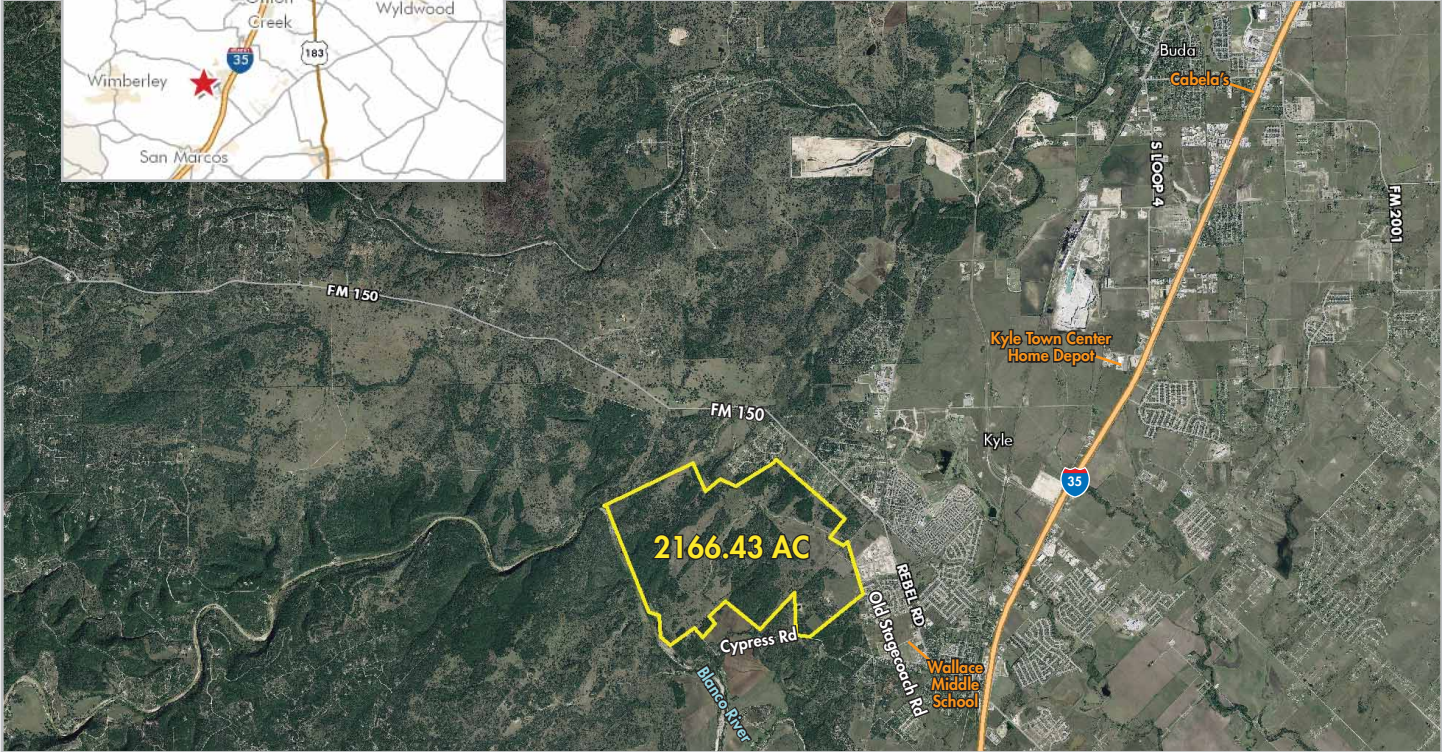


BLANCO RIVER RANCH

Located at the west side of Old Stagecoach Road, south of FM 150, with the Blanco River serving as the majority of the western boundary, Kyle, Hays County, Texas.

±2,166.43 ACRES



PROPERTY SUMMARY

For additional information, contact:

- DONNA KOLIUS**
- PIERCE OWENS**
- CODY PERSYN**
- JEREMY RICHMOND**

CB Richard Ellis
 2700 Post Oak Boulevard
 Suite 400
 Houston, Texas 77056
 877.845.3443
 portfolioservices@cbre.com
 www.cbre.com/portfolioservices
 www.cbre.com/stateoftexas

The subject property is located just outside of Kyle, Texas, approximately 20 miles south of the Austin CBD and 10 miles north of San Marcos. This rapidly growing area of central Texas is perfect for residential development with its rolling terrain and frontage along the Blanco River. Additionally, it is conveniently located approximately 1.5 miles from I-35, and has several potential access points. This is a rare opportunity to acquire a large tract of land with scenic attributes in such an ideal location.

| | |
|--------------------|---|
| Site Size: | ± 2,166.43 acres |
| Zoning: | 2-mile ETJ (no zoning, located outside of city limits) |
| Utilities: | Electricity and water. Public wastewater is not currently available. |
| Income: | 5 mile . . . \$62,989 10 mile . . . \$49,391 15 mile . . . \$56,538 |
| Population: | 5 mile . . . 27,539 10 mile . . . 94,413 15 mile . . . 268,553 |



INTRODUCTION

The Texas General Land Office (GLO), acting on behalf of the School Land Board (SLB) and Permanent School Fund (PSF), collectively, "Seller" is offering, through sealed bid sale, four land parcels referred to as Pearce Lane Tract, Blanco River Ranch, Sugar Land - Jester Tract and Yarrington Tract. The following information is provided to explain the sale process and requirements to submit a Bid for these properties. For more information, please submit a properly executed Confidentiality Agreement. Upon receipt, CB Richard Ellis will provide electronic access to the due diligence information, Bid Application and Contract to Sell.

ALL BIDS MUST BE RECEIVED IN THE OFFICE OF THE GLO AT 1700 N. CONGRESS AVENUE, AUSTIN, TEXAS, NO LATER THAN 10:00 A.M. CDT ON TUESDAY, JUNE 12, 2007.

SUMMARY OF PROCESS AND CONTRACT TERMS

AUTHORITY TO SELL: This Solicitation of Bids is presented by the School Land Board, acting on behalf of the Permanent School Fund, pursuant to authority granted by the Texas Natural Resources Code, Chapters 32 and 51.

PROPERTY INSPECTION

Property tours will be provided for the Pearce Lane Tract and the Blanco River Ranch on Thursday, May 17th and Thursday, May 31st from 11:00 am to 3:00 pm and by separate arrangement. Please contact CB Richard Ellis, Portfolio Services to make arrangements for inspection of the Sugar Land/Jester Tract and the Yarrington Tract. Prior to entry an Agreement to Enter Property must be executed. Please contact CB Richard Ellis, Portfolio Services for additional details.

ACKNOWLEDGEMENT

Each Bidder acknowledges that it is not relying upon any representation, statement or other assertion by the State of Texas, the GLO, the School Land Board, Hudson and Marshall of Texas, Inc, CB Richard Ellis, Inc. or any official, agent, representative or employee of any of the foregoing, with respect to the condition of the property, but instead, is relying upon the Bidder's own examination and investigation of the property.

CONTACT FOR BID INFORMATION

Pierce Owens
CB Richard Ellis, Portfolio Services
877-845-3443
Portfolioservices@cbre.com
www.cbre.com/stateoftexas

INSTRUCTIONS TO BIDDERS

Please read the instructions carefully. For a bid to be considered, the following **Specific Requirements of Bid** must be met which includes submission of All Required Bid Materials (items 1 – 4 below):

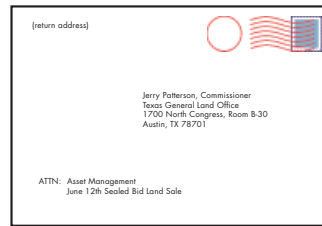
1. Submission of completed and signed Bid Application Form
2. Submission of notarized Verification Statement
3. Submission of completed and signed Contract to Sell (two (2) originals)
4. Submission of cashier's checks, checks for certified funds or money orders made payable to the title company identified in the Contract to Sell, in the amounts specified in the Contract to Sell.

TWO (2) ORIGINALLY EXECUTED COPIES OF ALL REQUIRED BID MATERIALS MUST BE RECEIVED BY 10:00 A.M. CDT, TUESDAY, JUNE 12, 2007.

ITEMS 1, 2, AND 3 MUST BE SUBMITTED IN THE FORM PROVIDED AND MAY NOT BE CHANGED IN ANY WAY.

Please fill out the Bid Application Form and Verification Form completely. Please read the Contract thoroughly, for terms and conditions applicable to the sale of the properties, particularly regarding the (a) conditions of sale, (b) title & survey matters that may apply, (c) inspection of property, (d) additional payments or fees that may be required, (e) requirements for closing, and (f) closing date.

Submit All Required Bid Materials in an envelope clearly marked as illustrated below.



For hand delivery, please bring envelope to the Texas General Land Office, 1700 North Congress Avenue, Austin, Texas – Basement Mail Room #B-30

MINIMUM BID

The SLB shall establish a Minimum Bid Amount that is not less than the value established by the General Land Office's (GLO) Chief Appraiser. The Minimum Bid Amount shall be established by the SLB prior to opening of bids. The Minimum Bid for the properties in this sale will not be published.

SELECTION PROCESS & BID AWARD

The SLB shall reject any and all bids that do not equal or exceed the Minimum Bid. The highest and best bid that meets the requirements set by the SLB may be selected. The SLB, in its sole discretion, reserves the right to accept or reject any bid submitted pursuant to this request for bids without regard to the amount or terms of any other bid submitted.

Bids will be opened during the meeting of the SLB that is scheduled at 10:00 a.m. CDT, Tuesday June 12, 2007, at the Stephen F. Austin Building, 1700 North Congress Avenue, Room #170, Austin, Texas 78701. It is open to the public.

Professional staff members of the GLO will coordinate evaluation of the bids.

All bids will be reviewed to determine conformity with bid requirements. Bids which do not conform to bid requirements may be disqualified from consideration.

Bids will be evaluated and the SLB will accept or reject qualified bid submissions.

No final determination of the winning bid will be made until a thorough review of all bids is conducted and completed.

The SLB may elect not to announce the bid award on the date of the bid opening, if it is determined that a thorough review of all bids cannot be completed at that time. At such time, the SLB will announce the date of the bid award.

If two (2) or more Bidders submit equal bids, based on proceeds which equal or are greater than any minimum, and the bids are the highest received by the SLB, then: (1) all bids shall be rejected, (2) the Property shall be offered to eligible Bidders within ten (10) days of the bid rejection date, (3) eligible Bidders for the re-bid shall be limited to the equal, high Bidders, (4) the minimum bid for the re-bid shall equal or exceed the amount of the equal, high bids, and (5) the bid shall be awarded to the highest bid received in the re-bid offering.

UNSUCCESSFUL BIDS

All payments received by unsuccessful Bidders will be returned, by mail, within ten (10) working days of bid award.

BUYER'S PREMIUM

A Buyer's Premium of five percent (5%) of the Bid Amount shall be added to the Bid Amount and paid by the Bidder for Pearce Lane Tract, Sugar Land - Jester Tract and Yarrington Tract.

A Buyer's Premium of three and one-half percent (3.5%) of the Bid Amount shall be added to the Bid Amount and paid by the Bidder for Blanco River Ranch.

BROKERAGE

One percent (1%) of the Buyer's Premium may be paid by Hudson and Marshall of Texas, Inc. to any duly licensed broker whose registered Bidder pays for and closes on any of the Properties. Such fee will be paid at closing out of Buyer's Premium Bidders' brokers must be licensed in the state of Texas.

Prospective Bidders must register their brokers in writing with CB Richard Ellis Portfolio Services. C/O: Pierce Owens, at 2700 Post Oak Boulevard #400, Houston, TX 77056.

A Broker Cooperation Agreement must be signed by the Bidder and its broker at the time property information is requested. No fees, commissions or Buyer's Premium shall be paid to brokers purchasing or participating as a principle in the purchase of the Properties. An affidavit may be required stating that the broker is acting solely as a broker and not as a Bidder. A broker will not be recognized for Bidders who have previously contacted CB Richard Ellis Portfolio Services, Hudson and Marshall of Texas or their representatives and affiliates. Broker Cooperation forms are available upon request by contacting CB Richard Ellis Portfolio Services at 877.845.3443. No exceptions to the broker registration procedures will be allowed.

GENERAL CONDITIONS OF COMPETITIVE BID

1. The SLB reserves the right to withdraw the property from sale at any time. The SLB further reserves the right to waive any bid defect.
2. The SLB reserves the right to request additional information from any Bidder prior to the acceptance of any bid.
3. Bidders agree that a bid, upon delivery to the SLB, constitutes a firm and irrevocable offer to purchase the Property in accordance with the terms and condition of the bid and the contract.
4. All bids must be submitted by the bid deadline.

FAILURE TO SIGN THE BID, FAILURE TO SUBMIT THE EARNEST MONEY IN THE REQUIRED AMOUNT AND FORM, FAILURE TO PROVIDE THE REQUIRED VERIFICATION, FAILURE TO SUBMIT TWO (2) EXECUTED ORIGINALS OF THE CONTRACT AND/OR ALTERATION OF ANY REQUIRED DOCUMENTS MAY RESULT IN DISQUALIFICATION.

TIMETABLE

BID SUBMISSION DEADLINE:

10:00 A.M. CDT - Tuesday, June 12, 2007

BID OPENING:

10:00 A.M. CDT - Tuesday, June 12, 2007 at Stephen F. Austin Building
1700 North Congress Avenue, Room # 170
Austin, Texas 78701

SUMMARY OF KEY CONTRACT TERMS & CONDITIONS

The Properties will be sold under the following terms and conditions. Please read the Contract to Sell for details:

Payment: All Cash

Initial Earnest

Money Deposit: Bidders submitting offers on Sugar Land – Jester Tract and Yarrington Tract shall include with its Bid Application and Contract to Sell, a cashier's check, check for certified funds, money order or teller's check for \$100,000 made payable to the title company referenced in the Contract to Sell.

Bidders submitting offers on Pearce Lane Tract shall include with its Bid Application and Contract to Sell, a cashier's check, check for certified funds, money order or teller's check for \$100,000 made payable to the title company

referenced in the Contract to Sell. \$50,000 of the winning Bidder's Initial Earnest Money Deposit is non-refundable. Bidders submitting offers on Blanco River Ranch shall include with its Bid Application and Contract to Sell, a cashier's check, check for certified funds, money order or teller's check for \$250,000 made payable to the title company reference in the Contract to Sell. \$100,000 of the winning Bidder's Initial Earnest Money Deposit is non-refundable.

Additional Earnest Money Deposit:

Additional Earnest Money Deposit will be due from the winning Bidder within two (2) days of contract acceptance from SLB. Additional Earnest Money Deposit shall be calculated as the difference between five percent (5%) of the Bid Amount and the initial Earnest Money Deposit.

Statutory Sales Fee:

1.5% of Sales Price.

Survey:

Seller will provide a copy of its existing survey.

Title Insurance:

Seller will pay (see contract limitations).

Feasibility:

Bidders are to complete their due diligence prior to Bid submission for Sugar Land – Jester Tract and Yarrington Tract.

The winning Bidders for Blanco River Ranch and Pearce Lane Tract will have thirty (30) days from contract execution by Seller to complete its property inspection.

Closing:

Closing for Sugar Land – Jester Tract and Yarrington Tract shall be thirty (30) days following execution by Seller.

Closing for Blanco River Ranch and Pearce Lane Tract, shall be thirty (30) days after the feasibility period.

Conveyance:

Deed Without Warranty.

Buyer's Premium:

A Buyer's Premium of five percent (5%) of the Bid Amount shall be added to the Bid Amount and paid by the Bidder for Pearce Lane Tract, Sugar Land - Jester Tract and Yarrington Tract.

A Buyer's Premium of three and one-half percent (3.5%) of the Bid Amount shall be added to the Bid Amount and paid for by the Bidder for Blanco River Ranch.

THE SCHOOL LAND BOARD RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS. A TRACT MAY BE WITHDRAWN WITHOUT NOTICE, PRIOR TO THE BID OPENING.

OFFERS ARE TO BE DELIVERED TO THE STATE OF TEXAS. IT IS THE SOLE RESPONSIBILITY OF THE BIDDER TO CONFIRM ITS BID IS RECEIVED BY THE STATE. OFFERS SHOULD NOT BE DELIVERED TO CB RICHARD ELLIS OR HUDSON AND MARSHALL OF TEXAS, INC.