

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, APPROVING THE TERMS AND CONDITIONS OF AN AGREEMENT BY AND BETWEEN THE CITY OF MESQUITE, TEXAS, AND DUKE ENERGY KAUFMAN, L.P., AUTHORIZING ITS EXECUTION BY THE MAYOR; AND PROVIDING AN EFFECTIVE DATE THEREOF.

WHEREAS, the City Council has been presented a proposed Agreement by and between the City of Mesquite, Texas, and Duke Energy Kaufman, L.P., has established Reinvestment Zone No. Eleven in the City of Mesquite, Texas, and has determined to enter into a commercial/industrial tax abatement agreement with Duke Energy Kaufman, L.P., a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference (hereinafter called Agreement); and

WHEREAS, the City Council has determined that the improvements proposed as a part of the Agreement are feasible and practical and of benefit to the area within the City; and

WHEREAS, the City Council has determined that the proposed improvements are eligible for tax abatement under the City of Mesquite Guidelines and Criteria governing tax abatement (the "Guidelines"), as most recently amended on September 20, 1999; and

WHEREAS, the City Council has determined that variances from the general provisions of the Guidelines should be approved and authorized in that: (i) any cure period may need to be longer than that contemplated by the Guidelines, and (ii) the recapture provisions need to be modified for various circumstances; and

WHEREAS, upon full review and consideration of the Agreement, and all matters attendant and related thereto, the City Council is of the opinion that the terms and conditions thereof should be approved, and that the Mayor shall be authorized to execute it on behalf of the City of Mesquite.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. The following findings and the findings and recitals contained in the preamble of this resolution are found to be true and correct and are adopted as a part of this resolution for all purposes.

SECTION 2. That the terms and conditions of the Agreement having been reviewed by the City Council of the City of Mesquite are found to be acceptable and in the best interests of the City of Mesquite and its citizens, are found to meet the Guidelines, and are hereby in all things approved.

SECTION 3. That the City Council hereby approves and authorizes variances from the general provisions of Guidelines regarding (i) the cure period and limitations thereon, (ii) the recapture of taxes in the event of termination, and (iii) any other matters that are inconsistent with this Agreement.

SECTION 4. That the Mayor is hereby authorized to execute the Agreement and all other documents in connection therewith on behalf of the City of Mesquite in the form which is attached hereto and incorporated herein by reference.

SECTION 5. That this resolution shall become effective immediately from and after its passage.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 20th day of September, 1999.



Mike Anderson
Mayor

ATTEST:

APPROVED:



Ellen Williams
City Secretary



B.J. Smith
City Attorney

THE STATE OF TEXAS §

COUNTY OF DALLAS §

AGREEMENT

This Agreement (the "AGREEMENT") is entered into, by and between the **CITY OF MESQUITE, TEXAS**, a home rule city and Municipal Corporation of Dallas County, Texas, duly acting herein by and through its Mayor (hereinafter referred to as "**CITY**"); and **DUKE ENERGY KAUFMAN, L.P.**, duly acting by and through its Managing General Partner, (hereafter referred to as "**OWNER**").

WITNESSETH:

WHEREAS, on the 20th day of September, 1999, the City Council of the City of Mesquite, Texas, passed Ordinance No. 3327 (the "ORDINANCE") establishing Reinvestment Zone No. Eleven (11), City of Mesquite, Texas for commercial/industrial tax abatement, (the "ZONE"), as authorized by Chapter 312, V.T.C.A., Tax Code, as amended, hereinafter referred to as "STATUTE"; and

WHEREAS, OWNER has an option to purchase the land constituting the ZONE and proposes to construct a natural gas-fired combined cycle power plant on such site; and

WHEREAS, the CITY, by Resolution No. 39-99, dated September 7, 1999, adopted Criteria and Guidelines governing tax abatement reinvestment zones and agreements (the "CRITERIA"); and

WHEREAS, the CRITERIA constitute appropriate Guidelines and Criteria governing tax abatement agreements to be entered into by the CITY as contemplated by the STATUTE; and

WHEREAS, the CITY has adopted a resolution (Resolution No. 9-88) stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, the CITY, at its regularly scheduled meeting on September 20, 1999, issued a resolution (Resolution No. 43-99) (the "RESOLUTION") authorizing the CITY to enter into this AGREEMENT with OWNER, as owner of the proposed power plant, for the abatement of ad valorem taxes pursuant to Section 312.204, V.T.C.A. Tax Code (a copy of the RESOLUTION is attached hereto as Exhibit "D"); and

WHEREAS, it is reasonably likely that this AGREEMENT will assist the CITY in maintaining and/or enhancing the commercial/industrial economic and employment base of the Mesquite area to the long term interest and benefit of the CITY, in accordance with said ORDINANCE and STATUTE; and

WHEREAS, as authorized by the CRITERIA, the CITY has determined to vary from the general provisions in the CRITERIA regarding (i) the cure period and limitations thereon, (ii) the time period for paying any recaptured taxes, and (iii) any other matters that are inconsistent with this AGREEMENT; and

WHEREAS, the contemplated use of the PREMISES, as hereinafter defined, the contemplated improvements to the PREMISES in the amount as set forth in this AGREEMENT, and the other terms hereof are consistent with encouraging development of the ZONE in accordance with the purposes for its creation and are in compliance with the CRITERIA and the ORDINANCE and similar guidelines and criteria adopted by the CITY and all applicable law; and

WHEREAS, this AGREEMENT shall become effective upon OWNER's purchase of the land constituting the ZONE;

NOW THEREFORE, the parties hereto do mutually agree as follows:

1. The property to be the subject of this AGREEMENT shall be that real property and fixed tangible personal property placed on or affixed to the land constituting the ZONE, which is described by metes and bounds and map attached hereto as EXHIBITS "A" and "B" and made a part hereof for all purposes (such land being hereinafter referred to as the "PREMISES").

2. The OWNER proposes to make improvements to the PREMISES by the construction of a power generation facility, with an anticipated total investment cost of one hundred seventy million dollars (\$170,000,000). The proposed improvements consist of the components described in EXHIBIT "C" hereto, together with all necessary buildings, auxiliary equipment and infrastructure facilities and appurtenances and related items of fixed tangible personal property (including standby components for all of the foregoing items) reasonably necessary to allow the facility to operate for its intended purpose (hereinafter referred to as "IMPROVEMENTS"). OWNER may revise the plans and specifications for the IMPROVEMENTS prior to and during construction, provided that the IMPROVEMENTS as finally constructed will be of substantially the same character as described herein and in EXHIBIT "C." The current budgeted cost of the IMPROVEMENTS is based on present engineering estimates, which are subject to revision as engineering and construction work proceeds. If the project is undertaken, OWNER agrees to begin construction of the IMPROVEMENTS within two (2) years of the execution of this AGREEMENT, and OWNER anticipates that the IMPROVEMENTS will be substantially completed by Summer 2002 and will

create employment for an average of twenty (20) persons. The DATE OF COMPLETION of the IMPROVEMENTS shall be defined as the date on which the IMPROVEMENTS are placed into service and the OWNER commences generation of electricity.

3. Subject to the terms and conditions of this AGREEMENT, and subject to the rights and holders of any outstanding bonds of the CITY, the CITY agrees that the appraised value for property tax purposes of the IMPROVEMENTS (to the extent the appraised value of the IMPROVEMENTS for each year exceeds its value as of January 1, 1999) shall be abated and exempted from taxation, according to the provisions below. The abatement granted hereby shall begin with the tax year commencing January 1 following the DATE OF COMPLETION and shall extend for ten (10) years therefrom; provided, however, that if the DATE OF COMPLETION is after January 1, 2005, this AGREEMENT may be terminated. The percentage of the appraised value for property tax purposes to be abated (the "ABATEMENT PERCENTAGE") shall be:

If the Appraised Value of the IMPROVEMENTS as of January 1 immediately following the DATE OF COMPLETION is:	Then the ABATEMENT PERCENTAGE will be:
\$170,000,000 or greater	80%
\$160,000,000 - \$169,999,999.99	75%
\$150,000,000 - \$159,999,999.99	70%
\$140,000,000 - \$149,999,999.99	65%
\$130,000,000 - \$139,999,999.99	60%

Once fixed according to the appraised value of the IMPROVEMENTS on January 1 following the DATE OF COMPLETION, the abatement percentage shall remain fixed for the remaining term of this AGREEMENT. The abatement shall apply to all IMPROVEMENTS constructed or placed on the PREMISES after the date of execution of this AGREEMENT.

4. The OWNER agrees and covenants that, if the project is undertaken, it will diligently and faithfully in a good and workmanlike manner pursue the completion of the IMPROVEMENTS as a good and valuable consideration of this AGREEMENT. OWNER further covenants and agrees that all construction of the IMPROVEMENTS will be in accordance with all applicable state and local laws and regulations or valid waiver thereof. In further consideration, and except as otherwise provided hereinafter, from the DATE OF COMPLETION until the expiration of the AGREEMENT, the PREMISES shall continuously be operated and maintained as a power generation facility.

5. In the event that: (1) the IMPROVEMENTS for which an abatement has been granted are not completed in accordance with this AGREEMENT; or (2) OWNER allows its ad valorem taxes owed the CITY to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes; or (3) OWNER breaches any of the terms or conditions of this AGREEMENT, then this AGREEMENT shall be in default. In the event that the OWNER defaults in its performance of (1), (2) or (3) above, then the CITY shall give the OWNER written notice of such default, and if such default is not cured within one hundred twenty (120) days from the date such notice is sent to OWNER (the "CURE PERIOD"), then this AGREEMENT may be terminated; provided, however, that in the case of a default that, for causes beyond OWNER's reasonable control, cannot with reasonable due diligence be cured within such one hundred twenty (120) day period, the CURE PERIOD may be extended. In order to so extend the CURE PERIOD, OWNER must (i) within 60 days following its receipt of the notice of default, provide the CITY a description of the steps necessary to cure the default, including a proposed schedule of completion, (ii) state the OWNER's intention to

institute all such steps on the timetable described in the proposed schedule of completion; AND (iii) timely institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same. If the proposed schedule and assurance of timely completion are reasonably acceptable to the CITY, the CITY shall notify the OWNER in writing, and the CURE PERIOD shall be extended until the date specified for curing the default set forth in the detailed schedule. The CITY shall not unreasonably reject OWNER's proposed schedule and assurance of completion or OWNER's request to extend the CURE PERIOD. If OWNER violates any of (1), (2) or (3), above, and fails to cure during the CURE PERIOD, this AGREEMENT may then be terminated and, except as provided below, all taxes previously abated by virtue of this AGREEMENT will be recaptured and paid within sixty (60) days of the termination.

In the event the IMPROVEMENTS are completed and begin producing product or service, but subsequently discontinue producing product or service for any reason excepting force majeure fire, explosion or other casualty, accident, natural disaster, or shutdown of the IMPROVEMENTS caused by a third-party,¹ for a continuous twelve month period during the Abatement Period, then this AGREEMENT may be terminated. In the event of termination pursuant to the provisions of this paragraph, recapture of prior years' taxes abated by virtue of this AGREEMENT shall be limited to those taxes otherwise abated during (i) the calendar year during which the facility no longer produces for the twelfth consecutive month, and (ii) the four (4) prior years. The taxes otherwise abated for the calendar year during which the facility no longer produces for the twelfth consecutive month shall be paid to the CITY prior to the

¹ For these purposes, "third-party" shall mean parties other than OWNER, OWNER's parent, affiliates of OWNER that are controlled by OWNER and/or OWNER's parent, and OWNER's successors and assigns.

delinquency date for such year, or within sixty (60) days of the termination, whichever is later, and any taxes recaptured for the four (4) prior years shall be paid within sixty (60) days of the termination.

In the event that any IMPROVEMENTS are damaged or destroyed for any reason outside of OWNER's intent and/or control, OWNER shall have no obligation to restore such IMPROVEMENTS. In the event OWNER does not restore such IMPROVEMENTS and, as a result, discontinues producing product or service indefinitely, this AGREEMENT may be terminated, but there shall be no recapture of taxes abated by virtue of this AGREEMENT.

If the CITY terminates this AGREEMENT upon an event of default as defined above, it shall provide OWNER written notice of such termination. If OWNER believes that such termination was improper, OWNER may file suit in the Kaufman County District Courts (unless jurisdiction and venue are placed elsewhere pursuant to applicable law) appealing such termination within sixty (60) days after receipt from the CITY of written notice of the termination. If such an appeal suit is filed, OWNER shall remit to the CITY, within sixty (60) days after receipt of the notice of termination, any additional and/or recaptured taxes as may be payable pursuant to this AGREEMENT during the pendency of the litigation pursuant to the payment provisions of section 42.08, V.T.C.A., Tax Code. If the final determination of the appeal decreases OWNER's tax liability, the CITY shall refund to OWNER the difference between the amount of tax paid and the amount of tax for which OWNER is liable pursuant to section 42.43, V.T.C.A., Tax Code.

6. It is understood and agreed among the parties that for purposes of this AGREEMENT, the value of the IMPROVEMENTS and the PREMISES shall be the same as the

value of such property as determined annually by the Chief Appraiser of the Dallas Central Appraisal District, subject to the appeal procedures set forth in the Texas Property Tax Code (V.T.C.A., Tax Code).

7. The CITY represents and warrants that the PREMISES do not include any property that is owned by a member of council or boards, agencies, commissions, or other governmental bodies approving, or having responsibility for the approval of, this AGREEMENT.

8. The terms and conditions of this AGREEMENT are binding upon the successors and assigns of all parties hereto. This AGREEMENT may be freely assigned by OWNER to subsequent owners or lessees of the PREMISES AND/OR IMPROVEMENTS upon the consent by resolution of the CITY. Such consent may not be unreasonably withheld or delayed and shall be given if: (i) the assignee of the AGREEMENT has sufficient financial capacity to perform the obligations of this Agreement; (ii) the assignee executes an agreement pursuant to which the assignee assumes all terms and obligations of this AGREEMENT; and (iii) neither OWNER nor the new owner or lessee are delinquent in the payment of any property taxes or other obligations to the CITY.

9. It is understood and agreed between the parties that the OWNER, in performing its obligations hereunder, is acting independently, and the CITY assumes no responsibilities or liabilities in connection therewith to third parties and OWNER agrees to indemnify and hold CITY harmless therefrom.

10. The OWNER further agrees that the CITY, its agents and employees, shall have reasonable right of access to the PREMISES to inspect the IMPROVEMENTS in order to ensure that the construction of the IMPROVEMENTS are in accordance with this AGREEMENT and

all applicable state and local laws and regulations or valid waiver thereof. After completion of the IMPROVEMENTS, the CITY shall have the continuing right to inspect the PREMISES to ensure that the PREMISES are thereafter maintained and operated in accordance with this AGREEMENT. All inspections will be made only after giving OWNER at least twenty-four (24) hours advance notice, and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the project. All inspections will be made with one or more representatives of OWNER and in accordance with OWNER's safety standards.

11. The OWNER shall certify to the CITY, annually during the term of this AGREEMENT that it is in compliance with each applicable term of this AGREEMENT.

12. Such certification and any other notice required to be given under the provisions of this AGREEMENT shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the CITY or OWNER at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this AGREEMENT, all notices shall be delivered to the following addresses:

To OWNER:

5400 Westheimer, Rm 4F-59
Houston, Texas 77056
Attention: Project Manager

To the CITY:

1515 N. Galloway
Mesquite, Texas 75149
Attention: Manager of Economic Development

Any party may designate a different address by giving the other parties ten days' written notice.

13. If any provision of this AGREEMENT or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, and such invalidity or unenforceability does not destroy the basis of the bargain between the parties, then the remainder of this AGREEMENT and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

14. This shall constitute a valid and binding AGREEMENT between the CITY and Duke Energy Kaufman, L.P., when executed in accordance herewith. This AGREEMENT is performable in Kaufman County, Texas. witness our hands this 28 th day of September, 1999.

CITY OF MESQUITE, TEXAS

Mike Anderson
Mike Anderson
Mayor

ATTEST:

APPROVED:

Ellen Williams
Ellen Williams
City Secretary

B.J. Smith
B.J. Smith
City Attorney

OWNER

Duke Energy Kaufman, L.P.
By: Duke Energy Kaufman, Inc., Managing General Partner

By: Larry A. Wall
Larry A. Wall, Vice President

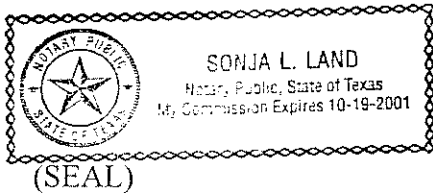
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CORPORATE ACKNOWLEDGEMENT

Brent C. Baly
Secretary

The State of Texas §
County of Dallas §

This instrument was acknowledged before me on the 28th day of September, 1999, by Mike Anderson, as Mayor of the City of Mesquite, Texas, B.J. Smith, as City Attorney, and Ellen Williams, as City Secretary.



Sonja L. Land
Notary Public Signature

Sonja L. Land
Notary Public Printed or Typed Name
My commission expires: 10/19/01

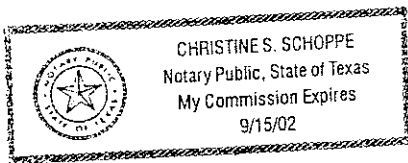
The State of Texas §
County of Harris §

This instrument was acknowledged before me on the 22nd day of September, 1999, by Larry A. Wall as Vice President of Duke Energy Kaufman, Inc., Managing General Partner of Duke Energy Kaufman, L.P.

(SEAL)

Notary Public Signature

[Signature]
Notary Public Printed or Typed Name
My commission expires: 9/15/02



PROPERTY DESCRIPTION

EXHIBIT A

0016

BEING a 343.5688 acre tract of land situated in the William Latham Survey, Abstract No. 837, the Swing & Laws Survey, Abstract No. 1404, the Isaac Edwards Survey, Abstract No. 1656, the J.S. Ramsey Survey, Abstract No. 1189, and the Hannah Wicker Survey, Abstract No. 1757, all in Dallas County, Texas, and part of the J.S. Ramsey Survey, Abstract No. 414, the J.C. Robertson Survey, Abstract No. 441, and the Hannah Wicker Survey, Abstract No. 234, all in Kaufman County, Texas, said tract being a part of that tract conveyed to GKD Partnership I, Ltd., by Warranty Deed recorded in Volume 95202, Page 5367, Deed Records of Dallas County, Texas and in Volume 1187, Page 259, Real Property Records of Kaufman County, Texas and being more particularly described as follows:

BEGINNING at a 5/8" iron rod set for corner in the north line of Interstate Highway 20 (450' R.O.W.), said corner being the southeast corner of Tract 2 of the said GKD tract and a corner of the Levi J. King tract as recorded in Volume 427, Page 540, Deed Records, Kaufman County, Texas;

THENCE S 87°05'37" W, along said north line, a distance of 3913.51 feet to a point for corner at the beginning of a curve to the right having a central angle of 02°00'59", a radius of 5504.56 feet and a chord bearing and distance of S 86°06'06" W, 193.71 feet;

THENCE continuing along said north line and with said curve to the right, an arc distance of 193.72 feet to a point for corner in the present centerline of the east fork of the Trinity River;

THENCE departing said north line and along said present centerline the following bearings and distances:

N 34°15'41" E, 207.27 feet to a point for corner;
 N 06°49'00" E, 222.50 feet to a point for corner;
 N 22°34'00" E, 207.00 feet to a point for corner;
 N 11°34'00" E, 170.80 feet to a point for corner;
 N 32°04'00" E, 144.90 feet to a point for corner;
 N 39°39'00" E, 186.30 feet to a point for corner;
 N 23°24'00" E, 196.60 feet to a point for corner;
 N 03°06'00" W, 227.70 feet to a point for corner;
 N 11°24'00" E, 103.50 feet to a point for corner;
 N 24°24'00" E, 227.70 feet to a point for corner;
 N 06°09'00" E, 186.30 feet to a point for corner;
 N 02°39'00" E, 170.80 feet to a point for corner;
 N 31°54'00" E, 56.90 feet to a point for corner;
 N 67°39'00" E, 82.80 feet to a point for corner;
 N 87°24'00" E, 103.50 feet to a point for corner;
 N 66°39'00" E, 129.40 feet to a point for corner;
 N 17°24'00" E, 72.40 feet to a point for corner;
 N 30°51'00" W, 82.80 feet to a point for corner;
 N 72°21'00" W, 191.50 feet to a point for corner;
 N 55°51'00" W, 181.10 feet to a point for corner;
 N 25°06'00" W, 134.60 feet to a point for corner;
 N 08°39'00" E, 191.50 feet to a point for corner;
 N 32°09'00" E, 134.60 feet to a point for corner;
 N 52°24'00" E, 258.80 feet to a point for corner;

THENCE departing the said centerline N 83°06'35" E a distance of 5235.51' feet to a 5/8" iron rod set for corner and also being in the northwest line of a tract conveyed to Jimmy Smith in Volume, 1139, Page 229, Deed Records, Kaufman County, Texas;

THENCE S 44°53'02" W, along the northwest line of said Smith tract and then the northwest line of a tract conveyed to Keith Brooks in Volume 1337, Page 495, Deed Records, Kaufman County, Texas, a distance of 1230.22' feet to a 5/8" iron rod set for corner at the most westerly corner of said Brooks tract;

THENCE S 44°08'41" E, along the southwest line of said Brooks tract and then the southwest line of the Casan tract a distance of 1071.12 feet to a 5/8" iron rod set for corner at the north corner of the aforementioned Levi J. King tract;

THENCE along said Levi J. King tract the following:

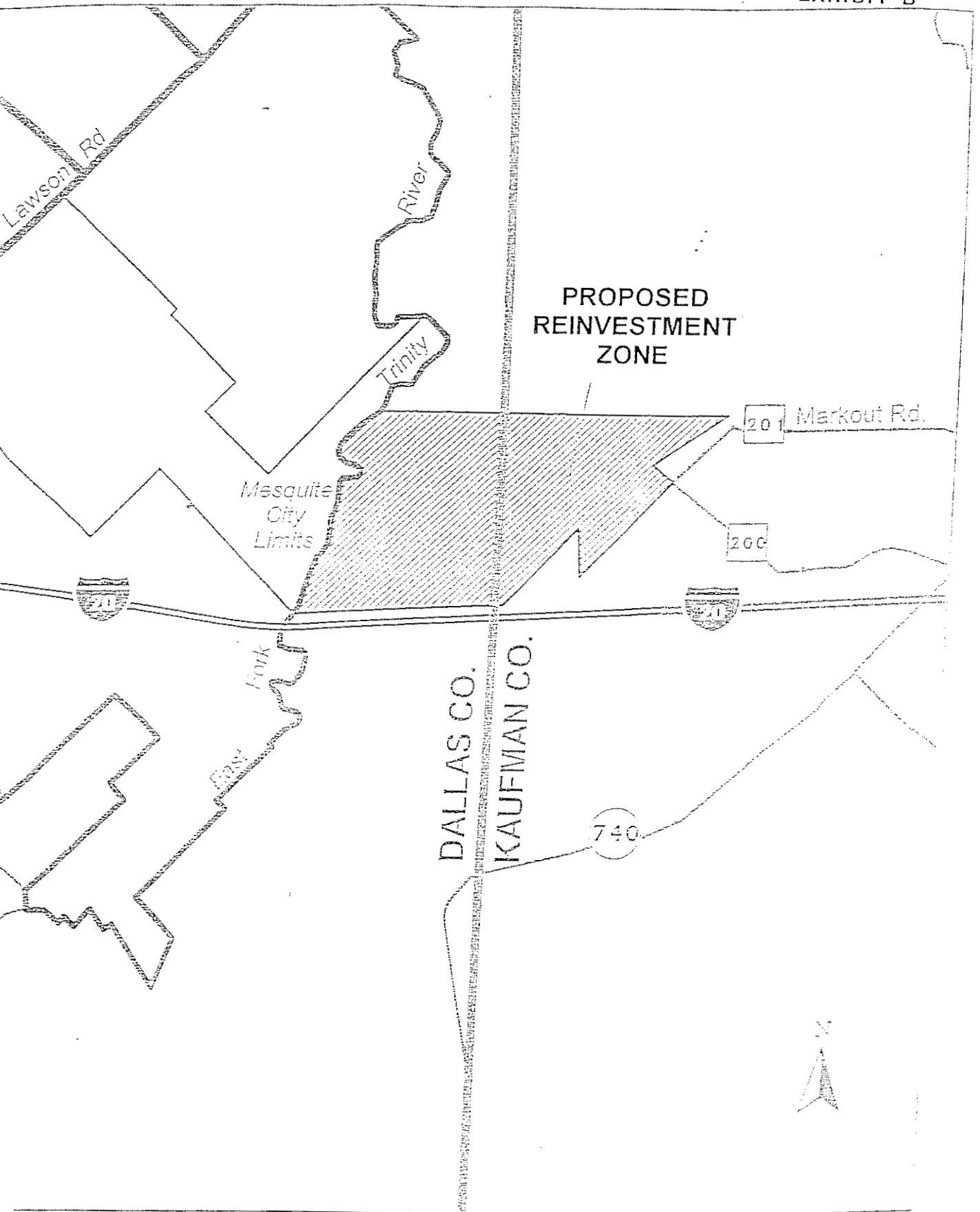
THENCE S 44°08'11" W, a distance of 2055.80 feet to a 5/8" iron rod set for corner;

THENCE N 00°52'07" E, a distance of 828.16 feet to a 5/8" iron rod set for corner;

THENCE S 45°17'32" W, a distance of 1278.63 feet to a 5/8" iron rod set for corner;

THENCE N 88°41'54" E, a distance of 499.94 feet to a 5/8" iron rod set for corner;

THENCE S 01°37'00" W, a distance of 334.23 feet to the POINT OF BEGINNING and containing 343.5688 acres of land, more or less.



**PROPOSED
REINVESTMENT
ZONE**

Lawson Rd

River

Trinity

Mesquite
City
Limits

201 Markout Rd.

200



Fork

Easy

DALLAS CO.
KAUFMAN CO.

740



EXHIBIT C

The IMPROVEMENTS will consist of the following:

- ◆ Administrative Building/Control Room
 - Gas Turbine(s) and Generator(s)
 - Steam Turbine(s) and Generator(s)
 - Heat Recovery Steam Generator(s)
 - Cooling Tower(s)
 - Water Storage Tank(s)
 - Retention Pond(s)
 - Natural Gas Fuel Delivery System
 - Meter Station and Piping
 - Ancillary Equipment

- ◆ All necessary buildings, auxiliary equipment and infrastructure facilities and appurtenances and related items of fixed tangible personal property (including standby components for all of the foregoing items) reasonably necessary to allow the facility to operate for its intended purpose.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, APPROVING THE TERMS AND CONDITIONS OF AN AGREEMENT BY AND BETWEEN THE CITY OF MESQUITE, TEXAS, AND DUKE ENERGY KAUFMAN, L.P., AUTHORIZING ITS EXECUTION BY THE MAYOR; AND PROVIDING AN EFFECTIVE DATE THEREOF.

WHEREAS, the City Council has been presented a proposed Agreement by and between the City of Mesquite, Texas, and Duke Energy Kaufman, L.P., has established Reinvestment Zone No. Eleven in the City of Mesquite, Texas, and has determined to enter into a commercial/industrial tax abatement agreement with Duke Energy Kaufman, L.P., a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference (hereinafter called Agreement); and

WHEREAS, the City Council has determined that the improvements proposed as a part of the Agreement are feasible and practical and of benefit to the area within the City; and

WHEREAS, the City Council has determined that the proposed improvements are eligible for tax abatement under the City of Mesquite Guidelines and Criteria governing tax abatement (the "Guidelines"), as most recently amended on September 20, 1999; and

WHEREAS, the City Council has determined that variances from the general provisions of the Guidelines should be approved and authorized in that: (i) any cure period may need to be longer than that contemplated by the Guidelines, and (ii) the recapture provisions need to be modified for various circumstances; and

WHEREAS, upon full review and consideration of the Agreement, and all matters attendant and related thereto, the City Council is of the opinion that the terms and conditions thereof should be approved, and that the Mayor shall be authorized to execute it on behalf of the City of Mesquite.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. The following findings and the findings and recitals contained in the preamble of this resolution are found to be true and correct and are adopted as a part of this resolution for all purposes.

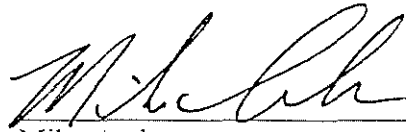
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SECTION 3. That the City Council hereby approves and authorizes variances from the general provisions of Guidelines regarding (i) the cure period and limitations thereon, (ii) the recapture of taxes in the event of termination, and (iii) any other matters that are inconsistent with this Agreement.

SECTION 4. That the Mayor is hereby authorized to execute the Agreement and all other documents in connection therewith on behalf of the City of Mesquite in the form which is attached hereto and incorporated herein by reference.

SECTION 5. That this resolution shall become effective immediately from and after its passage.


DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 20th day of September, 1999.



Mike Anderson
Mayor

ATTEST:

APPROVED:



Ellen Williams
City Secretary



B.J. Smith
City Attorney