATE OF TEXAS

COUNTY OF FORT BEND

We, the undersigned Petitioners, hereby affirm that we are the fee simple owners of real property located in Bexar County. We are verifying, for purposes of Chapter 372, Local Government Code, that we are the owner of taxable real property representing more than 50 percent of the appraised value of taxable real property within the proposed District, and that we request the creation of the Espada Special Improvement District No. 1 and consent to the inclusion of said property within its boundaries. The description, by metes and bounds, of the real property that we own, and wish to include within the proposed District is attached as Exhibit "A" to this Affidavit and Petition for creation of the Espada Special Improvement District No. 1.

ESA RESIDENTIAL DEVELOPMENT, INC.,

By:

Charles H. Turner,
Chief Executive Officer

THE STATE OF TEXAS

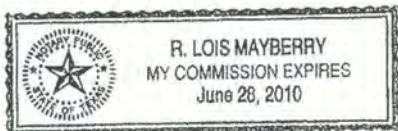
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COUNTY OF Fort Bend

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This instrument was acknowledged before me on this 1st day of October, 2007, by Charles H. Turner, Chief executive Officer of ESA Residential Development, Inc., on behalf of said corporation.



R. Lois Mayberry
Notary Public, State of Texas

(NOTARY SEAL)

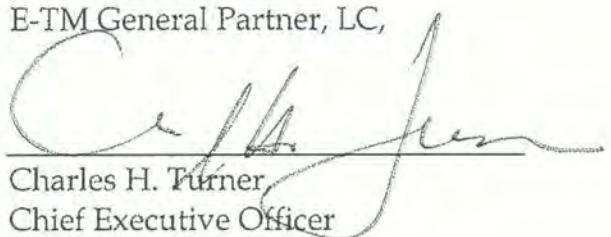
E-TM LAND INVESTMENT, LTD.,

By: Its General Partner

E-TM General Partner, LC,

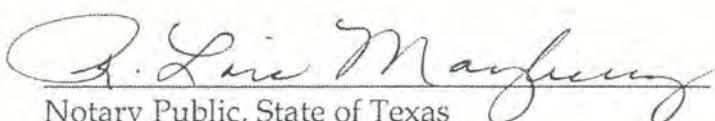
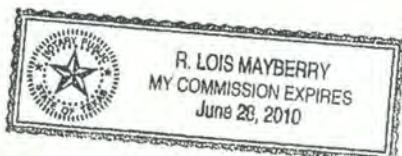
By:

Charles H. Turner
Chief Executive Officer



STATE OF Texas §
COUNTY OF Fort Bend §
§

This instrument was acknowledged before me on this 1st day of October, 2007, by Charles H. Turner, Chief Executive Officer of E-TM General Partner, LC, general partner of E-TM Land Investment, Ltd., a Texas limited partnership, on behalf of said limited partnership.



Notary Public, State of Texas

(NOTARY SEAL)

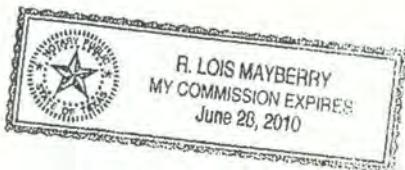
TERRAMARK COMMUNITIES, LTD.,

By: Its General Partner
Terramark Holdings, L.C.

By: Charles H. Turner
Chief Executive Officer

STATE OF Texas
COUNTY OF Jeff Davis

This instrument was acknowledged before me on this 15th day of October, 2007, by Charles H. Turner, Chief Executive Officer of Terramark Holdings, LC, a Texas limited liability corporation, general partner of Terramark Communities, Ltd., a Texas limited partnership, on behalf of said limited partnership.



Q. Luis Mayhew
Notary Public, State of Texas

(NOTARY SEAL)

**PETITION FOR CREATION
OF A PUBLIC IMPROVEMENT DISTRICT TO BE NAMED AS
ESPADA SPECIAL IMPROVEMENT DISTRICT NO. 2
FOR APPOINTMENT OF DIRECTORS,
AND IMPOSITION OF AD VALOREM, SALES AND USE
AND HOTEL OCCUPANCY TAXES, EACH AT A SPECIFIED RATE, WITHIN THE
BOUNDARIES OF THE DISTRICT**

STATE OF TEXAS
COUNTY OF BEXAR

TO THE HONORABLE COMMISSIONERS COURT OF BEXAR COUNTY, TEXAS:

The undersigned (hereinafter the "Petitioner"), being the entities which hold fee simple title to more than 50 percent of the appraised value of taxable property proposed to be included within the public improvement district proposed in this petition (the "Petition"), with the intention to further the development of the land hereinafter described in metes and bounds, and to benefit Bexar County, acting pursuant to the provisions of Subchapter C, Chapter 372, Local Government Code, hereby respectfully petitions the Commissioners Court of Bexar County, Texas (the "County"), requesting the creation of a Subchapter C public improvement district, and would show the following:

ARTICLE I

The name of the proposed public improvement district shall be Espada Special Improvement District No. 2 (the "District"). The area proposed to be included within the District has a population of fewer than 1,000 persons.

ARTICLE II

The District shall be created and organized under the terms and provisions of Article XVI, Section 59, Article III, Section 52, and Article III, Section 52a, of the Constitution of the State of Texas, and Chapters 372, 380, 381 and 383, Local Government Code, as amended. This Petition expressly requests that the District be organized and be authorized to operate under the provisions of Subchapter C, Chapter 372, Local Government Code.

In addition, the lands within the proposed District are anticipated to be subject to an Agreement for Services in Lieu of Annexation among City of San Antonio, Texas (the "City") and the Petitioner (a "Non-Annexation Agreement").

The Petitioner requests that the County delegate to the District the powers that the County is granted by HB 2120, Acts of the 79th Legislature, codified as Subchapter C, Chapter 372, Local Government Code.

ARTICLE III

The District shall contain an area of approximately 854.43 acres of land, situated entirely within Bexar County, Texas. All of the land proposed to be included may properly be included within the District. None of the land proposed to be included in the District is within the corporate boundaries of any municipality and all of the land proposed to be included in the District is in the extraterritorial jurisdiction of the city of San Antonio, Texas. The boundaries of the proposed District are described in the map or sketch, by metes and bounds, address, or by lot and block in EXHIBIT "A", attached hereto and incorporated herein for all purposes.

ARTICLE IV

The Petitioner requests that the County delegate to the District the authority to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes within the proposed District providing that the City approves of the District exercising these powers.

The Petitioner requests that the County authorize the District to order an election to be held in the District to approve one or more grants or loan agreements. The Petitioner proposes that after the District and the grant recipient or recipients negotiate such agreements, that the County be provided the opportunity to ratify such agreements.

Petitioner does not propose that the District be granted the power to impose assessments, and accordingly Petitioner is not required to present a Service Plan, assessment plan or to prepare an assessment roll. The Petitioner requests that the County include in the powers delegated to the District the power to provide water, sewer and drainage facilities within the boundaries of the District, subject to the approval of the City as required by the Non-Annexation Agreement.

Petitioner requests that the District be managed by the County, by and through a board of directors that it appoints at the time it adopts the Order creating the District.

Petitioner requests that the County and the District conduct a joint election pursuant to provisions in Chapter 271, Texas Election Code, so that a regular county polling place may be used for a common polling place to facilitate the orderly conduct of the election because there will be no public building within the proposed District at

the time of the election. Petitioner requests that the District be created subject to the requirement that the District enter into a contract to hold the joint election. The election is proposed to be held in May, 2008. Petitioner further requests that the County submit the federal Voting Right Act pre-clearance letter to the U.S. Department of Justice in accordance with the County's standard procedures.

ARTICLE V

Attached to this petition as EXHIBIT "B", is a sworn statement of the holder of fee simple title to more than 50 percent of the appraised value of taxable real property proposed to be included within the proposed District, stating the owner's request for and consent to the creation of the District as set forth in this Petition.

ARTICLE VI

This Petition requests that the County create a public improvement district and authorize it to engage in economic development projects and grant to the District the powers requested in the Petition. The District proposes to enter into development agreements as are deemed advisable to promote state and local economic development and to stimulate business and commercial activity in the District. The general nature of the work proposed to be done within the boundaries of the proposed District includes, but is not limited to, inducements and incentives for the development and construction of a full service, resort style hotel and golf course tourist destination accomplished by entering into agreements to grant or loan District funds; improvements to utilities; establishment of roads, associated drainage and trails; parking facilities demolition and land clearing; lighting improvements; construction of entry way features; signage; and other improvements within the District; and police, fire and emergency protection and security services, establishment of conservation easements, including the costs of acquisition of open space, and payment of costs of management of the areas so encumbered or acquired; payment of costs of compliance with any "10(a)" permits issued for lands within the District, as well as marketing and advertising projects designed to promote and develop new or expanded business enterprises which will attract visitors and tourists to the District and the County and result in employment and economic activity within the District and the County. The District may undertake the projects in conjunction with private or other public entities. The District will comply with Chapter 372, and specifically Subchapter C thereof, in determining its undertakings.

ARTICLE VII

The area comprising the proposed District is not presently improved or promoted in a way that will lead to new and expanded business enterprises in the District and the County. The proposed District is necessary in order to advance, pay for

or finance economic development and improvements within the District which will result in new and expanded tourist-related business enterprises. The proposed District and its projects appear feasible, necessary and will be a benefit to the land within and to the economy of the District and the County. The proposed District will serve the public purpose of attracting visitors and tourists to the District and Bexar County.

ARTICLE VIII

The capital costs of the projects proposed to be pursued by the District including any economic development project which will be constructed as a result of the economic development grants which the District is expected to make as currently contemplated are estimated by the Petitioner to be approximately [\$47,765,310] and such costs, can be met with the ad valorem, sales and use and hotel occupancy taxes proposed to be imposed by the District and the private capital to be used to induce, incentivize and develop the proposed economic development project expected to be valued at approximately [\$337,042,209]. Petitioner requests that the County authorize the District to impose an ad valorem tax not to exceed the City's current tax rate, except as necessary to prevent a default on the District's bonds, sales and use tax not to exceed \$.02 per taxable sale, and a hotel occupancy tax not to exceed 9% of the cost of lodging, as defined in Chapter 352, Tax Code

ARTICLE IX

Petitioner requests that the County appoint seven (7) individuals, at the time that the County adopts an order creating the District, who are qualified under Chapter 372, Local Government Code, to serve as members of the board of directors of the District.

WHEREFORE, Petitioner prays that this Petition be heard and the Commissioners Court of Bexar County, Texas set a hearing date, publish notice of and conduct a hearing, make findings, and enter an Order creating Espada Special Improvement District No. 2, in the manner specified in Chapter 372, Local Government Code, as amended.

RESPECTFULLY SUBMITTED this 15th day of OCTOBER, 2007.

E-TM Land Investment, Ltd.,
a Texas limited partnership

By: Its General Partner
E-TM General Partner, LC,
a Texas limited liability corporation

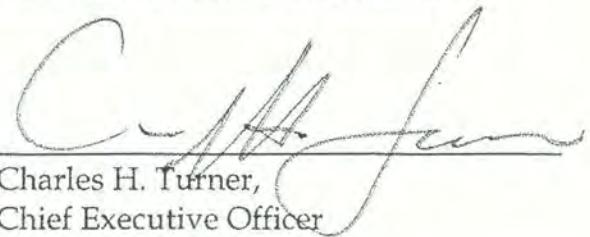
By: 
Charles H. Turner,
Chief Executive Officer

EXHIBIT "A"
Property Description

Espada Special Improvement District No. 2

EXHIBIT "A"
Public Improvement District #2

September 29, 2007
Job number 60025828
PID No. 2

Meets and Bounds
Description

854.432 acres being a portion of that 499.37 acre tract as conveyed unto E-TM Land Investment, LTD. In Volume 12092, Page 841 of the Official Public Records of Real Property of Bexar County, Texas (O.P.R.R.P.B.C.T.) and being out of the Jose A. De La Garza Survey No. 433, Abstract 3, County Block 4006, all in New City Block (N.C.B.) 15647 of the City of San Antonio, Bexar County, Texas; a portion of that 672.567 acres as conveyed unto E-TM Land Investment, LTD, in Volume 12665, Page 166 of the O.P.R.R.P.B.C.T., and in Volume 12665, Page 183 of the O.P.R.R.P.B.C.T., and being out of the Juan M. Uriegas Survey No. 32, Abstract 769, County Block 4283, N.C.B. 15647; and a portion of that 439.85 acres as conveyed unto E-TM Land Investment, LTD. in Volume 11627, Page 304 of the O.P.R.R.P.B.C.T. and being out of the said Juan M. Uriegas Survey, County Block 4283, N.C.B. 15647, and being more particularly described as follows: to-wit:

Commencing at a point on the east right-of-way line of South Flores Street (F.M. 1937) an 80 foot right-of-way, and the south line of a 50 foot gas pipeline easement recorded in Volume 3403, Page 338 of the Official Public Deed Records of Bexar County, Texas (O.P.R.R.P.B.C.T.) departing the east line of said South Flores Street and along the south line of said 50 foot gas pipeline easement North 78° 39' 41" East, a distance of 595.40 feet and North 82° 26' 41" East, 438.0 feet to the **POINT OF BEGINNING**;

Thence North 82° 26' 41" East, 2486.80 feet with said 50 foot gas pipeline easement and crossing said 439.85 acre tract and said 672.567 acre tract to a point;

Thence continuing across said 672.567 acre tract the following three (3) courses and distances;

North 44° 42' 37" West, 530.83 feet to a point at the beginning of a curve to the right;

With said curve to the right having a radius of 665.00, an arc length of 296.98 feet, a central angle of 25° 35' 14", and a chord bearing and distance of North 31° 55' 00" West, 294.52 feet to a point;

North 19° 07' 23" West, 550.10 feet to a point;

Thence North 72° 29' 38" East, 850.44 feet crossing an interior line of said 439.85 acre tract to a point;

Thence North 00° 02' 38" East, 662.07 feet to a point on the north line of said 439.85 acre tract;

September 29, 2007
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PID No. 2

Thence South $89^{\circ} 57' 22''$ East, 2129.30 feet continuing along the north line of said 439.85 acre tract and crossing said 672.567 acre tract to a found 1/2-inch iron rod at a corner of said 672.567 acre tract;

Thence continuing with the east lines of said 672.567 acre tract the following nineteen (19) courses and distances:

South $10^{\circ} 40' 37''$ West, 38.15 feet to a point;

South $01^{\circ} 05' 48''$ West, 24.86 feet to a point;

South $16^{\circ} 06' 32''$ East, 25.66 feet to a point;

South $48^{\circ} 30' 27''$ East, 52.88 feet to a point;

South $55^{\circ} 22' 37''$ East, 89.57 feet to a point;

South $47^{\circ} 55' 40''$ East, 101.62 feet to a point;

South $36^{\circ} 45' 56''$ East, 122.29 feet to a point;

South $24^{\circ} 02' 37''$ East, 103.76 feet to a point;

South $17^{\circ} 42' 48''$ East, 49.95 feet to a point;

South $17^{\circ} 51' 55''$ East, 34.65 feet to a point;

South $17^{\circ} 34' 59''$ East, 98.58 feet to a point;

South $07^{\circ} 59' 43''$ East, 33.00 feet to a point;

South $07^{\circ} 42' 23''$ East, 127.74 feet to a found 1/2-inch iron rod;

North $87^{\circ} 58' 59''$ East, 1361.87 feet to a found 1/2-inch iron rod;

South $14^{\circ} 06' 00''$ East, 169.89 feet to a point;

South $05^{\circ} 52' 13''$ East, 130.48 feet to a point;

South $04^{\circ} 31' 58''$ East, 164.64 feet to a found 5/8-inch iron rod;

South $00^{\circ} 03' 10''$ West, 33.64 feet to a point from which a found 1/2-inch iron rod bears North $20^{\circ} 30'$ West, 0.5 feet;

North $36^{\circ} 19' 57''$ East, 1985.21 feet to a point;

Thence departing the east line of said 672.567 acre tract, and crossing said 672.567 acre tract the following twenty-four (24) courses and distances:

South 20° 09' 00" East, 108.56 feet to a point at the beginning of a curve to the left;

With said curve to the left having a radius of 663.00, an arc length of 341.14 feet, a central angle of 29° 28' 51", and a chord bearing and distance of South 34° 53' 25" East, 337.39 feet to a point at the beginning of a reverse curve to the right;

With said curve to the right having a radius of 20.00, an arc length of 31.28 feet, a central angle of 89° 36' 01", and a chord bearing and distance of South 04° 49' 50" East, 28.19 feet to a point at the beginning of a reverse curve to the left;

With said curve to the left having a radius of 179.00 feet, an arc length of 101.10 feet, a central angle of 32° 21' 34", and a chord bearing and distance of South 23° 47' 23" West, 99.76 feet to a point;

South 07° 36' 36" West, 512.70 feet to a point at the beginning of a curve to the left;

With said curve to the left having a radius of 1095.00, an arc length of 361.83 feet to ,a central angle of 18° 55' 58", and a chord bearing and distance of South 01° 51' 23" East, 360.19 feet to a point of compound curvature to the left;

With said curve to the left having a radius of 806.00, an arc length of 365.61 feet, a central angle of 25° 59' 25", and a chord bearing and distance of South 24° 19' 05" East, 362.49 feet, to a point;

South 37° 18' 47" East, 187.24 feet to a point at the beginning of a curve to the right;

With said curve to the right having a radius of 50.00, an arc length of 57.39 feet ,a central angle of 65° 45' 54", a chord bearing and distance of South 04° 25' 50" East, 54.29 feet to a point;

South 28° 27' 07" West, 1530.41 feet to a point at the beginning of a curve to the left;

With said curve to the left having a radius of 116.00, a an arc length of 166.49 feet, central angle of 82° 14' 03", and a chord bearing and distance of South 89° 02' 50" West, 152.56 feet to a point;

September 29, 2007
Job number 60025828
PID No. 2

South $47^{\circ} 55' 49''$ West, 206.12 feet to a point at the beginning of a curve to the left;

With said curve to the left having a radius of 642.00, an arc length of 541.82 feet, a central angle of $48^{\circ} 21' 17''$, and a chord bearing and distance of South $23^{\circ} 45' 10''$ West, 525.88 feet, of compound curvature to the left;

With said curve to the left having a radius of 403.00 an arc length of 418.62 feet to a point, a central angle of $59^{\circ} 31' 00''$, and a chord bearing and distance of South $30^{\circ} 10' 58''$ East, 400.05 feet to a point of compound curvature to the left;

With said curve to the left having a radius of 382.00, an arc length of 175.25 feet, a central angle of $26^{\circ} 17' 09''$, and a chord bearing and distance of South $73^{\circ} 05' 03''$ East, 173.72 feet to a point;

South $86^{\circ} 13' 37''$ East, 88.18 feet to a point at the beginning of a curve to the right;

With said curve to the right having a radius of 54.00, an arc length of 59.06 feet, a central angle of $62^{\circ} 39' 59''$, and a chord bearing and distance of South $54^{\circ} 53' 38''$ East, 56.16 feet to a point of compound curvature to the right;

With said curve to the right having a radius of 126.00, an arc length of 84.59 feet, a central angle of $38^{\circ} 27' 58''$, a chord bearing and distance of South $04^{\circ} 19' 39''$ East, 83.01 feet to a point;

South $21^{\circ} 47' 55''$ West, 78.74 feet to a point at the beginning of a curve to the left;

With said curve to the left having a radius of 415.00, an arc length of 217.81 feet, a central angle of $30^{\circ} 04' 16''$, and a chord bearing and distance of South $06^{\circ} 45' 47''$ West, 215.32 feet to a point of compound curvature to the left;

With said curve to the left having a radius of 780.00, an arc length of 341.73 feet, a central angle of $25^{\circ} 06' 09''$, a chord bearing and distance of South $20^{\circ} 49' 25''$ East, 339.01 feet to a point of compound curvature to the left;

With said curve to the left having a radius of 352.00, a central angle of $59^{\circ} 32' 04''$, a chord bearing and distance of South $63^{\circ} 08' 32''$ East, 349.52 feet, an arc length of 365.75 feet to a point;

North $87^{\circ} 05' 26''$ East, 371.81 feet to a point;

South $16^{\circ} 23' 29''$ West, 1204.10 feet to a point on the south line of said 672.567 acre tract;

September 29, 2007
Job number 60025828
PID No. 2

Thence with the south line of said 672.567 acre tract the following three (3) courses and distances;

North $73^{\circ} 30' 59''$ West, 1453.74 feet to a point;

South $09^{\circ} 26' 31''$ West, 2242.19 feet to a found 1/2-inch iron rod with yellow plastic cap stamped "Pape-Dawson";

North $84^{\circ} 53' 58''$ West, 695.81 feet to a found 1/2-inch iron rod with yellow plastic cap stamped "Pape-Dawson" on the east line of said 499.37 acre tract;

Thence departing the south line of said 672.567 acre and crossing said 499.37 acre tract the following two (2) courses and distances:

North $73^{\circ} 34' 50''$ West, 600.00 feet to a point;

North $05^{\circ} 46' 26''$ West, 1818.24 feet to a point on the south line of said 672.567 acre tract;

Thence continuing with the south line of said 672.567 acre tract the following two (2) courses and distances;

South $84^{\circ} 13' 34''$ West, 1944.37 feet to a point from which a found 1/2 -inch iron rod with yellow plastic cap stamped "Pape-Dawson" bears South $41^{\circ} 21'$ East, 0.4 feet;

North $72^{\circ} 46' 06''$ West, 1614.77 feet to a point;

Thence departing the south line of said 672.567 acre tract and crossing said 672.567 acre tract and said 439.85 acre tract the following four (4) courses and distances;

North $00^{\circ} 03' 48''$ West, 1574.00 feet to a point at the beginning of a curve to the left;

With said curve to the left having a radius of 182.50, an arc length of 108.19 feet, a central angle of $33^{\circ} 57' 55''$, and a chord bearing and distance of North $17^{\circ} 02' 45''$ West, 106.61 feet to a point;

North $34^{\circ} 01' 43''$ West, 1541.75 feet to a point at the beginning of a curve to the left;

With said curve to the left having a radius of 182.50, an arc length of 98.73 feet, a central angle of $30^{\circ} 59' 50''$, and a chord bearing and distance of North $49^{\circ} 31' 38''$ West, 97.53 feet to a point;

September 29, 2007
Job number 60025828
PID No. 2

Thence North 65° 01' 33" West, 40.01 feet to the **POINT OF BEGINNING** and containing a computed area of 854.432 acres.

Bearings Based on Texas State Plane Coordinate system, South Central Zone, US Foot.

EXHIBIT "B"

Sworn Affidavit Of Fee Simple Owner Of Real Property
Requesting Creation Of, And Consenting To Inclusion In,
Espada Special Improvement District No. 2

STATE OF TEXAS

COUNTY OF FORT BEND

We, the undersigned Petitioners, hereby affirm that we are the fee simple owners of real property located in Bexar County. We are verifying, for purposes of Chapter 372, Local Government Code, that we are the owner of taxable real property representing more than 50 percent of the appraised value of taxable real property within the proposed District, and that we request the creation of the Espada Special Improvement District No. 2 and consent to the inclusion of said property within its boundaries. The description, by metes and bounds, of the real property that we own, and wish to include within the proposed District is attached as Exhibit "A" to this Affidavit and Petition for creation of the Espada Special Improvement District No. 2.

E-TM LAND INVESTMENT, LTD.,

By: Its General Partner

E-TM General Partner, LC,

By:

Charles H. Turner,
Chief Executive Officer

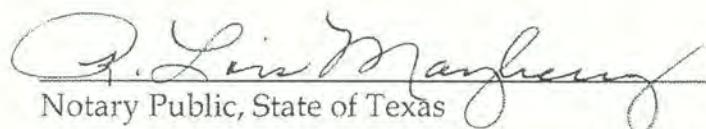


STATE OF Texas

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COUNTY OF Fort Bend

This instrument was acknowledged before me on this 1st day of October 2007, by Charles H. Turner, Chief Executive Officer of E-TM General Partner, LC, general partner of E-TM Land Investment, Ltd., a Texas limited partnership, on behalf of said limited partnership.



R. Lois Mayberry
Notary Public, State of Texas

(NOTARY SEAL)

**PETITION FOR CREATION
OF A PUBLIC IMPROVEMENT DISTRICT TO BE NAMED AS
ESPADA SPECIAL IMPROVEMENT DISTRICT NO. 3
FOR APPOINTMENT OF DIRECTORS,
AND IMPOSITION OF AD VALOREM, SALES AND USE
AND HOTEL OCCUPANCY TAXES, EACH AT A SPECIFIED RATE, WITHIN THE
BOUNDARIES OF THE DISTRICT**

STATE OF TEXAS
COUNTY OF BEXAR

TO THE HONORABLE COMMISSIONERS COURT OF BEXAR COUNTY, TEXAS:

The undersigned (hereinafter the "Petitioner"), being the entities which hold fee simple title to more than 50 percent of the appraised value of taxable property proposed to be included within the public improvement district proposed in this petition (the "Petition"), with the intention to further the development of the land hereinafter described in metes and bounds, and to benefit Bexar County, acting pursuant to the provisions of Subchapter C, Chapter 372, Local Government Code, hereby respectfully petitions the Commissioners Court of Bexar County, Texas (the "County"), requesting the creation of a Subchapter C public improvement district, and would show the following:

ARTICLE I

The name of the proposed public improvement district shall be Espada Special Improvement District No. 3 (the "District"). The area proposed to be included within the District has a population of fewer than 1,000 persons.

ARTICLE II

The District shall be created and organized under the terms and provisions of Article XVI, Section 59, Article III, Section 52, and Article III, Section 52a, of the Constitution of the State of Texas, and Chapters 372, 380, 381 and 383, Local Government Code, as amended. This Petition expressly requests that the District be organized and be authorized to operate under the provisions of Subchapter C, Chapter 372, Local Government Code.

In addition, the lands within the proposed District are anticipated to be subject to an Agreement for Services in Lieu of Annexation among City of San Antonio, Texas (the "City") and the Petitioner (a "Non-Annexation Agreement").

The Petitioner requests that the County delegate to the District the powers that the County is granted by HB 2120, Acts of the 79th Legislature, codified as Subchapter C, Chapter 372, Local Government Code.

ARTICLE III

The District shall contain an area of approximately 426.87 acres of land, situated entirely within Bexar County, Texas. All of the land proposed to be included may properly be included within the District. None of the land proposed to be included in the District is within the corporate boundaries of any municipality and all of the land proposed to be included in the District is in the extraterritorial jurisdiction of the city of San Antonio, Texas. The boundaries of the proposed District are described in the map or sketch, by metes and bounds, address, or by lot and block in EXHIBIT "A", attached hereto and incorporated herein for all purposes.

ARTICLE IV

The Petitioner requests that the County delegate to the District the authority to construct, acquire, improve, maintain, or operate macadamized, graveled, or paved roads or turnpikes, or improvements in aid of those roads or turnpikes within the proposed District providing that the City approves of the District exercising these powers.

The Petitioner requests that the County authorize the District to order an election to be held in the District to approve one or more grants or loan agreements. The Petitioner proposes that after the District and the grant recipient or recipients negotiate such agreements, that the County be provided the opportunity to ratify such agreements.

Petitioner does not propose that the District be granted the power to impose assessments, and accordingly Petitioner is not required to present a Service Plan, assessment plan or to prepare an assessment roll. The Petitioner requests that the County include in the powers delegated to the District the power to provide water, sewer and drainage facilities within the boundaries of the District, subject to the approval of the City as required by the Non-Annexation Agreement.

Petitioner requests that the District be managed by the County, by and through a board of directors that it appoints at the time it adopts the Order creating the District.

Petitioner requests that the County and the District conduct a joint election pursuant to provisions in Chapter 271, Texas Election Code, so that a regular county polling place may be used for a common polling place to facilitate the orderly conduct of the election because there will be no public building within the proposed District at

the time of the election. Petitioner requests that the District be created subject to the requirement that the District enter into a contract to hold the joint election. The election is proposed to be held in May, 2008. Petitioner further requests that the County submit the federal Voting Right Act pre-clearance letter to the U.S. Department of Justice in accordance with the County's standard procedures.

ARTICLE V

Attached to this petition as EXHIBIT "B", is a sworn statement of the holder of fee simple title to more than 50 percent of the appraised value of taxable real property proposed to be included within the proposed District, stating the owner's request for and consent to the creation of the District as set forth in this Petition.

ARTICLE VI

This Petition requests that the County create a public improvement district and authorize it to engage in economic development projects and grant to the District the powers requested in the Petition. The District proposes to enter into development agreements as are deemed advisable to promote state and local economic development and to stimulate business and commercial activity in the District. The general nature of the work proposed to be done within the boundaries of the proposed District includes, but is not limited to, inducements and incentives for the development and construction of a full service, resort style hotel and golf course tourist destination accomplished by entering into agreements to grant or loan District funds; improvements to utilities; establishment of roads, associated drainage and trails; parking facilities demolition and land clearing; lighting improvements; construction of entry way features; signage; and other improvements within the District; and police, fire and emergency protection and security services, establishment of conservation easements, including the costs of acquisition of open space, and payment of costs of management of the areas so encumbered or acquired; payment of costs of compliance with any "10(a)" permits issued for lands within the District, as well as marketing and advertising projects designed to promote and develop new or expanded business enterprises which will attract visitors and tourists to the District and the County and result in employment and economic activity within the District and the County. The District may undertake the projects in conjunction with private or other public entities. The District will comply with Chapter 372, and specifically Subchapter C thereof, in determining its undertakings.

ARTICLE VII

The area comprising the proposed District is not presently improved or promoted in a way that will lead to new and expanded business enterprises in the District and the County. The proposed District is necessary in order to advance, pay for

or finance economic development and improvements within the District which will result in new and expanded tourist-related business enterprises. The proposed District and its projects appear feasible, necessary and will be a benefit to the land within and to the economy of the District and the County. The proposed District will serve the public purpose of attracting visitors and tourists to the District and Bexar County.

ARTICLE VIII

The capital costs of the projects proposed to be pursued by the District including any economic development project which will be constructed as a result of the economic development grants which the District is expected to make as currently contemplated are estimated by the Petitioner to be approximately [\$56,818,820] and such costs, can be met with the ad valorem, sales and use and hotel occupancy taxes proposed to be imposed by the District and the private capital to be used to induce, incentivize and develop the proposed economic development project expected to be valued at approximately [\$382,578,90]. Petitioner requests that the County authorize the District to impose an ad valorem tax not to exceed the City's current tax rate, except as necessary to prevent a default on the District's bonds, sales and use tax not to exceed \$.02 per taxable sale, and a hotel occupancy tax not to exceed 9% of the cost of lodging, as defined in Chapter 352, Tax Code

ARTICLE IX

Petitioner requests that the County appoint seven (7) individuals, at the time that the County adopts an order creating the District, who are qualified under Chapter 372, Local Government Code, to serve as members of the board of directors of the District.

WHEREFORE, Petitioner prays that this Petition be heard and the Commissioners Court of Bexar County, Texas set a hearing date, publish notice of and conduct a hearing, make findings, and enter an Order creating Espada Special Improvement District No. 3, in the manner specified in Chapter 372, Local Government Code, as amended.

RESPECTFULLY SUBMITTED this 1st day of OCTOBER, 2007.

E-TM Land Investment, Ltd.,
a Texas limited partnership

By: Its General Partner
E-TM General Partner, LC,
a Texas limited liability corporation

By:

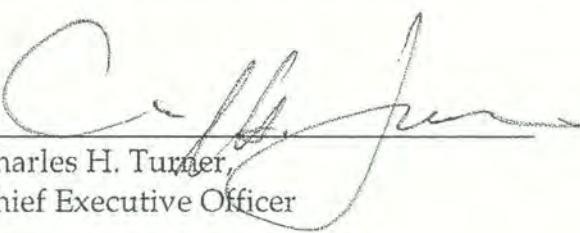

Charles H. Turner,
Chief Executive Officer

EXHIBIT "A"
Property Description

Espada Special Improvement District No. 3

EXHIBIT "A"
Public Improvement District #3

September 20, 2007
Job number 60025828
PID NO. 3

Meets and Bounds
Description

426.866 acres being out of that 499.37 acre tract as conveyed unto E-TM Land Investment, LTD. In Volume 12092, Page 841 of the Official Public Records of Real Property Records of Bexar County, Texas (O.P.R.R.P.B.C.T.) and being out of the Jose A. De La Garza Survey No. 433, Abstract 3, County Block 4006 of Bexar County, Texas, all in New City Block (N.C.B.) 15647 of the City of San Antonio, Bexar County, Texas, and being more particularly described as follows:

BEGINNING at a point on the east right-of-way line of South Flores Street (F.M. 1937), an 80-foot right-of-way, the northwest corner of Lot 7 of the Jesus Benavides Partition recorded in Volume 4629, Page 410 of the Official Public Deed Records of Bexar County, Texas (O.P.D.R.B.C.T.) from which a found 1/2-inch iron rod bears North 48° 26' West, 1.3 feet;

Thence along and with the east right-of-way line of said South Flores Street, the following five (5) courses and distances:

North 17° 17' 32" West, 471.60 feet to a point at the point at the beginning of a curve to the right from which a Texas Department of Transportation (TxDOT) Type I monument bears South 38°07' West, 0.5 feet;

333.69 feet along said curve to the right having a radius of 1870.08, a central angle of 10° 13' 25", and a chord bearing and distance of North 12° 10' 50" West, 333.25 feet, to a found TxDOT Type I monument;

North 07°04' 45" West, 1223.98 feet to a found TxDOT Type I monument at the beginning of a curve to the left;

172.39 feet along said curve to the left having a radius of 1472.69, a central angle of 06° 42' 25", and a chord bearing and distance of North 10° 25' 58" West, 172.29 feet, to a point from which a found TxDOT Type I monument bears South 16° 53' West, 0.5 feet;

North 13°47' 10" West, 1051.55 feet to point from which a found 1/2-inch iron rod at the southwest corner of a 672.567 acre tract conveyed unto E-TM Land Investment, LTD, in Volume 12665, Page 222 of the O.P.R.R.P.B.C.T. bears South 57°16' East, 1.0 feet for the northernmost corner;

Thence South 72° 46' 06" East, 3117.31 feet departing the east right-of-way line of said South Flores Street, and with the south line of said 672.567 acre tract to a point from which a found 1/2 -inch iron rod with yellow plastic cap stamped "Pape-Dawson" bears South 41° 21' East, 0.4 feet;

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Thence North $84^{\circ} 13' 34''$ East, 1944.37 feet continuing with the south line of said 672.567 acre tract to a found 1/2 -inch iron rod;

Thence departing the south line of said 672.567 acre and crossing said 499.37 acre tract the following two (2) courses and distances:

South $05^{\circ} 46' 26''$ East, 1818.24 feet to a point;

South $73^{\circ}34' 50''$ East, 600.00 feet to a point on the east line of said 499.37 acre tract;

Thence South $16^{\circ}25' 10''$ East, 2891.90 feet to a found 1/2-inch iron rod on the north right-of-way line of Goeth Road (Variable Width Right-Of-Way);

Thence along the north right-of-way line of said Goeth Road, the following four (4) courses and distances:

North $75^{\circ}20' 00''$ West, 1431.81 feet to a point;

South $01^{\circ}01' 25''$ East, 15.86 feet to a found 1/2-inch iron rod;

North $72^{\circ}36' 52''$ West, 1261.24 feet to a point from which a found 1/2-inch iron rod bears North $55^{\circ}57'$ East, 0.6 feet;

North $81^{\circ}10' 06''$ West, 126.13 feet to a point from which a found 1/2-inch iron rod bears South $11^{\circ}13'$ East, 1.3 feet at the northeast corner of said Jesus Benavides Partition;

Thence along the north line of said Jesus Benavides Partition, the following three (3) courses and distances:

North $00^{\circ} 37' 50''$ West, 1112.97 feet to a point;

North $73^{\circ} 04' 42''$ West, 146.66 feet to a point;

South $17^{\circ} 20' 18''$ West, 18.20 feet to a point;

Thence North $72^{\circ} 39' 42''$ West, 1402.40 feet to the **POINT OF BEGINNING** and containing a computed area of 426.866 acres.

Bearings Based on Texas State Plane Coordinate system, South Central Zone, US Foot.

EXHIBIT "B"

Sworn Affidavit Of Fee Simple Owner Of Real Property
Requesting Creation Of, And Consenting To Inclusion In,
Espada Special Improvement District No. 3

STATE OF TEXAS

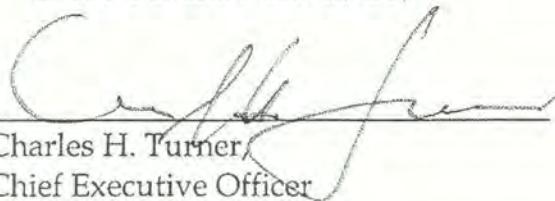
COUNTY OF FORT BEND

We, the undersigned Petitioners, hereby affirm that we are the fee simple owners of real property located in Bexar County. We are verifying, for purposes of Chapter 372, Local Government Code, that we are the owner of taxable real property representing more than 50 percent of the appraised value of taxable real property within the proposed District, and that we request the creation of the Espada Special Improvement District No. 3 and consent to the inclusion of said property within its boundaries. The description, by metes and bounds, of the real property that we own, and wish to include within the proposed District is attached as Exhibit "A" to this Affidavit and Petition for creation of the Espada Special Improvement District No. 3.

E-TM LAND INVESTMENT, LTD.,

By: Its General Partner

E-TM General Partner, LC,

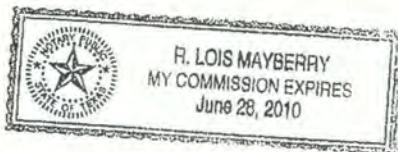
By: 

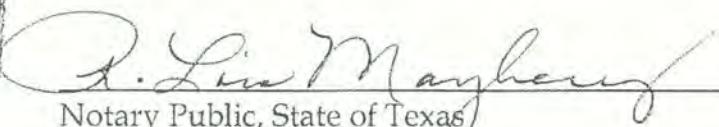
Charles H. Turner

Chief Executive Officer

STATE OF Texas §
COUNTY OF Fort Bend §
§

This instrument was acknowledged before me on this 15th day of October, 2007, by Charles H. Turner, Chief Executive Officer of E-TM General Partner, LC, general partner of E-TM Land Investment, Ltd., a Texas limited partnership, on behalf of said limited partnership.




R. Lois Mayberry
Notary Public, State of Texas

(NOTARY SEAL)