

INDIAN HILLS PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

BETWEEN

CLUB DEAL 116 INDIAN HILLS TX, LIMITED PARTNERSHIP

AND

THE CITY OF AUSTIN, TEXAS

INDIAN HILLS PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

This Indian Hills Public Improvement District Financing Agreement (this "**Agreement**"), dated as of _____, 2011 (the "**Effective Date**"), is entered into between Club Deal 116 Indian Hills TX, Limited Partnership, a Delaware limited partnership (including its successors, assigns, or transferees, the "**Developer**"), and the City of Austin, Texas (the "**City**"), a municipal corporation, acting by and through its duly authorized representative.

Recitals:

WHEREAS, Developer owns a total of approximately 234 acres of land located in the City of Austin, Travis County, Texas, contained within the area described in the attached Exhibit "B" (the "**Property**"). The Property is located in the City's extraterritorial jurisdiction ("**ETJ**") and has been annexed by the City for limited purposes.

WHEREAS, the Developer desires to develop the Property with a mixed-use multifamily residential, general office, light industrial, R&D and neighborhood retail (the "**Project**");

WHEREAS, the Project is located along State Highway 130. The City has identified the SH 130 Corridor (herein so called) as one of its "**Desired Development Zones**". In an effort to ensure that development along the SH 130 Corridor would meet the City's overall vision and plan, the City supported House Bill No. 3719 and Senate Bill No. 1688 (the "**SH 130 Legislation**") during the 80th Texas Legislative Session. The City's main goals with the SH 130 Legislation were as follows (collectively, the "**Goals**"): (i) to obtain land use and planning controls over the SH 130 Corridor, the majority of which is within the City's ETJ; (ii) to provide for dense growth and mixed use development along the SH 130 Corridor; (iii) to create a funding mechanism that would encourage the extension of public infrastructure along the SH 130 Corridor; and (iv) to maintain control over the governing body of any "infrastructure districts" created pursuant to the SH 130 Legislation;

WHEREAS, the SH 130 Legislation was not enacted. In order to accomplish the Goals contemplated by the SH 130 Legislation, Developer, CLUB DEAL 120 WHISPER VALLEY, LIMITED PARTNERSHIP ("**WV Developer**") and the City executed that certain WHISPER VALLEY AND INDIAN HILLS ANNEXATION AND DEVELOPMENT AGREEMENT ("**Development Agreement**") dated effective as of June 18, 2009, wherein the parties established goals and a process for limited purpose annexation of the Property to give the City land use controls and zoning using the City's PID Policy adopted on December 18, 2008, ("**PID Policy**") to allow City financing of the infrastructure via public improvement districts to finance the Developer's infrastructure for development of the Property;

WHEREAS, pursuant to the Development Agreement, the City has (i) adopted Ordinance No. 20100826-_____ establishing zoning for the Project, (ii) limited purposed annexed the Property and (iii) authorized the formation of the Indian Hills Public Improvement District (the "**District**") in accordance with the PID Act (as hereinafter defined);

WHEREAS, the City acknowledges that Developer's cooperation in this endeavor enables the City to establish, define, and protect the City's jurisdiction and regulatory authority over the Property, and that Developer would not have consented to the limited purpose annexation and zoning of the Property but for the intention to enter into this Agreement;

WHEREAS, the Developer proposes to construct certain improvements over time to serve property located in the District (or portions thereof) and transfer some of those improvements to the City or County in accordance with the terms and provisions of this Agreement;

WHEREAS, contemporaneously herewith the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), at the request, and with the consent, approval and agreement of the Developer, adopt the Assessment Ordinance (as defined herein) and adopt the Assessment Plan (as defined herein) that provides for the construction and financing of certain improvements within the District pursuant to the Assessment Plan, payable in whole or in part, by and from assessments levied against property within the District, as more specifically provided for in the Assessment Plan;

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement) levy assessments on all or a portion of the property located within the District and issue, in one or more series, bonds for payment of costs associated with construction and/or acquisition of the Public Improvements (as defined herein) included in the Assessment Plan, as such plan may be amended from time to time;

WHEREAS, the City has determined that it is in its best interests to contract with the Developer for the construction of the Public Improvements, which will result in the efficient and effective implementation of the Assessment Plan;

WHEREAS, from the proceeds of the bonds the City issues in connection with the Public Improvements in the District, the City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, construct or cause to be constructed or acquire those certain Public Improvements provided for in this Agreement and the Developer will be paid or reimbursed for all or a portion of the costs of acquisition, construction, and improvement of the Public Improvements at the time the Public Improvements are complete and operative or certain Segments are complete and operative and have been accepted by the City;

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I. SCOPE OF AGREEMENT

Section 1.01. Outline of Agreement

This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property (Article II), the Construction of Public Improvements to be Acquired by the City (Article III), advancement of construction funds for the Master PID Bonds, City's acquisition and maintenance of Public Improvements within the District (Article IV), and the issuance of bonds for the financing of CRA and Non-CRA Improvements (Article V). Definitions used herein are set forth in Exhibit "A" attached hereto and made a part hereof and in the Assessment Plan.

Section 1.02. Agreement Does Not Supersede CRA

This Agreement sets forth the terms and conditions concerning the construction, financing, and City's acquisition (where applicable) of Non-CRA Improvements. In addition, this Agreement provides the terms and conditions concerning the construction, financing, and City's acquisition (where applicable) of CRA Improvements, but only to the extent indicated in this Agreement and if such terms are not otherwise addressed in the CRA. The Parties do not intend for this Agreement to supersede, replace, or conflict with the CRA. The terms and provisions of the CRA shall control the terms and conditions for constructing any infrastructure to be constructed pursuant to the CRA.

Section 1.03 Annexation

Timing of the City's full purpose annexation of the Project shall be in accordance with Article V of the Development Agreement.

ARTICLE II. APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS

Section 2.01. Preliminary Matters

(a) On August 26, 2010, the City authorized the formation of the District in Resolution No. 20100826-023. The District includes all of the Property.

(b) The Developer shall develop the Property in phases. It is anticipated that some Public Improvements will benefit only a portion of the Property while other Public Improvements will benefit the entire District. As a result, Special Assessments will be levied on all or portions of the Property from time to time. It is currently contemplated that there will be three different types of bonds issued:

(i) Senior Master PID Bonds will be issued at the beginning of the Project in order to fund a portion of the construction of the Master PID Bond Authorized Improvements and other improvements specified in the Assessment Plan, which will benefit all of the Property and result in Special Assessments levied against the entire Property.

(ii) Subordinate Master PID Bonds will also be issued at the beginning of the Project contemporaneously with the Senior Master PID Bonds and will fund a portion of the costs to construct the CRA Improvements as specified in the Assessment Plan, which therefore will result in additional Special Assessments being levied on the entire Property. In addition to the Special Assessments, the Subordinate Master PID Bonds will also be secured by the Developer's pledge of (and are expected to be fully repaid by) a portion of the reimbursements due to the Developer under the CRA pursuant to the CRA Pledge Agreement. There will only be one combined Special Assessment for the Master PID Bonds and the method by which the Special Assessment will be applied to the obligations under the Master PID Bonds will be provided in the Initial Indentures and the Assessment Plan. The use of the Special Assessments to pay the Subordinate Master PID Bonds will be subject and subordinate to the use of the Special Assessments to pay the Senior Master PID Bonds.

(iii) Phased PID Bonds will be issued periodically in the future as individual Improvement Areas of the Project are developed and will fund micro infrastructure improvements within each given Improvement Area. In connection with the Phased PID Bonds, Special Assessments will be levied only on Property located in the Improvement Area in question.

(c) The initial Assessment Plan for the Property is attached hereto as Exhibit "C." The Developer acknowledges and agrees that the Assessment Plan must meet the requirements of Texas Local Government Code §§ 372.013 and 372.014 and be presented to the City Council for review and approval prior to Bonds being issued. Thereafter, the Assessment Plan will be updated and amended by the Administrator at least once per year, and submitted for the City Council's review and approval. Notwithstanding the above, it is hereby understood and acknowledged by the Parties that the Special Assessments associated with the Master PID Bonds are the only Special Assessments that can be addressed with reasonable certainty in the Assessment Plan. As a result, the Assessment Plan will need to be amended over time as subsequent Improvement Areas are developed (and corresponding Phased PID Bonds are issued) in accordance with the terms set forth in this Agreement. Nevertheless, the basic terms and methodology described in the Assessment Plan will generally apply to the Phased PID Bonds.

(d) Special Assessments on any portion of the Property will bear a direct proportional relationship to the special benefit of the Public Improvements to that Improvement Area.

(e) Special Assessment on any given portion of the Property may be adjusted in connection with subsequent Bond issues as long as the Maximum Annual Assessment rate is not exceeded, and so long as the Special Assessments are determined in accordance with the Assessment Plan.

(f) Prior to the levy of Special Assessments, the Developer shall provide a Feasibility and Market Study Analysis to the City for the City's review and approval, as described in Section 5.01 hereof.

(g) The Property may be subject to an Owner's Association assessment or a PID Maintenance and Operation assessment for the provision of public services, including but not limited to maintaining public areas (e.g. parks and open space) within the District.

(h) Promptly following submission to the City of the initial Assessment Plan (or any subsequent amendment to the Assessment Plan) acceptable to Developer and the City in form and substance, the City Council shall consider an Assessment Ordinance relating to the applicable plan or amendment. If the ordinance is adopted, the City shall use reasonable, good faith efforts to expeditiously initiate and approve all necessary documents and orders required to effectuate the Assessment Plan and Assessment Ordinance.

Section 2.02. Apportionment and Levy of Assessments.

The City intends to levy Special Assessments on property in the District in accordance herewith and with the Assessment Plan (as such plan is amended from time to time) at such time as Bonds are issued in accordance with Article IV hereof. The City's apportionment and levy of assessments shall be made in accordance with the PID Act.

Section 2.03. Collection of Assessments.

The City covenants and agrees that it shall, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Special Assessments levied pursuant to the Assessment Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. The City covenants and agrees that to the extent permitted by applicable law, it will not permit a reduction, abatement, or exemption in the Special Assessments due on any portion of the Property until the Bonds related to that particular portion of the Property are no longer outstanding, whether as a result of payment in full, defeasance or otherwise. The City shall use good and sound practices to collect the Special Assessments consistent with the City's policies and standard practices applicable to the collection of City taxes and assessments.

Section 2.04. Approval and Recordation of Special Assessments through Landowner Agreement.

Prior to or concurrently with the levy of the Special Assessments for any portion of the Property, the Developer shall execute (and shall cause any other owner of any of the Property that will be subject to the future special assessments to execute) a Landowner Agreement (herein so called) in which the Landowner shall approve and accept the apportionment of assessments in the Assessment Plan and the levy of the Special Assessments by the City. The Landowner Agreement further shall (a) evidence the Developer's intent that the Special Assessments be covenants running with the land that (i) will bind any and all current and successor owners of the Property to the Special Assessments, including applicable interest thereon, as and when due and payable thereunder and (ii) provide that subsequent purchasers of such land take their title subject to and expressly assume the terms and provisions of the Special Assessments; and (b) provide that the liens created by the levy of the Special Assessments are a first and prior lien on the Property, subject only to liens for ad valorem taxes of the State or any municipality (if any), county, school district, special district or other political subdivision.

ARTICLE III. CONSTRUCTION AND ACQUISITION

Section 3.01. Acquisition of Public Improvements

Some of the Public Improvements are intended to be acquired by the City and/or County, and some will be retained by the Developer. The Public Improvements to be acquired by the City shall be determined through mutual agreement of the Parties before construction of such Public Improvements is initiated. Construction of the Master PID Bond Authorized Improvements has been agreed to by the Parties and is described in the Assessment Plan. Each acquisition of Public Improvements not paid for simultaneously with conveyance of said Public Improvements (e.g., a portion of the price is being paid over time) shall be evidenced by an Acquisition Agreement. For any such improvements that will ultimately be accepted and maintained by the County, the City and Developer shall enter into an Acquisition Agreement and then the City shall assign its rights to receive the Public Improvement to the County (provided the County agrees to maintain such Public Improvement), but the Developer shall retain the right to receive future Bond proceeds as payment for said Public Improvement.

Section 3.02. Designation of Construction Manager, Construction Engineers

(a) The City hereby designates the Developer as the Construction Manager with full responsibility for the design, the designation of easement locations, facilities site designations and acquisitions, supervision of construction, and the bidding and letting of construction contracts for the construction of the Public Improvements in accordance with the provisions of this Article III.

(b) Inspection of all Public Improvements construction shall be by City inspectors. If the Bonds have not been issued, the Developer shall pay the inspection fee which shall be included in the Actual Cost and may later be reimbursed to Developer when Bonds are issued. If the Bonds have been issued, the Developer may collect the inspection fee out of Bond proceeds.

(c) The Developer shall be entitled to a separate construction management fee of 4% of the costs incurred by or on behalf of Developer for the construction of each Segment.

(d) The City shall cooperate with the Developer in connection with its services as Construction Manager.

(e) The Developer shall designate the consulting engineers for the Public Improvements for the compensation specified by the Developer.

Section 3.03. Designation of Construction Manager

The Developer may change its designated "Construction Manager" for the Project or any phase thereof at any time (except during the first six months of this Agreement during which the Developer may only change its designated "Construction Manager" for cause) upon written notification to the City and subject to the approval of the Director of Public Works, whose approval shall not be unreasonably withheld. Only the designated Construction Manager may

receive a construction management fee, and only for the period of time during that designation; further, the total fee shall not exceed the amount provided for in the definition of "Actual Costs" in this Agreement. The Parties hereby acknowledge that the Construction Manager may be an individual, company, or partnership, or other entity, as reasonably determined by Developer.

Section 3.04. Performance Bonds

If there are funds in a segregated account within the Project Fund of an Indenture sufficient both to pay for completion of a Public Improvement and to meet all other obligations of the Public Improvement, it is intended that Developer not be required to post fiscal security for the applicable Public Improvement. For example, if a separate account is formed within the Project Fund under the Initial Indenture for the Subordinate Master PID Bonds for Waterline 1 to be built by the Developer pursuant to the Water Cost Reimbursement Agreement, then no fiscal security will be required for Waterline 1, so long as there are sufficient funds in the account to construct Waterline 1. The City acknowledges that it will accept fiscal security for the Public Improvements in the form of an irrevocable letter of credit, surety bond, cash deposit, or other security acceptable to the City. If no such account exists or such account is not appropriately funded, then the Developer shall be required to post fiscal security for CRA Improvements in accordance with the CRA and for Non-CRA Improvements in accordance with Section 3.07 (a) below.

Section 3.05. Maintenance of Project, Warranties

Unless otherwise provided for, the Developer shall maintain each Non-CRA Improvement (or Segment thereof) in good and safe condition until such Non-CRA Improvement (or Segment thereof) is accepted by the City. The City's acceptance of Non-CRA Improvements shall be in accordance with the City standard rules and procedures for the type of improvements being constructed. Prior to such acceptance, the Developer shall be responsible for performing any required maintenance on such Non-CRA Improvement. Notwithstanding the above, the Parties acknowledge and agree that the CRA Improvements shall be maintained in accordance with the CRA. On or before the acceptance by the City of a Non-CRA Improvement (or Segment thereof), the Developer shall assign to the City all of the Developer's rights in any warranties, guarantees, maintenance obligations or other evidences of contingent obligations of third persons with respect to such Non-CRA Improvement (or Segment thereof).

Section 3.06. Sales and Use Tax Exemptions.

(a) The parties agree that, as municipally and publicly owned and acquired properties, all costs of materials, other properties and services used in constructing the Public Improvements to be acquired by the City are exempt under the Tax Code from sales and use taxes levied by the State of Texas, or by any city, county, special district, or other political subdivision of the State, as set forth in 34 Tex. Admin. Code, sec. 3.291.

(b) Subject to the terms of the Acquisition Agreement(s), but in furtherance of and to assure such exemptions, title to all property, materials, and services associated with and used in connection with or related to the construction of the Public Improvements shall vest in the City

immediately upon delivery at the site of such construction, and before they are incorporated into the realty or used by the contractor or any other person.

(c) The City Manager (or such other duly authorized representative of the City) is directed to provide such certifications to the Developer and/or to suppliers and contractors as may be required to assure the exemptions claimed herein.

(d) The City Manager (or such other duly authorized representative of the City) and the Developer shall cooperate in structuring the construction contracts for the Public Improvements to comply with requirements (including those set forth in 34. Tex. Admin. Code, sec. 3.291) for exemption from sales and use taxes.

Section 3.07. Regulatory Requirements.

(a) The Non-CRA Improvements shall be designed, constructed, installed, and operated, using the City's construction, bidding, and contract documents, in accordance with and subject to compliance with commercially accepted construction practices, applicable City policies, rules and ordinances, and any other Regulatory Requirements, including valid requirements that are uniformly applicable within the City and promulgated by the City, as such requirements may have been modified, varied or waived in the Development Agreement. For those Non-CRA Improvements for which the City does not have bid specifications, Developer and the City shall work together in good faith to develop bid specifications.

(b) Notwithstanding the foregoing, Decker Lake Road shall be designed, constructed, installed and operated in accordance with the Decker Lake Road Agreement. In the event of omissions or errors in the Decker Lake Road Agreement, the most current City standards and requirements will be applied.

(c) The CRA Improvements shall be designed, constructed, installed and operated in accordance with the CRA.

Section 3.08. Additional Requirements for CRA Improvements

The following additional requirements shall be applicable to CRA Improvements funded by the Subordinate Master PID Bonds:

(a) Prior to commencing construction of any such CRA Improvements, the Project Engineer shall review all plans and specifications, construction contract and related materials for the applicable CRA Improvement, and shall certify to the Developer, City, Underwriter, Financial Advisor and Trustee that the amount of funding under the Master PID Bonds (as specified in the Assessment Plan and Indenture) is sufficient to fund the full cost of design and construction of the applicable CRA Improvements.

(b) The Construction Manager will maintain an ongoing monthly updated accounting of funds dispersed, work progress and remaining funding needed to complete each applicable CRA Improvement. Such accounting to include a reconciliation of any unadvanced amounts out of the segregated accounts in the Project Fund under the Initial Indentures as compared to the

remaining costs to complete each applicable CRA Improvement. The Construction Manager will provide such monthly reports to the Developer, the City's Director, the Underwriter, the Financial Advisor and the Trustee. Furthermore, the Construction Manager will maintain a website (that may be accessed by the City, the Trustee, the Financial Advisor and the Underwriter) which will include updates of such monthly accounting.

(c) All change orders or costs increases for applicable CRA Improvements must be approved by the Developer, Construction Manager and the Director, to the extent any such change order is in excess of \$100,000.00. The Construction Manager shall provide copies of all approved change orders to the Financial Advisor, Underwriter and Trustee within ten (10) days after approval. Notwithstanding the foregoing, it is hereby acknowledged that the City is not required to increase the amount of reimbursement due under any CRA to the extent such reimbursement would cause the amount of reimbursement to exceed the maximum reimbursement provided in the CRA. Any increase of the amount of reimbursement above the maximum reimbursement provided in the applicable CRA must be approved by the City Council.

(d) All construction contracts for applicable CRA Improvements must include completion bonds for the amount of all work funded by the proceeds of the Subordinate Master PID Bonds, and each such contract shall contain provisions for liquidated damages in the event the contractor does not meet completion schedules for the CRA Improvements as required to allow the Construction Manager to complete the applicable CRA Improvement and to enable the City to fund the reimbursement payments under the CRA within the timeframe necessary to timely pay off the Subordinate Master PID Bonds.

(e) Each construction contract for applicable CRA Improvements shall include a provision requiring 10% retainage to be dispersed only upon completion and acceptance by the City of applicable CRA Improvement, subject however to early disbursement for subcontractors whose work has been completed.

(f) Upon completion of each applicable CRA Improvement and acceptance thereof by the City, which acceptance shall not be unreasonably withheld, conditioned, or delayed, the City will notify the Developer, Financial Advisor, Underwriter and Trustee that the conditions for funding the reimbursement payment due under the CRA for such CRA Improvement have been met and will timely pay the respective dollar amount of the reimbursement.

ARTICLE IV. PAYMENT FOR PUBLIC IMPROVEMENTS

Section 4.01. Payments for Master PID Bonds

(a) With respect to those Public Improvements funded by the Master PID Bonds, Developer shall deliver and the City shall accept the given Public Improvements. The net Bond Proceeds from the issuance of the Master PID Bonds will be held by the Trustee in various segregated accounts under the Project Funds for each of the Initial Indentures. Those sums held in the various segregated accounts will be advanced to the Developer by the Trustee to fund the costs of design and construction, including project management, City inspection and

administrative costs, and other soft costs (as more specified in the Assessment Plan) upon receipt of a completed Certification for Payment. Payments will be made to Developer periodically as design and construction progresses. The procedures for such progress payments are contained in this Section 4.01 and the Initial Indentures. Such payments shall be made by Trustee on a monthly basis and within five (5) business days of the Trustee's receipt of the completed Certification for Payment from the Director. The Director or its designee shall deliver his concurrence to pay pursuant to a completed Certification for Payment within fifteen (15) calendar days after its receipt of the required submittal items pursuant to either subpart (b) or (c) below, as applicable. Notwithstanding anything to the contrary contained herein, the Director shall not be obligated to authorize payments of funds for any given Public Improvement if the monthly reconciliation provided by the Construction Manager pursuant to Section 3.08(b) above for that given Public Improvement shows there are not enough funds in the segregated account (including the CRA Holdback under the Projects Fund in the Master PID Bonds) to fund the remaining design and construction costs of that Public Improvement after taking into consideration any contingencies, until funds sufficient to cover the costs overruns are provided to secure such overruns by the Developer or otherwise.

(b) During the design phase for any Public Improvement to be funded by the Master PID Bonds, payments for design costs shall be made by the Trustee on a monthly basis; provided, however, in no event shall the Developer be entitled to aggregate draws equal to more than 30%, 60%, 90% or 100% of the total design costs until such time as the City has approved the design plans for the applicable level of completion (i.e., either 30%, 60%, 90% or 100%). For example, Developer shall be entitled to receive monthly draws based on the percentage of design work completed up to the date of the draw until 30% of the design is complete, but shall not be entitled to any draws past 30% until the City approves the 30% design drawings after which the Developer will be entitled to additional draws up to the 60% design complete date and so on. The Director shall not be required to authorize any design draws until such time as the applicable contract for the design services (including the costs thereof) have been approved by the City, such approval not to be unreasonably withheld, conditioned or delayed. The submittal items necessary for a design payment are as follows:

(i) A Certification for Payment executed by the Construction Manager specifying the percentage of design that has been completed on the applicable Public Improvement;

(ii) A Bills Paid Affidavit from the contractor;

(iii) Copies of all supporting invoices with respect to such design payment.

(iv) Evidence of the City's acceptance of the design phase documents.

(c) During the construction phase for any Public Improvements to be funded by the Master PID Bonds, payments shall be made by the Trustee based on the Actual Cost of the construction completed and the receipt of a completed Certification for Payment. The City is not obligated to authorize any construction payments until such time the City has approved the plans, specifications and the construction contract (including a Construction timeline) for the applicable

Public Improvement. The items required for a construction payment are as follows:

- (i) A Certification for Payment executed by the Project Engineer and Construction Manager specifying the amount of work that has been performed and the cost thereof;

- (ii) A Bills Paid Affidavit from the contractor;

- (iii) Waivers of liens for work on the applicable Public Improvements through the previous Certification for Payment and receipts for payment from the contractor and, if requested by the City, any subcontractors for the current Certification for Payment.

(d) In addition to the submitted items required in 4.01(c) above, in order to obtain the final payment for a Public Improvement funded by the Master PID Bonds, the following are required:

- (i) With respect to any CRA Improvement, all requirements for acceptance of such improvement by the City as provided in the applicable CRA shall have been complied with;

- (ii) The Developer shall have provided to the City an assignment of the warranties and guaranties, if applicable, for such CRA Improvement;

- (iii) After the final Certification for Payment is submitted to the City, the Project Engineer shall conduct a review for the City to confirm that such Public Improvement was constructed in accordance with the plans therefor and the Project Engineer will verify and approve the Actual Cost of such Public Improvement specified in such Certification for Payment. The City agrees to instruct the Project Engineer to conduct each such review in an expeditious manner not to exceed 15 calendar days after the Certification for Payment is submitted to the City and the Developer agrees to cooperate with the Project Engineer in conducting each such review and to provide the Project Engineer with such additional information and documentation as is reasonably necessary for the Project Engineer to conclude each such review. Upon confirmation by the Project Engineer to the City that such Public Improvement has been constructed in accordance with the plans therefor, and verification and approval of the Actual Cost of such Public Improvement, the City shall within fifteen (15) calendar days thereafter accept such Public Improvement and the Director shall sign the Certification for Payment and forward the same to the Trustee. The time period for the Director to sign the Certificate for Payment and forward the same to the Trustee in this Section 4.01(d)(iii) will control over the time period specified in Section 4.01(a) hereof.

(e) The terms, conditions and procedures set forth in Section 4.01(a) – (c) shall also apply to Decker Lake Road, except as follows:

- (i) The City will not be purchasing Decker Lake Road. The City will assign its right to purchase Decker Lake Road to the County.

- (ii) The County will be approving the plans, specifications and the construction contract for Decker Lake Road, not the City.
- (iii) No material changes to Decker Lake Road Agreement will be made without the City's consent.

In addition to the submitted items required in 4.01(c) above, in order to obtain the final payment for Decker Lake Road a written acknowledgement from the County that all requirements for acceptance of Decker Lake Road as provided in the Decker Lake Road Agreement have been complied with shall be provided to the City. Upon receipt of such written acknowledgement from the County, the City shall, within fifteen (15) days thereafter, and the Director of the City shall sign the Certification for Payment and forward the same to the Trustee.

Section 4.02. Payments for Phased PID Bonds

(a) The City shall not be obligated to provide funds for any Non-CRA Improvement except from the proceeds of the Bonds. The City makes no warranty, either express or implied, that the proceeds of the Bonds available for the payment of the Actual Cost of the Non-CRA Improvements to be constructed for or acquired by the City or County will be sufficient for the construction or acquisition of all of those particular Non-CRA Improvements. The Parties anticipate that the cost to construct the Non-CRA Improvements will be greater than the proceeds of the Bonds available for Non-CRA Improvements.

(b) Subject to the terms and conditions of any applicable Acquisition Agreement, the Developer shall convey, and the City shall acquire the given Public Improvement for the Actual Cost, when such Public Improvement is completed and has been accepted by the City; provided, however, if the City assigns its rights to receive any such Public Improvement to the County pursuant to Section 3.01 above, then the County shall actually obtain title to such Public Improvement in accordance with the applicable Acquisition Agreement.

(c) To receive the Actual Cost for a Public Improvement under the Phased PID Bonds, the Developer shall deliver to the City and the Project Engineer (x) documentation evidencing the Actual Cost, (y) an assignment of the warranties and guaranties, if applicable, for such Non-CRA Improvement, in form reasonably acceptable to the City. Nothing herein or in subparagraph and (d) below shall prohibit Developer from being reimbursed for design costs associated with a Non-CRA Improvement prior to the completion of construction of said Non-CRA Improvement.

(d) Upon receipt of a Payment Request (and accompanying documentation) for a Segment, the City shall instruct the Project Engineer to conduct a review in order to confirm that such Segment was constructed in accordance with the Plans therefore and to verify and approve the Actual Cost of such Segment specified in such Payment Request. The City agrees to instruct the Project Engineer to conduct each such review in an expeditious manner not to exceed 30 calendar days and the Developer agrees to cooperate with the Project Engineer in conducting each such review and to provide the Project Engineer with such additional information and documentation as is reasonably necessary for the Project Engineer to conclude each such review. Upon confirmation that such Segment has been constructed in accordance with the Plans

therefore, and verification and approval of the Actual Cost of such Segment, the City shall, within thirty (30) days thereafter accept such Segment and the Project Engineer and Director of the City shall sign the Payment Request and forward the same to the Finance Director of the City and payments will be made to Developer, or other person as applicable, within thirty (30) days after receipt by the Finance Director.

Section 4.03. Payments to Co-Developer

The Developer may enter into agreements with one or more real estate developers or builders (commercial or residential) to sell or develop a portion of the Property and/or to construct certain Public Improvements (each such developer, a “Co-Developer”). The Developer may submit Actual Costs paid for by a Co-Developer and obtain reimbursement of such Actual Costs (or in the case of certain CRA Improvements, the costs eligible for reimbursement) on behalf of and to be paid to such Co-Developer.

Section 4.04. Acceptance and Maintenance of Improvements.

Upon written acceptance of a Non-CRA Improvement, and subject to any applicable maintenance-bond period, the City shall be responsible for all operation and maintenance of such Non-CRA Improvement, including all costs thereof and relating thereto. Notwithstanding the foregoing, if the City assigns its right to receive a Non-CRA Improvement to the County as provided in Section 3.01 above, then the County shall be responsible for operation and maintenance as provided in the applicable Acquisition Agreement. Operation and maintenance of CRA Improvements shall be in accordance with the CRA.

Section 4.05 PID Bond Reimbursements to City.

The Parties hereby acknowledge and agree that the Developer will reimburse the City for funds advanced by the City under the CRA according to the schedule and amounts and otherwise in accordance with the terms more particularly described in the CRA.

ARTICLE V. BONDS

Section 5.01. Issuance of Bonds.

(a) Subject to the terms and conditions set forth in this Section V, the City intends to pay for the Public Improvements, by issuing Bonds in one or more series. The City will use reasonable and good faith efforts to sell Bonds after receiving a Bond Issuance Request from the Developer, provided that the Developer can reasonably demonstrate to the City and its financial advisors via a Feasibility and Market Study Analysis (or such other similar documentation) that there is sufficient security for the Bonds, based upon the bond market existing at the time of such proposed sale. Notwithstanding the foregoing, the City intends to issue the Master PID Bonds and in connection with such Bonds no Bond Issuance Request is required. The Public Improvements to be constructed and funded in connection with the Master PID Bonds (as well as the projected costs and timing of their construction) are detailed on the chart attached hereto as

Exhibit "D". The chart also shows projected dates for reimbursement by the City pursuant to the CRA. The Phased PID Bonds will be issued in the future subject to the terms hereof and the Assessment Plan (as the same is amended and updated).

(b) In the event there are cost overruns and the proceeds of the Subordinate Master PID Bonds and the funds in the CRA Holdback (defined below) are not sufficient to fund the Public Improvements specified in the Assessment Plan, the Developer waives the right to protest the City's reasonable decision to issue an additional amount of debt sufficient to cover the overruns (not to exceed \$750,000) of Bonds commencing in year 2012 with the first assessments to occur in 2014 to provide additional contingency funding. While the City cannot pre-approve the issuance of these Bonds and hence bind a future City Council, the City hereby notes its willingness to consider the issuance of additional Bonds, as needed in a manner consistent with City policy, to make certain that the CRA Improvements funded by the Subordinate Master PID Bonds can be managed and/or completed should the other contingencies be exhausted.

(c) The aggregate principal amount of Bonds required to be issued hereunder shall not exceed an amount sufficient to fund: (i) the Actual Costs of the Public Improvements (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than 3 years from the date of the initial delivery of the Bonds and (iii) any costs of issuance. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future Bond issuances.

(d) To the extent permitted by law, the final maturity for each series of Bonds shall occur no later than 30 years from the issuance date of said Bonds.

(e) Bonds are not required to be issued under this Article V unless (1) the statutory requirements set forth in Chapter 372 of the Texas Local Government Code have been satisfied; (ii) the City shall receive at the time of issuance an opinion of counsel selected by the City stating in effect that the Bonds are legal and valid under Texas law and that all preconditions to their issuance under State law have been satisfied; and (iii) the approving opinion of the Attorney General of the State of Texas as required by the PID Act.

(f) If proceeds from Senior Master PID Bonds are still available after all the Master PID Bond Authorized Improvements are accepted by the City or County, as applicable, the proceeds may be utilized to finance other Public Improvements.

Section 5.02. Public Improvement Fund and CRA Holdback

(a) The City hereby covenants and agrees that if Bonds are issued, the applicable Indenture will establish a Project Fund as a separate fund to be held by the Trustee under the Indenture. The City agrees that the portion of the proceeds of the Bonds not used to pay the costs of issuance associated with the Bonds (but used to provide capitalized interest or to fund a reserve fund or to fund other lawful purposes related to the Project as detailed in the applicable Indenture shall be deposited upon issuance into the Project Fund as specified in the Indenture,

which amounts shall be used to pay for Project Costs. The Indenture may establish separate accounts within the Project Fund.

(b) The Developer hereby covenants and agrees to use commercially reasonable efforts to first expend proceeds from the Senior Master PID Bonds to construct Waterline 1 before expending proceeds from the Subordinate Master PID Bonds to construct Waterline 1.

(c) An additional contingency amount (maintained from the proceeds of the Senior Master PID Bonds) will be held back based on the aggregate estimated cost of unfunded work on the Public Improvements that also qualifies as CRA Improvements to be completed with funds from the Subordinate Master PID Bonds (the "**CRA Holdback**"). This CRA Holdback will be held in a separate account by the Trustee. This amount will initially be \$___ million which is ___% (the "**Requisite Percentage**") of the estimated aggregate cost of the CRA Improvements to be completed with funds from the Subordinate Master PID Bonds. The amount held in the CRA Holdback will decrease on a prorata basis as Public Improvements that also qualifies as CRA Improvements funded by the Subordinate Master PID Bonds are completed and funded (i.e., only the Requisite Percentage of the estimated aggregate cost necessary to complete the CRA Improvements to be funded by Subordinate Master PID Bonds shall remain in the CRA Holdback. Amounts no longer required to maintain the Requisite Percentage in the CRA Holdback can then be used to complete Master PID financed Public Improvements that are Non-CRA Improvements. Once the CRA Improvements to be funded by Subordinate Master PID Bonds are completed, any remaining funds in the CRA Holdback will be disbursed to complete Master PID financed Non-CRA Improvements and then to reimburse the Developer for qualifying Project Costs advanced by the Developer to complete Master PID financed Improvements.

Section 5.03. Denomination, Maturity, Interest, and Security for Bonds

(a) Each series of Bonds shall be finally authorized by the City Council and shall be issued in the denominations, shall mature and be prepaid, shall bear interest, and shall be secured by and payable solely from the Bond Security, all to be as described and provided in the Bond Ordinance or Indenture, as applicable.

(b) The final and adopted versions of the Bond Ordinance and the Indenture (and all documents incorporated or approved therein) shall contain provisions relating to the withdrawal, application, and uses of the proceeds of the Bonds when and as issued and delivered and otherwise contain such terms and provisions as are mutually approved by the City and the Developer.

Section 5.04. Sale of Bonds.

The Bonds shall be issued by the City and shall be marketed and sold through negotiated sale to an approved third party with the cooperation and assistance of the Developer in all respects with respect to the preparation of marketing documents, such as preliminary and final

official statements or in such other marketing and/or sales method mutually agreed upon by the City and the Developer.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

Section 6.01. Representations and Warranties of City

The City makes the following representation and warranty for the benefit of the Developer: (a) that the City is a municipal corporation and political subdivision of the State of Texas, duly incorporated, organized and existing under the Constitution and general laws of the State, and has full legal right, power and authority under the PID Act and other applicable law (i) to enter into, execute and deliver this Agreement, (ii) to adopt the Assessment Ordinance, and (iii) to carry out and consummate the transactions contemplated by this Agreement.

Section 6.02. Representation and Warranties of Developer

The Developer makes the following representations, warranties and covenants for the benefit of the City:

(a) The Developer represents and warrants that the Developer is a limited partnership duly organized and validly existing under the laws of the State of Delaware, is qualified to do business in and is in good standing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) The Developer represents and warrants that the Developer has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of the Developer.

(c) The Developer represents and warrants that this Agreement is valid and enforceable obligation of the Developer and is enforceable against the Developer in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) The Developer covenants that it will use its reasonable and diligent efforts to do all things which may be lawfully required of it in order to cause the Public Improvements to be completed in accordance with this Agreement.

(e) The Developer covenants that it will not commit, suffer, or permit any act to be done in, upon or to the Property or the Project in violation of the any law, ordinance, rule, regulation, or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the Property or the Project.

(f) The Developer represents and warrants that (i) it will not request payment from the City for the acquisition of any Public Improvements that are not part of the Project, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to Payment Requests.

(g) Until the final Acceptance Date of all Segments, the Developer covenants to maintain proper books of record and account for the Project and all costs related thereto. The Developer covenants that such accounting books will be maintained in accordance with generally accepted accounting principles, and will be available for inspection by the City or its agent at any reasonable time during regular business hours upon at least 72 hours notice.

ARTICLE VII. DEFAULT AND REMEDIES

(a) A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) days of the receipt of such notice (or five (5) days in the case of a monetary default), subject, however, in the case of non-monetary default, to the terms and provisions of subparagraph (c). Upon a breach of this Agreement, the non-defaulting Party in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained (and/or an action for mandamus as and if appropriate). Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Article VII or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party. Notwithstanding any provision contained herein to the contrary, the Owner shall not be required to construct any portion of the Project (or take any other action related to or in furtherance of same) while the City is in default under this Agreement).

(c) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, widespread pestilence, fire or other casualty, shortage of materials, adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or tornadoes, labor action, strikes, changes in the law affecting the obligations of the Parties hereunder, or similar acts), the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a "force majeure" event

causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article.

(d) In addition to the foregoing remedies, the CRA contains provisions dealing with the City's options to complete CRA Improvements if the Developer fails to timely do so. Furthermore, the CRA contains additional consequences if the Developer is in default under the CRA. This subparagraph (d) controls over any contrary provisions contained in this Agreement.

ARTICLE VIII. GENERAL PROVISIONS

Section 8.01. Notices.

Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as any be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

If to City: City of Austin
 PO Box 1088
 Austin, Texas 78767
 Attn: City Treasurer
 Facsimile: 512.370.3838

With copies to: City of Austin
 PO Box 1088
 Austin, Texas 78767
 Attn: City Attorney
 Facsimile: 512.974.6490

Director of Public Works
City of Austin
505 Barton Springs Road, Suite 1300
Austin, TX 78704
Facsimile: 512.974.7084_

Director of Austin Water Utility
PO Box 1088
Austin, Texas 78767
Facsimile: 512.972.0111

If to Developer: Taurus of Texas
 c/o Douglas H. Gilliland
 9285 Huntington Square

North Richland Hills, Texas 76180
Facsimile: 817.788.1670

With a copy to: Metcalfe Williams, LLP
Attn: Steven C. Metcalfe
301 Congress Avenue, Suite 1075
Austin, Texas 78701
Facsimile: 512.551-4943

Section 8.02. Fee Arrangement

The Developer agrees that it will pay all of the City's costs and expenses (including legal fees and financial advisory fees) related to the creation and administration of the District. The City's advisors shall submit to the City their fees relating to the establishment and administration of the District, including legal fees relating to the development and review of the Assessment Plan and the Developer will pay these fees on behalf of the City in accordance with the terms of that certain Amended and Restated City of Austin, Texas Deposit and Reimbursement Agreement Proposed Public Improvement District Agreement dated June 10, 2010, or such additional agreements subsequently entered into by the City and Developer. In addition to any fees paid by the Developer pursuant to the preceding sentence, all fees of legal counsel related to the issuance of the Bonds, including fees for the preparation of customary bond documents and the obtaining of Attorney General approval for the Bonds, will be paid at closing as mutually agreed to by the City and the Developer.

Section 8.03. Assignment

(a) Subject to subparagraph (b) below, Developer may, in its sole and absolute discretion, assign this Agreement with respect to all or part of the Project from time to time to any party so long as the assignee has demonstrated to the City's satisfaction that the assignee has the financial, technical, and managerial capacity, the experience, and expertise to perform any duties or obligations so assigned and so long as the assigned rights and obligations are assumed without modifications to this Agreement. Developer shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Developer shall be fully released from any and all obligations under this Agreement and shall have no further liability with respect to this Agreement for the part of the Project so assigned.

(b) Upon any assignment to its Designated Successors and Assigns, Developer may request the City to approve the release of Developer from the rights and obligations assigned to any Designated Successor and Assigns, such approval not be unreasonably withheld, conditioned or delayed. Upon such approval by the City, Developer shall no longer be liable for the assigned rights and obligations and the City shall look solely to the Designated Successors and Assigns for performance timing. Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

Section 8.04. Term of Agreement

This Agreement shall terminate on the date on which the City and Developer discharge all of their obligations hereunder; provided, that this Agreement shall automatically terminate on January 1, 2015, if the first series of Bonds is not issued by such date. In the case of any termination of this Agreement and/or dissolution of the District, the obligation of any Party to pay any Project Costs expended prior to the termination of this Agreement and/or dissolution of the District and remaining unpaid shall survive such termination and/or dissolution.

Section 8.05. Construction of Certain Terms

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

- (a) Words importing a gender include either gender.
- (b) Words importing the singular include the plural and vice versa.
- (c) A reference to a document includes an amendment, supplement, or addition to, or replacement, substitution, or novation of, that document but, if applicable, only if such amendment, supplement, addition, replacement, substitution, or novation is permitted by and in accordance with that applicable document.
- (d) Any term defined herein by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect.
- (e) A reference to any Party includes such Party's permitted successors and assigns, and reference to any Party in a particular capacity excludes such Party in any other capacity or individually.
- (f) All references in this Agreement to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Agreement. All references in this Agreement to "Exhibits" are to the designated Exhibits to this Agreement.
- (g) The words "herein," "hereof," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole and not to the specific Section or provision where such word appears.
- (h) The words "including" and "includes," and words of similar import, are deemed to be followed by the phrase "without limitation."
- (i) Unless the context otherwise requires, a reference to the "Property," the "Public Improvements," or the "District" is deemed to be followed by the phrase "or a portion thereof."

(j) Every "request," "order," "demand," "direction," "application," "appointment," "notice," "statement," "certificate," "consent," "approval," "waiver," "identification," or similar action under this Agreement by any Party shall, unless the form of such instrument is specifically provided, be in writing duly signed by a duly authorized representative of such Party.

(k) The Parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Agreement. Accordingly, the Parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Agreement.

Section 8.06. Table of Contents; Titles and Headings

The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 8.07. Amendments.

This Agreement may be amended, modified, revised or changed by written instrument executed by the Parties.

Section 8.08. Time

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 8.09. Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 8.10. Entire Agreement

This Agreement contains the entire agreement of the Parties.

Section 8.11. Severability; Waiver

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such

Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

Section 8.12. Effective Date

This Agreement shall become and be effective as of the later of the date stated in the recitals to this Agreement and the date of final execution by each of the Parties and shall be valid and enforceable on said date and thereafter.

Section 8.13. Developer as Independent Contractor

In performing under this Agreement, it is mutually understood that the Developer is acting as an independent contractor, and not an agent of the City.

Section 8.14. Supplemental Agreements

Other agreements and details concerning the obligations of the Parties under and with respect to this Agreement are included in the Assessment Plan, the Assessment Ordinances, Bond Ordinances and Indentures.

Section 8.15. Exhibits

The following exhibits are attached to and incorporated into this Agreement for all purposes:

- Exhibit A - Definitions
- Exhibit B - Property
- Exhibit C - Assessment Plan
- Exhibit D - Bond Chart
- Exhibit E - Form of Certification for Payment

Date: _____

CITY OF AUSTIN,
a home rule city and Texas municipal corporation

By: _____

Name: _____

Title: _____

Date: _____

**CLUB DEAL 116 INDIAN HILLS TX, LIMITED
PARTNERSHIP**, a Delaware limited partnership
qualified to do business in Texas

By: CD116 Indian Hills TX, LLC, a Delaware
limited liability company qualified to do business in
Texas

Its: General Partner

By: _____
Douglas H. Gilliland, Manager

Exhibit "A"

DEFINITIONS

Section 8.15. Defined Terms

Unless the context requires otherwise, and in addition to the terms defined above, each of the following terms and phrases used in this Agreement has the meaning ascribed thereto below:

"Acceptance Date" means, with respect to a Segment, the date that the Actual Cost thereof is paid to the Developer pursuant to the terms hereof.

"Actual Cost(s)" means, with respect to a Segment, the Developer's demonstrated, reasonable, allocable, and allowable costs of constructing such Segment, as specified in a Payment Request that has been reviewed and approved by the City and the Project Engineer and in an amount not to exceed the amount for each Segment as set forth in the Assessment Plan. Actual Cost may include (a) the costs incurred by or on behalf of the Developer (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Segment, (b) if the Developer has acted as general contractor with respect to such Segment, or a portion thereof, a contractor's fee of 5.5% of the costs incurred by or on behalf of the Developer for the construction of such Segment or portion thereof, (c) the costs incurred by or on behalf of the Developer in preparing the Plans for such Segment, (d) the fees paid for obtaining permits, licenses or other governmental approvals for such Segment, (e) a construction management fee of 4% of the costs incurred by or on behalf of the Developer for the construction of such Segment if the Developer is serving as the Construction Manager, (f) the costs incurred by or on behalf of the Developer for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (property and franchise) related to the Segment receiving the benefits of the assessments and the Public Improvements (g) all labor, bonds and materials, including equipment and fixtures, by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Public Improvements, (h) all related permitting, zoning and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, County permit fees and development fees), insurance premiums, interest cost charged by the City of Austin pursuant to the Water Cost Reimbursement Agreement, and miscellaneous expenses, and all payments for Administrative Expenses after the date of a resolution authorizing such reimbursement, plus interest, if any, at the lower of (x) Prime plus 5% or (y) the interest rate borne by the Bonds, in either case calculated from the respective dates of the expenditures until the date of reimbursement therefore.

Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed and accepted or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in equal monthly installments over the term of the appropriate construction management agreement. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general

contractor and construction management fees are calculated. Actual Costs also may be paid to the Developer only in the capacity of construction manager or only in the capacity of general contractor but not both.

“Acquisition Agreement” means (whether one or more) an agreement that provides for dedication of a Public Improvement (or Segment) to the City prior to the Developer being paid in full out of the applicable Phased PID Bond proceeds, whereby all or a portion of the Actual Costs will be paid to Developer from future Phased PID Bond issuances to reimburse the Developer for actual costs paid by the Developer that are eligible to be paid with Bond proceeds. The form of Acquisition Agreement shall be reasonably acceptable to both City and Developer.

“Administrator” means employee or designee of the City who shall have the responsibilities provided for herein and in the Assessment Plan.

“Administrative Expenses” means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the assessment roll, (iii) computing, levying, collecting and transmitting the Special Assessments or the installments thereof, (iv) maintaining the record of installments, payments and reallocations and/or cancellations of the Special Assessments, (v) issuing, paying and redeeming the Bonds, (vi) investing or depositing the Special Assessments, (vii) complying with the PID Act with respect to the Bonds, (viii) paying the paying agent/registrar’s and trustee’s fees and expenses (including the fees and expenses of its legal counsel), and (ix) administering the construction of the Public Improvements, in accordance with the terms of this Agreement.

“Agreement” has the meaning given in the recitals to this Agreement.

“Assessment Ordinance” means each ordinance adopted by the City Council approving the Assessment Plan (or such amendments to the Assessment Plan) and levying the Special Assessments, as required by Article II of this Agreement. The Parties hereby acknowledge that the Assessment Plan will be amended from time to time as additional Bonds are sold and Improvement Areas are developed.

“Assessment Plan” means the Indian Hills Public Improvement District Service and Assessment Plan (as such plan is amended from time to time), to be initially adopted by the City Council in the first Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions and findings approved and agreed to by the Developer, as required by Article II of this Agreement. The Parties hereby acknowledge that the Assessment Plan will be amended from time to time as additional Bonds are sold and Improvement Areas are added to the Project.

“Attorney General” means the Texas Attorney General’s Office.

“Bond Issuance Request” means written request made by Developer to the City Manager and City’s Chief Financial Officer in good faith as evidenced by the Developer’s

expenditure of necessary amounts for market studies, financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

"Bond Ordinance" means and refers to the ordinance or ordinances of the City Council that will authorize and approve the issuance and sale of the Bonds and provide for their security and payment, either under the terms of the Bond Ordinance or a trust indenture related to the Bonds.

"Bond Security" means the funds that are to be pledged in or pursuant to the Bond Ordinance or the Indentures to the payment of the debt service requirements on the Bonds, consisting primarily of the Special Assessments, including earnings and income derived from the investment or deposit of Special Assessments in the special funds or accounts created and established for the payment and security of the Bonds, unless such earnings are required to be deposited into a rebate fund for payment to the federal government. Notwithstanding the foregoing, with respect to the Subordinate Master PID Bonds, the "Bond Security" shall also include the reimbursements under the CRA assigned pursuant to the CRA Pledge Agreement.

"Bonds" means the bonds to be issued by the City, in one or more series, plus any required reserves and amounts necessary to pay the costs of issuance, and to be secured by a pledge of the Bond Security pursuant to the authority granted in the PID Act, and as required by this Agreement for the purposes of (i) financing the costs of the Public Improvements and related costs, and (ii) reimbursing the Developer for Actual Costs paid prior to the issuance of and payment for the Bonds.

"Certification for Payment" means the certificate so defined in the Initial Indentures.

"City" has the meaning given in the recitals to this Agreement.

"City Council" means the duly elected governing body and council of the City.

"City Manager" means the City Manager of the City or his designee(s).

"Co-Developer" has the meaning given in Section 4.02 of this Agreement.

"Construction Manager" means initially the Developer, and thereafter subject to change in accordance with Section 3.03 of this Agreement. The City acknowledges and agrees that (i) the Developer intends to subcontract out the duties of Construction Manager to a third party and (ii) Developer's hiring of the initial subcontractor to serve as the Construction Manager shall not be deemed a change in the Construction Manager pursuant to the terms and conditions of Section 3.03.

"County" means Travis County, Texas.

"CRA" means the Water Cost Reimbursement Agreement. It is hereby acknowledged that a portion of Water Line 1 is being funded by the Whisper Valley Public Improvement District.

"CRA Improvements" means Water Line 1 intended to be constructed pursuant to that certain Water Cost Reimbursement Agreement.

"CRA Pledge Agreement" means that certain Security, Assignment and Pledge Agreement dated of even date herewith by and between the City, Developer, WV Developer and Deutsche Bank National Trust Company.

"Debt" means any bond, note, or other evidence of indebtedness incurred, entered into, or issued by the City related exclusively to the District.

"Decker Lake Road" means the extension of Decker Lake Road as depicted in the Decker Lake Road Agreement.

"Decker Lake Road Agreement" means that certain Decker Lake Road Participation Agreement dated executed as of November 30, 2006 by and between Developer and the County, as amended from time to time.

"Designated Successors and Assigns" shall mean (i) an entity to which Developer assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 8.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Developer's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Developer.

"Developer" has the meaning given in the recitals to this Agreement.

"Director" means (i) the Director of Austin Water for water and wastewater related infrastructure and (ii) the Director of Public Works for all other infrastructure, or the designee of such applicable Director.

"District" has the meaning given in the recitals to this Agreement.

"Effective Date" has the meaning given in the recitals to this Agreement.

"Feasibility and Market Study Analysis" means a new study or update to a prior study that is prepared by a third party consultant acceptable to the City prior to each Bond issuance that analyzes the pricing and absorption assumptions included in the Assessment Plan for a particular Improvement Area in order to determine that such assumptions are consistent with the proposed assessments that will be levied against the property located within that particular Improvement Area. It is hereby agreed that the appraisal dated April 27, 2011 prepared by Paul Hornsby & Company shall serve as the "Feasibility and Market Study Analysis" for the Master PID Bonds.

"Financial Advisor" means PFM Group.

"Indenture" means any trust indenture by and between the City and the Trustee, as it may be amended from time to time.

“Initial Indentures” means those certain Indentures of Trust each dated as of August 1, 2011, between the City and Trustee covering the Master PID Bonds.

“Issue Date” means the date of the initial delivery of the Bonds.

“Master PID Bonds” means collectively the Senior Master PID Bonds and the Subordinate Master PID Bonds.

“Maximum Annual Assessment” means for the first year assessments are levied for any particular parcel of land within the Project, an amount that does not exceed 125% of such parcel’s anticipated buildout value (as determined by the Feasibility and Market Study Analysis) times the City’s tax rate in the fiscal year the assessment is determined. For each year after the first year assessments are levied for any particular parcel of land within the Project, the Maximum Annual Assessment for that particular parcel cannot increase by more than two percent (2%) annually.

“Non-CRA Improvements” means any improvements included in the Assessment Plan save and except the CRA Improvements.

“Notice” means any notice, writing, or other communication given under this Agreement.

“Party” means the Developer or the City, as parties to this Agreement, and **“Parties”** means collectively, the Developer and the City.

“Payment Request” means the document to be provided by the Developer to substantiate the Actual Cost of one or more Segments.

“Phase” means the portion of the Project to which assessments will be levied pursuant to that certain Bond issuance.

“Phased PID Bonds” shall have the meaning ascribed in Section 2.01(b).

“PID Act” means Chapter 372, Local Government Code, as amended.

“PID Policy” has the meaning given in the recitals to this Agreement.

“Prime” means the prime rate as reported by *The Wall Street Journal*.

“Project” has the meaning given in the recitals to this Agreement.

“Project Costs” means the total of all Actual Costs.

“Project Engineer” means the civil engineer or firm of civil engineers selected by the Developer to perform the duties set forth herein, which is currently Bury + Partners.

“Project Fund” means the separate and unique fund established by the City under such name pursuant to the Indenture as described in Section 5.02 hereof.

“Property” has the meaning given in the recitals to this Agreement.

“Public Improvements” means collectively the Non-CRA Improvements, the CRA Improvements and any other improvements which may be included in the Assessment Plan as such plan is amended and updated from time to time.

“Regulatory Requirements” means the requirements and provisions of any state or federal law, and any permits, rules, orders or regulations issued or adopted from time to time by any regulatory authority, state, federal or other, having jurisdiction over the Public Improvements, as adjusted by the Development Agreement.

“Segments” means the discrete portions of the Public Improvements identified as such.

“Senior Master PID Bonds” shall mean those certain City of Austin, Texas Special Assessment Revenue Bonds, Senior Series 2011 (Indian Hills Public Improvement District).

“Special Assessment Revenues” means the monies collected from Special Assessments, including supplemental assessments and reassessments, interest, expenses, or penalties on Special Assessments, prepayments, foreclosure proceeds, and proceeds from a guarantor, if any, of the Special Assessments.

“Special Assessments” means the assessments levied against properties in the District, as provided for in the applicable Assessment Ordinance and in the Assessment Plan, including any supplemental assessments or reallocation of assessments levied in accordance with Sections 372.019 and 372.020 of the PID Act.

“State” means the State of Texas.

“Subordinate Master PID Bonds” shall mean those certain City of Austin, Texas Special Assessment Reserve Bonds, Subordinate Series 2011 (Indian Hills Public Improvement District) issued contemporaneously herewith.

“Trustee” means as trustee under the Initial Indentures, and any successor thereto permitted under the Initial Indentures and any other Trustee under a future Indenture.

“Underwriter” means Piper Jaffray.

“Water Cost Reimbursement Agreement” means that certain Restated Cost Reimbursement Agreement (Water) and Second Amendment to the Cost Reimbursement Agreement (Wastewater) Indian Hills and Whisper Valley Subdivisions dated November 1, 2010 by and between Developer, WV Developer and the City, as amended by that certain First Amendment to the Restated Cost Reimbursement Agreement (Water) and Second Amendment to the Cost Reimbursement Agreement (Wastewater) - Indian Hills and Whisper Valley Subdivisions dated of even date herewith, and otherwise as further amended from time to time.

Exhibit "B"

PROPERTY DESCRIPTION

[See Attached]

149.951 ACRES
INDIAN HILLS
REUBEN HORNSBY SURVEY

FN NO. 10-121(KWA)
JUNE 8, 2010
BPI JOB NO. 1758-05

DESCRIPTION

OF A 149.951 ACRE TRACT OUT OF THE REUBEN HORNSBY SURVEY NO. 17, ABSTRACT NO. 15, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THOSE CERTAIN TRACTS (TRACT ONE-149.45 ACRES, TRACT TWO-68.99 ACRES, TRACT THREE-7.17 ACRES, TRACT FOUR-7.18 ACRES, TRACT FIVE-7.18 ACRES) CONVEYED TO CLUB DEAL 116 INDIAN HILLS, TX, LIMITED PARTNERSHIP, BY DEED OF RECORD IN DOCUMENT NO. 2005232159, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 149.951 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, at a 1/2-inch iron rod with cap found at the northeasterly corner of that certain 19.67 acre tract conveyed to Gary W. Anderson, by Deed of record in Volume 12342, Page 5, of the Real Property Records of Travis County, Texas, being in the westerly line of that certain 1.067 acre tract conveyed to Jaketown 130 LLC, by Deed of record in Document No. 2007209496, of said Official Public Records, for the southeasterly corner of said 7.18 acre "Tract Five" and hereof;

THENCE, N62°07'59"W, leaving the westerly line of said 1.067 acre tract, along the northerly line of said 19.67 acre tract, for the southerly line of said 7.18 acre "Tract Five" and hereof, a distance of 2067.52 feet to a 1/2-inch iron rod with cap set on the easterly right-of-way line of F.M. 973 (R.O.W. Varies), for the southwesterly corner of said 7.18 acre "Tract Five" and hereof;

THENCE, along said easterly right-of-way line of F.M. 973, being the westerly lines of said 7.18 acre "Tract Five", said 7.18 acre "Tract Four", said 7.17 acre tract, said 68.99 acre tract, and said 149.45 acre tract, for the westerly line hereof, the following six (6) courses and distances:

- 1) N27°36'23"E, a distance of 895.35 feet to a TxDOT Type I monument found at the point of curvature of a curve to the left;
- 2) Along said curve, having a radius of 11510.24 feet, a central angle of 02°56'06", an arc length of 589.61 feet, and a chord which bears N26°08'20"E, a distance of 589.55 feet to a TxDOT Type I monument found at the point of tangency of said curve;
- 3) N24°38'00"E, a distance of 250.71 feet to a 1/2-inch iron rod with cap set at the point of curvature of a curve to the right;

- 4) Along said curve, having a radius of 5679.03 feet, a central angle of $03^{\circ}28'47''$, an arc length of 344.90 feet, and a chord which bears $N26^{\circ}26'44''E$, a distance of 344.85 feet to a TxDOT Type I monument found at the point of tangency of said curve;
- 5) $N28^{\circ}09'22''E$, a distance of 1363.06 feet to a 1/2-inch iron rod with cap set for an angle point;
- 6) $N27^{\circ}33'54''E$, a distance of 23.21 feet to a calculated point, for the northwesterly corner hereof;

THENCE, leaving said easterly right-of-way line, over and across said 149.45 acre tract, for the northerly line hereof, the following seven (7) courses an distances:

- 1) $S61^{\circ}54'56''E$, a distance of 483.59 feet to a calculated point, for an angle point;
- 2) $S28^{\circ}05'04''W$, a distance of 353.62 feet to a calculated point at the beginning of a non-tangent curve to the right;
- 3) Along said curve, having a radius of 1995.00 feet, a central angle of $03^{\circ}24'05''$, an arc length of 118.43 feet, and a chord which bears $S50^{\circ}42'30''E$, a distance of 118.41 feet to a calculated point at the end of said curve;
- 4) $S49^{\circ}00'30''E$, a distance of 169.57 feet to a calculated point at the point of curvature of a curve to the left;
- 5) Along said curve, having a radius of 1455.00 feet, a central angle of $18^{\circ}38'35''$, an arc length of 473.43 feet, and a chord which bears $S58^{\circ}19'45''E$, a distance of 471.35 feet to a calculated point at the point of tangency of said curve;
- 6) $S67^{\circ}39'01''E$, a distance of 394.14 feet to a calculated point at the beginning of a non-tangent curve to the right;
- 7) Along said curve, having a radius of 1495.00 feet, a central angle of $17^{\circ}19'48''$, an arc length of 452.18 feet, and a chord which bears $S58^{\circ}59'07''E$, a distance of 450.46 feet to a calculated point on the easterly line of said 149.45 acre tract, being the westerly right-of-way line of SH 130 (R.O.W. Varies), for the northeasterly corner hereof;

THENCE, along said westerly right-of-way line of SH 130, being the easterly lines of said 149.45 acre tract and said 68.99 acre tract, for a portion of the easterly line hereof, the following five (5) courses and distances:

FN NO. 10-121(KWA)

JUNE 8, 2010

PAGE 3 OF 4


- 1) S27°12'02"W, a distance of 1130.00 feet to a 1/2-inch iron rod found at the easterly common corner of said 149.45 acre tract and said 68.99 acre tract, for an angle point;
- 2) S27°00'08"W, a distance of 233.27 feet to a 1/2-inch iron rod found, for an angle point;
- 3) S26°54'24"W, a distance of 531.43 feet to a 1/2-inch iron rod found, for an angle point;
- 4) S27°39'06"W, a distance of 420.03 feet to a 1/2-inch iron rod found, for an angle point;
- 5) S27°50'00"W, a distance of 14.88 feet to a 1/2-inch iron rod found, for an angle point;

THENCE, S27°40'49"W, in part along said westerly right-of-way line and in part along the westerly line of said 1.067 acre tract, being the easterly lines of said 68.99 acre tract, said 7.17 acre tract, said 7.18 acre "Tract Four", and said 7.18 acre "Tract Five", for a portion of the easterly line hereof, a distance of 700.98 feet to the POINT OF BEGINNING, and containing 149.951 acres (6,531,871 square feet) of land, more or less, within these metes and bounds.

BEARING BASIS: TEXAS COORDINATE SYSTEM, CENTRAL ZONE, NAD 83(93), UTILIZING LCRA GPS CONTROL MONUMENTATION.

I, ABRAM C. DASHNER, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE ABOVE DESCRIPTION WAS DETERMINED BY A SURVEY MADE ON THE GROUND BY ME OR UNDER MY DIRECTION AND SUPERVISION, AND IS TRUE AND CORRECT TO THE BEST OF MY ABILITIES. A SURVEY SKETCH EXHIBIT WAS PREPARED TO ACCOMPANY THIS DESCRIPTION.

BURY + PARTNERS, INC.
ENGINEERING-SOLUTIONS
221 WEST SIXTH ST., SUITE 600
AUSTIN, TEXAS 78701


6-8-10
ABRAM C. DASHNER, R.P.L.S.
NO. 5901
STATE OF TEXAS



F.M. 973 (R.O.W. VARIES)

N24°38'00"E
250.71'

N27°36'25"E 895.35'

N28°09'22"E 1363.06'

C1

C2

C3

L4

L5

L6

C4

L7

C5

CAP

S27°12'02"W 1130.00'

L1

CAP

S26°54'24"W 531.43'

S27°39'06"W 420.03'

L2

S27°40'49"W 700.98'

CAP

S27°52'03"W 382.41'

JAKETOWN 130 LLC
TRACT 2--15.586 ACRES
DOCUMENT NO. 2007209496

TRACT ONE--149.45 ACRES

CLUB DEAL 116--INDIAN HILLS
TX, LIMITED PARTNERSHIP
TRACT TWO--68.99 ACRES
DOCUMENT NO. 2005232159

149.951 ACRES
(6,531,871 SQ. FT.)

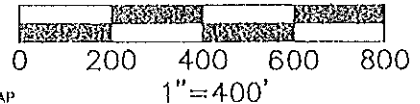
TRACT THREE--7.17 ACRES

TRACT FOUR--7.18 ACRES

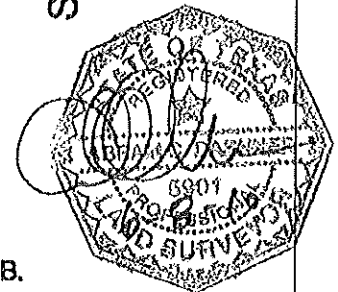
TRACT FIVE--7.18 ACRES

N62°07'59"W 2067.52'

GARY W. ANDERSON
19.67 ACRES
VOLUME 12342, PAGE 5



STATE HIGHWAY 130
(R.O.W. VARIES)



P.O.B.

JAKETOWN 130 LLC
TRACT 3--1.067 ACRES
DOCUMENT NO.
2007209496

SHEET 1 OF 2

Bury+Partners

ENGINEERING SOLUTIONS

221 West Sixth Street, Suite 600
Austin, Texas 78701

Tel. (512)328-0011 Fax (512)328-0325

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SKETCH TO ACCOMPANY DESCRIPTION

OF 149.951 ACRES OF LAND OUT OF THE REUBEN HORNSBY SURVEY NO. 17, ABSTRACT NO. 15, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THOSE CERTAIN: TRACT--ONE 149.45 ACRES, TRACT--TWO 68.99 ACRES, TRACT--THREE 7.17 ACRES, TRACT--FOUR 7.18 ACRES AND TRACT--FIVE 7.18 ACRES OF LAND CONVEYED TO CLUB DEAL 116--INDIAN HILLS TX, LIMITED PARTNERSHIP BY DEED OF RECORD IN DOCUMENT NO. 2005232159 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

**INSIGHT REAL
ESTATE
STRATEGIES**

DATE: 06/08/10

FILE: H:\1758\05\175805EX3.DWG

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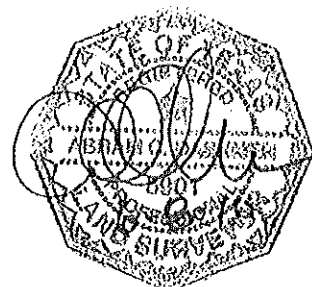
PROJ. No: 1758-05

LEGEND

- 1/2" IRON ROD FOUND (UNLESS NOTED)
- IRON PIPE FOUND
- △ CALCULATED POINT
- MONUMENT FOUND
- P.O.B. POINT OF BEGINNING

LINE TABLE

LINE	BEARING	LENGTH
L1	S27°00'08"W	233.27
L2	S27°50'00"W	14.88
L3	N27°33'54"E	23.21
L4	S61°54'56"E	483.59
L5	S28°05'04"W	353.62
L6	S49°00'30"E	169.57
L7	S67°39'01"E	394.14



CURVE TABLE

No.	Delta	Radius	Arc Length	Chord Length	Chord Bearing
C1	2°56'06"	11510.24	589.61	589.55	N26°08'20"E
C2	3°28'47"	5679.03	344.90	344.85	N26°26'44"E
C3	3°24'05"	1995.00	118.43	118.41	S50°42'30"E
C4	18°38'35"	1455.00	473.43	471.35	S58°19'45"E
C5	17°19'48"	1495.00	452.18	450.46	S58°59'07"E

SHEET 2 OF 2

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221 West Sixth Street, Suite 600
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SKETCH TO ACCOMPANY DESCRIPTION

OF 149.951 ACRES OF LAND OUT OF THE REUBEN HORNSBY SURVEY NO. 17, ABSTRACT NO. 15, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THOSE CERTAIN: TRACT-ONE 149.45 ACRES, TRACT-TWO 88.99 ACRES, TRACT-THREE 7.17 ACRES, TRACT-FOUR 7.18 ACRES AND TRACT-FIVE 7.18 ACRES OF LAND CONVEYED TO CLUB DEAL 116-INDIAN HILLS TX, LIMITED PARTNERSHIP BY DEED OF RECORD IN DOCUMENT NO. 2005232159 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

**INSIGHT REAL
ESTATE
STRATEGIES**

DATE: 06/08/10

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FN No.: 10-121(KWA)

DRAWN BY: KWA

PROJ. No: 1758-05

89.907 ACRES
INDIAN HILLS
REUBEN HORNSBY SURVEY

FN NO. 10-120(KWA)
JUNE 8, 2010
BPI JOB NO. 1758-05

DESCRIPTION

OF A 89.907 ACRE TRACT OUT OF THE REUBEN HORNSBY SURVEY NO. 17, ABSTRACT NO. 15, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 149.45 ACRE TRACT CONVEYED TO CLUB DEAL 116 INDIAN HILLS, TX, LIMITED PARTNERSHIP, BY DEED OF RECORD IN DOCUMENT NO. 2005232159, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; SAID 89.907 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, at a 1/2-inch iron rod found on the easterly right-of-way line of F.M. 973 (R.O.W. Varies), being the southwesterly corner of that certain 18.36 acre tract conveyed to Winding Prairie Grass Trails, Ltd., by Deed of record in Document No. 20000202543, of said Official Public Records, for the northwesterly corner of said 149.45 acre tract and hereof;

THENCE, S56°05'52"E, leaving said easterly right-of-way line, along the southerly line of said 18.36 acre tract, for a portion of the northerly line of said 149.45 acre tract and hereof, a distance of 653.35 feet to a 1/2-inch iron pipe found in concrete at the southeasterly corner of said 18.36 acre tract, being the southwesterly corner of that certain 71.930 acre tract conveyed to Decker Creek Estates Limited, by Deed of record in Volume 12715, Page 1040, of the Real Property Records of Travis County, Texas, also being the northwesterly corner of that certain 12.13 acre tract conveyed to the City of Austin, by Deed of record in Volume 3310, Page 1682, of the Deed Records of Travis County, Texas, for an angle point;

THENCE, along the westerly and southerly lines of said 12.13 acre tract, being the northerly line of said 149.45 acre tract, for a portion of the northerly line hereof, the following four (4) courses and distances:

- 1) S27°24'41"W, a distance of 804.78 feet to a 1/2-inch iron pipe found in concrete at the southwesterly corner of said 12.13 acre tract, for an angle point;
- 2) S61°27'34"E, a distance of 1050.70 feet to a 1/2-inch iron rod found for an angle point;
- 3) S27°34'27"W, a distance of 322.94 feet to a 1/2-inch iron rod found for an angle point;
- 4) S64°13'26"E, a distance of 362.67 feet to a 1/2-inch iron rod with cap found at the southeasterly corner of said 12.13 acre tract, being on the westerly line of that certain 15.586 acre tract conveyed to Jaketown 130 LLC, by Deed of record in Document No. 2007209496, of said Official Public Records, for the northeasterly corner of said 149.45 acre tract and hereof;

FN NO. 10-120 (KWA)
JUNE 8, 2010
PAGE 2 OF 4

THENCE, S27°12'10"W, along the westerly line of said 15.586 acre tract, being the easterly line of said 149.45 acre tract, for a portion of the easterly line hereof, a distance of 1399.85 feet to a 1/2-inch iron rod with cap found at the most southerly corner of said 15.586 acre tract, being an angle point in the westerly right-of-way line of SH 130 (R.O.W. varies), for an angle point;

THENCE, S27°12'02"W, along said westerly right-of-way line of SH 130, being the easterly line of said 149.45 acre tract, for a portion of the easterly line hereof, a distance of 80.83 feet to a calculated point at the beginning of a non-tangent curve to the left, for the southeasterly corner hereof;

THENCE, leaving said westerly right-of-way line, over and across said 149.45 acre tract, for the southerly line hereof, the following seven (7) courses and distances:

- 1) Along said curve, having a radius of 1495.00 feet, a central angle of 17°19'48", an arc length of 452.18 feet, and a chord which bears N58°59'07"W, a distance of 450.46 feet to a calculated point at the point of tangency of said curve;
- 2) N67°39'01"W, a distance of 394.14 feet to a calculated point at the point of curvature of a curve to the right;
- 3) Along said curve, having a radius of 1455.00 feet, a central angle of 18°38'35", an arc length of 473.43 feet, and a chord which bears N58°19'45"W, a distance of 471.35 feet to a calculated point at the point of tangency of said curve;
- 4) N49°00'30"W, a distance of 169.57 feet to a calculated point at the beginning of a non-tangent curve to the left;
- 5) Along said curve, having a radius of 1995.00 feet, a central angle of 03°24'05", an arc length of 118.43 feet, and a chord which bears N50°42'30"W, a distance of 118.41 feet to a calculated point at the end of said curve;
- 6) N28°05'04"E, a distance of 353.62 feet to a calculated point, for an angle point;
- 7) N61°54'56"W, a distance of 483.59 feet to a calculated point on the westerly line of said 149.45 acre tract, being said easterly right-of-way line of F.M. 973, for the southwesterly corner hereof;

THENCE, along said easterly right-of-way line, being the westerly line of said 149.45 acre tract, for the westerly line hereof, the following two (2) courses and distances:

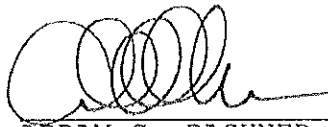
FN NO. 10-120(KWA)
JUNE 8, 2010
PAGE 3 OF 4

- 1) N27°33'54"E, a distance of 1486.14 feet to a TxDOT Type I monument found for an angle point;
- 2) N27°32'27"E, a distance of 777.67 feet to the POINT OF BEGINNING, and containing 89.907 acres (3,916,336 square feet) of land, more or less, within these metes and bounds.

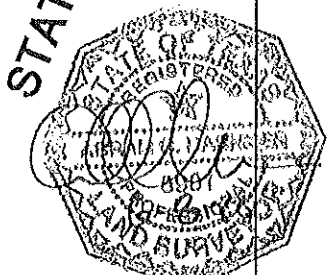
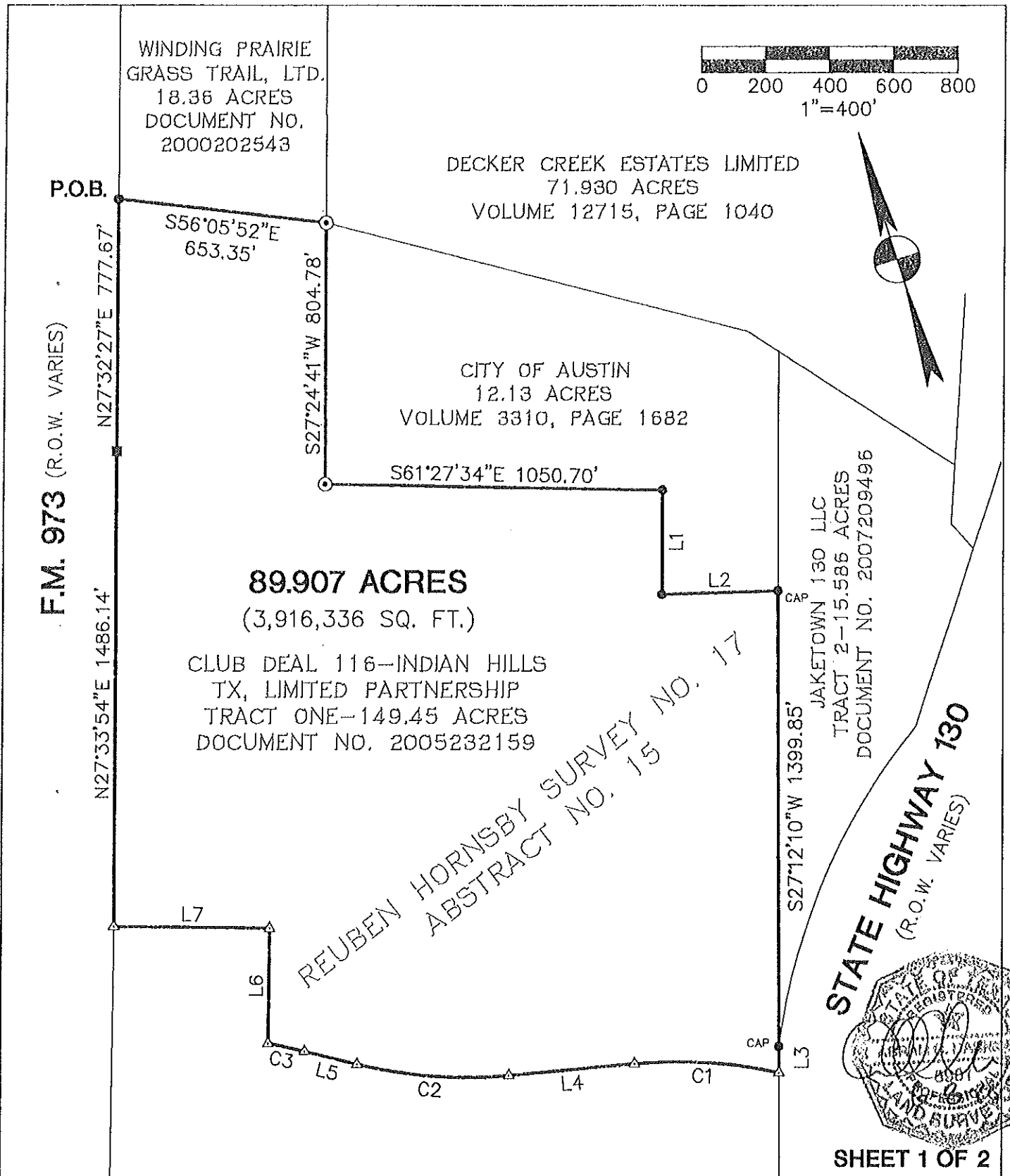
BEARING BASIS: TEXAS COORDINATE SYSTEM, CENTRAL ZONE, NAD 83(93), UTILIZING LCRA GPS CONTROL MONUMENTATION.

I, ABRAM C. DASHNER, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE ABOVE DESCRIPTION WAS DETERMINED BY A SURVEY MADE ON THE GROUND BY ME OR UNDER MY DIRECTION AND SUPERVISION, AND IS TRUE AND CORRECT TO THE BEST OF MY ABILITIES. A SURVEY SKETCH EXHIBIT WAS PREPARED TO ACCOMPANY THIS DESCRIPTION.


BURY + PARTNERS, INC.
ENGINEERING-SOLUTIONS
221 WEST SIXTH ST., SUITE 600
AUSTIN, TEXAS 78701

 6-8-10
ABRAM C. DASHNER, R.P.L.S.
NO. 5901
STATE OF TEXAS





SHEET 1 OF 2

 Bury+Partners ENGINEERING SOLUTIONS 221 West Sixth Street, Suite 600 Austin, Texas 78701 Tel. (512)328-0011 Fax (512)328-0325 Bury+Partners, Inc. ©Copyright 2010		SKETCH TO ACCOMPANY DESCRIPTION OF 89.907 ACRES OF LAND OUT OF THE REUBEN HORNSBY SURVEY NO. 17, ABSTRACT NO. 15, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN: TRACT-ONE 149.45 ACRES OF LAND CONVEYED TO CLUB DEAL 116-INDIAN HILLS TX, LIMITED PARTNERSHIP BY DEED OF RECORD IN DOCUMENT NO. 2005232159 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.		INSIGHT REAL ESTATE STRATEGIES	
DATE: 06/08/10	FILE: H:\1758\05\175805EX2.DWG	FN No.: 10-120(KWA)	DRAWN BY: KWA	PROJ. No: 1758-05	

LEGEND

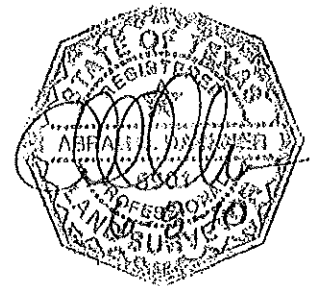
- 1/2" IRON ROD FOUND (UNLESS NOTED)
- ⊙ IRON PIPE FOUND
- △ CALCULATED POINT
- MONUMENT FOUND
- P.O.B. POINT OF BEGINNING

LINE TABLE

LINE	BEARING	LENGTH
L1	S27°34'27"W	322.94
L2	S84°13'26"E	362.67
L3	S27°12'02"W	80.83
L4	N67°39'01"W	394.14
L5	N49°00'30"W	169.57
L6	N28°05'04"E	353.62
L7	N61°54'56"W	483.59

CURVE TABLE

No.	Delta	Radius	Arc Length	Chord Length	Chord Bearing
C1	17°19'48"	1495.00	452.18	450.46	N58°59'07"W
C2	18°38'35"	1455.00	473.43	471.35	N58°19'45"W
C3	3°24'05"	1995.00	118.43	118.41	N50°42'30"W



SHEET 2 OF 2

Bury+Partners
ENGINEERING SOLUTIONS
221 West Sixth Street, Suite 600
Austin, Texas 78701
Tel. (512)328-0011 Fax (512)328-0325
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SKETCH TO ACCOMPANY DESCRIPTION
OF 89.907 ACRES OF LAND OUT OF THE REUBEN HORNSBY SURVEY NO. 17, ABSTRACT NO. 15, SITUATED IN TRAVIS COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN: TRACT-ONE 149.45 ACRES OF LAND CONVEYED TO CLUB DEAL 116-INDIAN HILLS TX, LIMITED PARTNERSHIP BY DEED OF RECORD IN DOCUMENT NO. 2005232159 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

INSIGHT REAL ESTATE STRATEGIES

DATE: 06/08/10

FILE: H:\1758\05\175805EX2.DWG

FN No.: 10-120(KWA)

DRAWN BY: KWA

PROJ. No: 1758-05

Exhibit “C”

ASSESSMENT PLAN

[See Attached]

Indian Hills Public Improvement District

Service and Assessment Plan

10/07/11

Section I

PLAN DESCRIPTION AND DEFINED TERMS

A. Introduction

On August 26, 2010, (the "Creation Date") the Austin City Council approved that certain "Petition for the Creation of a Public Improvement District to Finance Improvements to Indian Hills Subdivision" which authorized the creation of Indian Hills Public Improvement District (the "PID") to finance the Actual Costs for the benefit of certain property in the PID, all of which is located in limited purpose annexed jurisdiction of the City, but not within its corporate limits.

Upon application of the current property owners, the property within the PID was zoned by Ordinance No. 20100826-065 (the "Zoning Ordinance") adopted by the City of Austin on the Creation Date. The Zoning Ordinance designates the type of land uses that are permitted within the project and include development standards for each land use type.

Chapter 372 of the Texas Local Government Code, Improvement Districts in Municipalities and Counties (as amended, the "PID Act"), governs the creation of public improvement districts within the State of Texas. This Service and Assessment Plan has been prepared pursuant to Section 372.013, 372.014, 372.015 and 372.016 of the PID Act. According to Section 372.013 of the PID Act, a service plan "must cover a period of five years and must also define the annual indebtedness and the projected costs for improvements. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements." The service plan is described in Section V of this Service and Assessment Plan.

Section 372.014 of the PID Act states that "an assessment plan must be included in the annual service plan." The assessment plan is described in Section IV.

Section 372.015 of the PID Act states that "the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district." The method of assessing the Actual Costs to the property in the PID is included in Section VI of this Service and Assessment Plan.

Section 372.016 of the PID Act states that "after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment of each parcel of land in the district, as determined by the method chosen by the municipality or county under this subchapter." The Assessment Roll for the PID is attached hereto as Appendix A and addressed in Section VII of this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment described in Sections IV and VI of this Service and Assessment Plan.

Contemporaneously herewith, the City and Developer have entered into that certain Indian Hills Public Improvement District Financing Agreement (the "PID Finance Agreement"). The PID Finance Agreement contains a more detailed description of many of the concepts addressed in this Service and Assessment Plan, therefore, the two documents should be read as a

whole in order to have a more complete understanding of the terms addressed in each of the agreements.

B. Definitions

Capitalized terms used herein shall have the meaning ascribed to them as follows; provided, however, many capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the PID Finance Agreement:

“Administrator” means an employee or designee of the City who shall have the responsibilities provided for herein, in the Indenture related to the Bonds, or in another agreement approved by the City Council.

“Annual Installment” means, with respect to each Parcel, each annual payment of the Assessment, as shown on the Assessment Roll attached hereto as Appendix A or an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan.

“Annual Service Plan Update” has the meaning set forth in Section V of this Service and Assessment Plan.

“Assessed Property” means, for any year, Parcels within the PID other than Non-Benefited Property.

“Assessment” means the assessment levied against a Parcel imposed pursuant to the Assessment Ordinance and the provisions herein, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel created by such subdivision or reduction according to the provision herein and the PID Act.

“Assessment Ordinance” means each ordinance adopted by the City Council approving the Assessment Plan (or such amendments to the Assessment Plan) and levying the Special Assessments, as required by Article II of the PID Finance Agreement. The Parties hereby acknowledge that the Assessment Plan will be amended from time to time as additional Bonds are sold and Improvement Areas are developed.

“Assessment Revenues” mean the revenues actually received by the City from Assessments.

“Assessment Roll” means the document included in this Service and Assessment Plan as Appendix A, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Authorized Improvements” mean those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act which the Developer may design, construct, and install, and convey to the applicable governmental entity in accordance with this Service and Assessment Plan, and any future amendments. The parties hereby acknowledge that only some of the Authorized Improvements will be paid for by Bonds. Any

CRA Improvements shall be designed, constructed, installed and conveyed to the applicable governmental entity in accordance with the terms of the applicable CRA.

“Bonds” mean any bonds secured by Assessment Revenues issued by the City in one or more series.

“City” means the City of Austin, Texas.

“City Council” means the duly elected governing body of the City.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with Section 372.018 (b) of the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means Club Deal 116 Indian Hills TX, Limited Partnership, a Delaware limited partnership or its assignees or successors.

“Future Improvement Area” means Improvement Areas that are developed after Improvement Area #1, as such areas are generally shown on Table II-B. The Future Improvement Areas are subject to adjustment and are shown for example only.

“Improvement Area” means a set of Parcels within the PID that will be developed in the same general time period. The Parcels within an Improvement Area will be assessed in connection with the issuance of Phased PID Bonds for Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the parcels within the Improvement Area, but any parcels outside of the Improvement Area will not be assessed.

“Improvement Area #1” The initial Improvement Area to be developed as generally shown on Table II-B.

“Landowner’s Agreement” means that certain Landowner Agreement by and between the City and Developer whereby Developer grants its consent for assessments to be levied on the Property, in addition to other matters.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single family residential, the Lot Type shall be further defined by classifying the residential lots by density or lot size, as determined by the Administrator and confirmed by the City Council.

“Master PID Assessed Property” means, for any year, all land within the Property other than Non-Benefited Property.

“Master PID Bonds” means collectively the Senior Master PID Bonds and the Subordinate

Master PID Bonds.

“Master PID Bond Authorized Improvements” are the Authorized Improvements set forth in Table III-A and further described in Section III B of this Service and Assessment Plan.

“Non-Benefited Property” means Parcels within the boundaries of the PID that accrue no special benefit from the Authorized Improvements, including Owner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to Section VI.E, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.E.

“Owner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a property owners’ association.

“Parcel” means a parcel identified by either a tax map identification number assigned by the Travis County Appraisal District for real property tax purpose or by lot and block number in a final subdivision plat recorded in the real property records of Travis County.

“Phased PID Bonds” shall have the meaning ascribed in the PID Finance Agreement

“Phased PID Bond Authorized Improvements” means those Authorized Improvements associated with any given Improvement Area and contained in any supplemental table referred to in Section III.C and IV.D hereof.

“PID Act” means Texas Local Government Code Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan.

“PID Finance Agreement” has the meaning set forth in Section 1.A of this Service and Assessment Plan.

“Prepayment Costs” mean interest and expenses to the date of prepayment (or in the case of capital appreciation bonds, the accreted value on the date of prepayment), plus any additional amounts due pursuant to the Indenture related to the Bonds and allowed by law, if any, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment.

“Public Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Travis County, the City, a school district, a public utility provider or any other political subdivision or public agency, whether in fee simple or through an exclusive use easement.

“Reimbursement Payment” means a payment made under the terms of a CRA to the Initial Trustee pursuant to the Developer’s pledge thereof.

“Senior Master PID Bonds” shall have the meaning ascribed in the PID Finance Agreement.

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“Subordinate Master PID Bonds” shall have the meanings ascribed in the PID Finance Agreement.

“Zoning Ordinance” has the meaning set forth in Section I.A of this Service and Assessment Plan.

Section II

PROPERTY INCLUDED IN THE PID

A. Property Included in the PID

The PID is located in the limited purpose annexed jurisdiction of the City of Austin, Texas, within Travis County, Texas. This mixed use development contains approximately 240 acres. A map of the property within the PID is shown in Table II-A.

At completion, the PID is expected to consist of approximately 1,160 apartment homes, 919,000 square feet of office, 1,732,000 square feet of light industrial, and 131,000 square feet of neighborhood retail, as well as entry monuments, associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The estimated number of lots and the classification of each lot are based upon the Zoning Ordinance.

As Improvement Areas are developed, then in connection with the issuance of Phased PID Bonds, this Service and Assessment Plan will be amended to add a new table to this Section II.B (e.g. Table II-B-1 will be added for Improvement Area #1, Table II-B-2 for Improvement Area #2, etc.). A map of the property within each Improvement Area is shown in Table II-B. The Future Improvement Areas are shown for illustrative purposes only and are subject to adjustment.



Section III

DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. Authorized Improvement Overview

Section 372.003 of the PID Act defines the Authorized Improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

372.003. Authorized Improvements

- (a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.
- (b) A public improvement may include:
 - (i) landscaping;
 - (ii) erection of fountains, distinctive lighting, and signs;
 - (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
 - (iv) construction or improvement of pedestrian mall;
 - (v) acquisition and installment of pieces of art;
 - (vi) acquisition, construction or improvement of libraries;
 - (vii) acquisition, construction or improvement of off-street parking facilities;
 - (viii) acquisition, construction or improvement of rerouting of mass transportation facilities;
 - (ix) acquisition, construction or improvement of water, wastewater, or drainage facilities or improvements;
 - (x) the establishment or improvement of parks;
 - (xi) projects similar to those listed in Subdivisions (i)-(x)
 - (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
 - (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development recreation and cultural enhancement; and
 - (xiv) payment of expenses incurred in the establishment, administration and operation of the district.

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements should be undertaken by the City. A list of potential Authorized Improvements is included on Appendix B attached hereto.

B. Master PID Bond Authorized Improvements Overview

The Senior Master PID Bonds and Subordinate Master PID Bonds only fund Authorized Improvements that benefit the entire PID. The Senior Master PID Bonds will be secured by Assessments and the Subordinate Master PID Bonds will be secured by funds received pursuant to the CRAs and Assessments, subject to the use of the Assessments to pay the Senior Master PID Bonds. The Master PID Authorized Improvements are described below and the costs are shown in Table III-A. The estimated Actual Cost to construct the Master PID Bond Authorized Improvements is \$16,327,829. The Actual Costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates.

Decker Lake Road

This project is a 0.54 mile Major Arterial Roadway from FM 973 on the west to SH 130 frontage road on the east. The roadway section will consist of two (2) paved sections 32-feet in width to accommodate two (2) vehicle lanes and one (1) bicycle lane in each direction divided by a large landscape median. The minimum ROW for this section is 114-feet. Intersection Improvements will be funded under an agreement with TxDOT to construct left and right turn lanes on FM 973. The entire roadway section will be built in one phase. The project will provide water quality and detention facilities adjacent to the roadway to serve this improvement.

Water Line 1

This project consists of constructing approximately 19,684 linear feet of 48" diameter water transmission main from the City of Austin's Central Pressure zone. The project will be constructed within the existing right of way (ROW) of Decker Lake Road. The line will be designed and constructed in accordance with City of Austin standards and specifications. The line will have all the necessary appurtenances to be fully operational transmission main. The line will provide service to Indian Hills and will also serve the Whisper Valley development as well as future projects outside the PID. Only the portion of this line that serves the PID will be funded with proceeds of the Bonds.

TABLE III-A
Master PID Bonds Authorized Improvements and Costs

PROJECT NAME	CONSTRUCTION				
	HARD COST	MANAGEMENT	SOFT COST	CONTINGENCY	TOTAL COST
Senior Master PID Bonds					
Decker Lake Road	\$ 2,884,492	\$ 115,380	\$ 703,737	\$ 317,294	\$ 4,020,903
Water Line 1 - 19,684 LF of 48" Water Line	\$ 2,008,179	\$ 80,327	\$ 452,440	\$ 220,900	\$ 2,761,846
Capitalized Interest	\$ -	\$ -	\$ 667,295	\$ -	\$ 667,295
Reserve Fund	\$ -	\$ -	\$ 287,500	\$ -	\$ 287,500
Original Issue Discount	\$ -	\$ -	\$ 155,400	\$ -	\$ 155,400
Underwriter's Discount	\$ -	\$ -	\$ 80,500	\$ -	\$ 80,500
Other Bond Issuance Costs	\$ -	\$ -	\$ 252,237	\$ -	\$ 252,237
Subtotal	\$ 4,892,671	\$ 195,707	\$ 2,599,109	\$ 538,194	\$ 8,225,681
Subordinate Master PID Bonds					
Water Line 1 - 19,684 LF of 48" Water Line	\$ 5,668,578	\$ 226,743	\$ 1,277,121	\$ 623,544	\$ 7,795,986
Underwriter's Discount	\$ -	\$ -	\$ 22,103	\$ -	\$ 22,103
Other Bond Issuance Costs	\$ -	\$ -	\$ 284,060	\$ -	\$ 284,060
Subtotal	\$ 5,668,578	\$ 226,743	\$ 1,583,284	\$ 623,544	\$ 8,102,149
Total Authorized Improvement Costs	\$10,561,249	\$ 422,450	\$4,182,393	\$ 1,161,737	\$ 16,327,829
Notes: The figures shown in Table III-A are estimates and may be revised in Annual Service Plan Updates.					
(a) Water Line 1 is being funded by both Senior Master PID Bonds and Subordinate Master PID Bonds. The amounts indicated are the costs being funded by each bond series, and when added together equal the total cost.					

C. Improvement Area Authorized Improvement Overview

As Improvement Areas are developed, then in association with issuing Phased PID Bonds this Service and Assessment Plan will be amended to identify the Phased PID Bond Authorized Improvements that benefit each Improvement Area from the list of Authorized Improvements on Appendix B attached hereto (e.g. Table III-A-1 will be added to show Improvement Area #1 Authorized Improvements for Improvement Area #1, etc.).

Section IV ASSESSMENT PLAN

A. Introduction

The PID Act requires the City Council to apportion the Actual Costs on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the Actual Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes or improvements.

Table IV-A provides the estimated allocation of Actual Costs between the PID and the area outside the PID for the Master PID Bond Authorized Improvements.

At this time it is impossible to determine with absolute certainty the amount of special benefit each Parcel within the PID will receive from the Authorized Improvements other than for Master PID Bond Authorized Improvements. As such, at this time Parcels will be only be assessed for the special benefits conferred upon the property because of the Master PID Bond Authorized Improvements.

As Improvement Areas are final platted, in connection with issuance of Phased PID Bonds, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel within an Improvement Area receives from the Authorized Improvements funded with those Phased PID Bonds issued with respect to that Improvement Area. Prior to assessing Parcels located within Improvement Areas in connection with issuance of Phased PID bonds, the owners of the Parcels to be assessed must acknowledge that the Authorized Improvements confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs.

This section of this Service and Assessment Plan currently describes the special benefit received by each Parcel of the Property as a result of the Master PID Bond Authorized Improvements, provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments, and establishes the methodology by which the City Council allocates the special benefit of the Master PID Bond Authorized Improvements to Parcels in the manner that results in equal share of the Actual Cost being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodology set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

As Improvement Areas are developed, then in connection with issuance of Phased PID Bonds this Service and Assessment Plan will be updated based on the City's determination of the assessment methodology for each Improvement Area.

B. Special Benefit

The Assessed Property will receive a direct and special benefit from the Master PID Bond Authorized Improvements, and this benefit will be equal to or greater than the amount of the Assessments. The Master PID Bond Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Master PID Bond Authorized Improvements (more particularly described in line-item format on Table III-A to this Service and Assessment Plan) and the costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID shown in Table V-A are authorized by the Act.

The owners of the Assessed Property have acknowledged that the Master PID Bond Authorized Improvements confer a special benefit on the Assessed Property and have consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. The owners are acting in their interest in consenting to this imposition because the special benefit conferred upon the Assessed Property by the Master PID Bond Authorized Improvements exceeds the amount of the Assessments.

Pursuant to the Landowner's Agreement, the owners of the Assessed Property have ratified, confirmed, accepted, agreed to and approved; (i) the determinations and finding as to benefits by the City Council in the Service and Assessment Plan and the Assessment Ordinance; and (ii) the Service and Assessment Plan and the Assessment Ordinance. Use of the Assessed Property as described in this Service and Assessment Plan and as required by the Zoning Ordinance required that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs through the PID is determined to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

C. Allocation of Actual Costs of Master PID Bond Authorized Improvements

The Master PID Bond Authorized Improvements will provide a special benefit to property inside and outside the PID. Accordingly, the Actual Costs of the Master PID Bond Authorized Improvements must be allocated between the property inside the PID and outside of the PID. Table IV-A summarizes the Actual Costs for each Master PID Bond Authorized Improvements. The costs shown in Table IV-A are estimates and may be revised in Annual Service Plan Updates, but may not result in increased assessments without the owners of the Parcels consent to the imposition of the increased Assessments to pay for the Actual Costs.

D. Allocation of Actual Costs of Phased PID Bond Authorized Improvements

As Improvement Areas are developed, then in connection with issuance of Phased PID Bonds this Service and Assessment Plan will be amended to identify the special benefit to property inside and outside the PID resulting from the Phased PID Bond Authorized Improvements (e.g. Table IV-A-1 will be added to show the estimated allocation of Actual Costs between the PID and the area outside the PID for the Improvement Area #1 Authorized Improvements, etc.) Further, to the extent a Phased PID Bond Authorization Improvement benefits portions of the

Assessed Property both inside and outside of a given Improvement Area, then a new Table IV-B will be added showing the special benefit to the PID both inside and outside the Improvement Area in question and that Improvement Area will only be assessed based on the percentage of Actual Costs that benefit it, and the remainder will be assessed to Future Improvement Areas (e.g., a new Table IV-B-1 will be added for Improvement Area #1).

TABLE IV-A
Allocation of Master PID Authorized Improvement Costs to the PID

PROJECT NAME	TOTAL COST	% PID Eligible	PID Eligible Cost
Senior Master PID Bonds			
Decker Lake Road (a)	\$ 4,020,903	42.0%	\$ 1,688,937
Water Line 1 - 19,684 LF of 48" Water Line (b)	\$ 2,761,846	25.0%	\$ 690,461
Capitalized Interest	\$ 667,295	100.0%	\$ 667,295
Reserve Fund	\$ 287,500	100.0%	\$ 287,500
Original Issue Discount	\$ 155,400	100.0%	\$ 155,400
Underwriter's Discount	\$ 80,500	100.0%	\$ 80,500
Other Bond Issuance Costs	\$ 252,237	100.0%	\$ 252,237
Subtotal	\$ 8,225,681		\$ 3,822,331
Subordinate Master PID Bonds			
Water Line 1 - 19,684 LF of 48" Water Line (b)	\$ 7,795,986	25.0%	\$ 1,948,996
Underwriter's Discount	\$ 22,103	100.0%	\$ 22,103
Other Bond Issuance Costs	\$ 284,060	100.0%	\$ 284,060
Subtotal	\$ 8,102,149		\$ 2,255,159
TOTAL	\$ 16,327,829		\$ 6,077,490

Notes:

(a) The Developer and County entered into that certain Decker Lake Road Participation Agreement (as amended) whereby the Developer is reimbursed 66.6% of the cost of Decker Lake Road Hard Costs and 50% of Construction management costs and engineering costs. Landscape Costs, City and County Fees, and Inspection Fees are not subject to reimbursement. Only non reimbursed costs are determined to be PID eligible, and as such 42% of Decker Lake Road Costs are PID Eligible Costs.

(b) Water Line 1 is being funded by both Senior Master PID Bonds and Subordinate Master PID Bonds. The amounts indicated are the costs being funded by each bond series, and when added together equal the total cost. The Developer and City entered into the Water Cost Reimbursement Agreement whereby the Developer is reimbursed the hard and certain soft costs of Water Line 1. However, 75% of Water Line 1's capacity will be used by property outside of the PID, and as such only 25% of the Water Line 1 Costs are PID Eligible. The Developer will pledge the reimbursements of those certain hard and soft costs due under the Water Cost Reimbursement Agreement to the payment of the Subordinate Master PID Bonds. The City will be repaid for the non-oversized portion of Water Line 1 costs it reimburses to the Developer pursuant to the Water Cost Reimbursement Agreement.

E. Assessment Methodology

The Actual Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equal or exceeds the Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

Assessment Methodology for the Master PID

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Senior Master PID Bonds and Subordinate Master PID Bonds

shall be allocated to the Assessed Property on the basis of the modified area method and such method of allocation will result in the imposition of equal shares of the Actual Costs on Parcels similarly benefited. The modified area method is applied by spreading the entire assessment across all Parcels within the PID based on their ratio of the total assessable area within the PID. Upon subsequent divisions of any Parcel, the assessment applicable to it is then apportioned based on the ratio of the areas of the newly created parcels. For residential parcels, when final residential building sites are platted, assessments are apportioned proportionately among each residential parcel based on its relative size. The result of this approach is that each final residential parcel with the same density has the same assessment, and residential parcels with similar densities will have similar assessments.

Assessment Methodology for Improvement Areas

As any given Improvement Area is developed, then in connection with issuance of any Phased PID Bonds for that Improvement Area, this Service and Assessment Plan will be amended to determine the assessment methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within that Improvement Area.

F. Assessments

The Assessments for the Senior Master PID Bonds and the Subordinate Master PID Bonds will be levied on each Parcel according to the Assessment Roll attached hereto as Appendix A. The Annual Installments for the Senior Master PID Bonds will be collected on the dates and in the amounts shown on the Assessment Roll, subject to any revisions made during an Annual Service Plan Update. The Annual Installments for the Subordinate Master PID Bonds will be collected on the dates and in the amounts shown on the Assessment Roll to the extent sufficient funds are not received by the Trustee pursuant to the pledge of the reimbursements under the CRAs by the Developer. The use of the Annual Installments to pay debt service under the Subordinate Master PID Bonds shall be subordinate to the use of the Annual Installments to pay debt service under the Senior Master PID Bonds.

G. Administrative Expenses

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each parcel based on the amount of Assessment levied against the Parcel. The administrative expenses shall be collected in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

H. Prepayment Reserve

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate paid on the bonds by no more than one half of one percent (0.50%). The interest rate used to determine the Senior Master PID Bonds Assessments is one-fifth percent (0.50%) higher than the actual rate paid on the Senior Master PID Bonds, with 0.20% allocated to fund any interest

charged between the date of prepayment of an Assessment and the date in which bonds are prepaid and 0.30% allocated to fund a delinquency reserve account as described below.

I. Delinquency Reserve

The City has allocated up to 0.30% of the interest rate component of the Annual Installments to offset any possible delinquent payments. The additional reserve shall be funded up to 0.1% of the next year's debt service for the Senior Master PID Bonds, but in no event will the annual collection be more than 0.30% higher than the actual interest rate paid on the debt.

Section V

SERVICE PLAN

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five year period. It is anticipated that it will take approximately two years for the Master PID Bond Authorized Improvements to be constructed. At some point after the Master PID Bond Authorized Improvements are constructed, Improvement Area #1 will begin development. After Improvement Area #1 is developed, it is anticipated that Improvement Area #2 will begin development, and so on, with each Improvement Area to be subsequently developed corresponding to the Service and Assessment Plan to be updated with that development

The estimated Actual Costs for Master PID Bond Authorized Improvements plus costs related to the issuance of the Bonds, and payment of expenses incurred in the establishment, administration and operation of the PID is \$16,327,829, as shown in Table V-A. The service plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements. The annual update to this Service and Assessment Plan is herein referred as the "Annual Service Plan Update."

Table V-A summarizes the sources and uses of funds required to construct the Master PID Bond Authorized Improvements, establish the PID, and issue the Bonds. Table V-A may be revised based on final bond pricing and final costs of issuance. The sources and uses of funds shown in Table V-A shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and actual costs.

As Improvement Areas are developed in connection with issuance of Phased PID Bonds, this Service and Assessment Plan will be amended to add a new table to this Section V (e.g. Table V-A-1 will be added for Improvement Area #1, etc.).

TABLE V-A
Sources and Uses of Funds for Master PID

Sources of Funds	Senior Master PID Bonds	Subordinate		Reimbursement Agreements	Whisper Valley		Developer Contribution or Future IA Bonds	Total
		Master PID Bonds	Master PID Bonds		Water Line 1 Contribution	Future IA Bonds		
Estimated Bond PAR Amount (a)	\$ 2,875,000	\$ -	\$ 2,255,159	\$ -	\$ -	\$ -	\$ -	\$ 5,130,159
Reimbursement Agreement - Decker Lake Road (b)	\$ -	\$ -	\$ -	\$ 2,331,966	\$ -	\$ -	\$ -	\$ 2,331,966
Whisper Valley Contribution to Waterline 1 - Non IH share (c)	\$ -	\$ -	\$ -	\$ -	\$ 7,918,374	\$ -	\$ -	\$ 7,918,374
Developer Contribution and/or Future Improvement Area Bonds (d)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 947,331	\$ -	\$ 947,331
Total	\$ 2,875,000	\$ -	\$ 2,255,159	\$ 2,331,966	\$ 7,918,374	\$ 947,331	\$ -	\$ 16,327,829
Uses of Funds								
PID Authorized Improvements (e)	\$ 1,432,068	\$ -	\$ 1,948,996	\$ 2,331,966	\$ 7,918,374	\$ 947,331	\$ -	\$ 14,578,734
Debt Service Reserve Fund (f)	\$ 287,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,500
Capitalized Interest (g)	\$ 667,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 667,295
Underwriter Discount (h)	\$ 80,500	\$ -	\$ 22,103	\$ -	\$ -	\$ -	\$ -	\$ 102,603
Original Issue Discount	\$ 155,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,400
Cost to Establish PID and Issue Bonds (i)	\$ 252,237	\$ -	\$ 284,060	\$ -	\$ -	\$ -	\$ -	\$ 536,297
Additional Proceeds (j)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 2,875,000	\$ -	\$ 2,255,159	\$ 2,331,966	\$ 7,918,374	\$ 947,331	\$ -	\$ 16,327,829

(a) Assumes Subordinate Master PID Bonds are able to be fully paid with revenue from CRAs.

(b) Pursuant to the Decker Lake Road Participation Agreement between Travis County and the Developer, the County will reimburse the Developer for 66% of the cost of Decker Lake Road Hard Costs and 50% of Construction management costs and engineering costs. The funding of the improvements is initially funded by the Developer.

(c) 25% of Water Line 1's capacity will be used by the Indian Hills development, and as such only 25% of the Water Line 1 Costs will be funded by the Indian Hills project.

(d) The Developer will fund any costs not covered by Senior Master PID Bonds, Subordinate Master PID Bonds or County reimbursements until such time as Phased PID Bond proceeds are available. The Developer and City will enter into an acquisition agreement for any facility acquired by the City which is intended to be paid for, partially or in its entirety, from Phased PID Bonds. Developer Funds will be utilized if the amounts specified above are not sufficient to pay for the costs of such improvements.

(e) See Table III-A and Table IV-A for details. Excludes Bond Issuance Costs, which are identified separately.

(f) The Subordinate Master PID Bonds will include a debt service reserve fund equal to the lesser of maximum annual debt service or 10% of the bond amount.

(g) The Bonds will include capitalized interest.

(h) The Bonds will have a 2% underwriter's discount.

(i) Preliminary estimate.

(j) Due to rounding caused by Bonds being sold in \$25,000 increments.

The annual projected costs and annual projected indebtedness is shown by Table V-B. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

TABLE V-B
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost	Annual Projected PID Indebtedness	Sources Other Than Indian Hills PID
2011	\$ 4,382,871	\$ 5,130,159	\$ 2,005,911
2012	\$ 10,905,117	\$ -	\$ 8,077,889
2013	\$ 1,039,841	\$ -	\$ 1,113,870
2014	\$ -	\$ -	\$ -
2015	\$ -	\$ -	\$ -
Total	\$ 16,327,829	\$ 5,130,159	\$ 11,197,670

Note: The Annual Projected Costs shown are the annual expenditures relating to the PID Authorized Improvements shown in Table III-A. The Annual Projected Indebtedness shown is for the Senior Master PID Bonds and the Subordinate Master PID Bonds. The difference between the two totals is the amount contributed by sources other than the Indian Hills PID, including Decker Lake Road reimbursements, non Indian Hills PID's share of the Waterline I costs, and Developer contributions. As Improvement Areas are developed, then in association with issuing Phased PID Bonds this Table V-B will be amended to identify the Phased PID Bond Authorized Improvements and the projected indebtedness resulting from the Phased PID Bond.

Section VI

TERMS OF THE ASSESSMENTS

A. Amount of Assessments and Annual Installments for Parcels Located Within Master PID

The Assessment and Annual Installments for each Parcel located within the Master PID is shown on the Assessment Roll, attached as Appendix A, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act. The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Senior Master PID Bonds, or maturity value on the Subordinate Master PID Bonds, as applicable, and to cover Administrative Expenses of the PID.

B. Amount of Assessments and Annual Installments for Parcels Located Within Future Improvement Areas

As Improvement Area #1 and Future Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installments for each Parcel located within Future Improvement Areas (e.g. Appendix A-1 will be added as the Assessment Roll for Improvement Area #1, etc.). The Annual Installments for each Parcel located within a Future Improvement Area will escalate at 2% per year. The Assessments shall not exceed the benefit received by the Assessed Property.

C. Reallocation of Assessments for Parcels Located Within the Master PID

1. Upon Subdivision Prior to Final Subdivision Map

Upon the subdivision of any Parcel (but prior to final lots being created), the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the new subdivided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the new subdivided Parcel

B = the Assessment for the Parcel prior to subdivision

C = the acreage of the newly subdivided Parcel

D = the sum of the acreage for all of the new subdivided Parcels excluding Non-Benefitted Property

The calculation of the acreage of a Parcel shall be performed by the Administrator based on information available regarding the Parcel. The estimate as confirmed shall be conclusive.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

2. Upon Subdivision From Final Subdivision Map

Upon the subdivision of any Parcel based on a Final Subdivision Map, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the new subdivided Parcels according to the following formula:

$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Assessment for the new subdivided Parcel

B = the Assessment for the Parcel prior to subdivision

C = the sum of the acreage of all new subdivided Parcels with same Lot Type

D = the sum of the acreage for all of the new subdivided Parcels excluding Non-Benefitted Property

E = the number of Parcels with same Lot Type

The calculation of the acreage of a Parcel shall be performed by the Administrator and confirmed by the City Council based on information available regarding the Parcel. The estimate as confirmed shall be conclusive.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

3. Upon Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be calculated by the

Administrator and reflected in an update to this Service and Assessment Plan approved by the City Council.

D. Reallocation of Assessments for Parcels Located Within Future Improvement Areas

As Future Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the assessment reallocation methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Improvement Area.

E. Mandatory Prepayment of Assessments

If a Parcel or portion thereof is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel or portion thereof to become Non-Benefited Property, the owner of such Parcel or portion thereof shall pay to the Administrator the full amount of the Assessment, plus all Prepayment Costs, for such Parcel or portion thereof prior to any such transfer or act; provided, however that such mandatory prepayment of assessment shall not be required for portions of a Parcel that are dedicated for use as internal roads, parks and other similar, public improvements. At the time such public improvements are dedicated, the Assessment that was allocated to that certain Parcel in which the public improvement was located will be reallocated to similarly benefitted Parcels; provided, however, that reallocation of an Assessment for a Parcel that is a homestead under Texas Law may not exceed the Assessment prior to reallocation.

F. Reduction of Assessments

1. If after all Authorized Improvements have been completed and Actual Costs are less than the Actual Costs used to calculate the Assessments, resulting in excess Bond proceeds being available to redeem Bonds, then the Assessment for each Parcel shall be reduced prorata such that the sum of the resulting reduced Assessments for all Parcels equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem Bonds. The Assessments shall not be reduced to an amount less than the outstanding Bonds.
2. If the Authorized Improvements are not undertaken by the City or County, resulting in excess Bond proceeds being available to redeem Bonds, the Assessment for each Parcel shall be approximately reduced by the City Council to reflect only the Actual Costs that were expended and such excess Bond proceeds shall be applied to redeem Bonds. The City Council may reduce the Assessments for each Parcel prorata such that the sum of the resulting reduced Assessments equals the Actual Costs with respect to the Authorized Improvements that were undertaken. The Assessments shall not be reduced to an amount less than the outstanding Bonds.
3. If a Reimbursement Payment is received by the Initial Trustee for an Authorized Improvement, resulting in proceeds being available to redeem the Subordinate Master

PID Bonds, then the Assessment for each Parcel shall be reduced prorata such that the sum of the resulting reduced Assessments for all Parcels equals the Actual Costs less the Reimbursement Payment and any excess proceeds shall applied to redeem Subordinate Master PID Bonds. The Assessments shall not be reduced to an amount less than the outstanding Subordinate Master PID Bonds.

G. Payment of Assessments

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time in accordance with applicable laws. Payment shall include all Prepayment Costs. If prepayment in full will result in a redemption of Bonds, the payment amount shall receive credit from any proceeds from the reserve fund applied to the redemption under the Indenture, net of any other costs applicable to the redemption of Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of an Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a convenient redemption of Bonds as determined by the Administrator. Upon the payment of such amount for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the Act authorizes the City to collect interest and collection costs on the outstanding Assessment. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown in the Assessment Roll, which include interest on the outstanding Assessment and Administrative Expenses. The process and dates for payment of the Annual Installments shall be as determined by the Administrator.

Each Assessment for a Future Improvement Area shall bear interest at a rate of interest on the Bonds approved and issued by the City. The Annual Installments as listed on the Assessment Roll for Senior Master PID Bonds have been calculated at a rate of 8.0% for the Senior Master PID Bonds and 3.65% for the Subordinate Master PID Bonds, respectively. The Annual

Installments may not exceed the amount amounts shown on the Assessment Roll except as pursuant to any amendment or update to this Service and Assessment Plan.

The Annual Installments shall be reduced to equal the actual costs of repaying the Bonds and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as amounts received from the City pursuant to the CRAs and interest income on account balances.

The City reserves and shall have the right and option to refund the Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, decrease, or extend the term of the Annual Installment so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds.

H. Collection of Annual Installments

No less frequently than annually, the Administrator shall prepare, and the City Council shall approve, an Annual Service Plan Updates to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any amounts received from the City pursuant to the CRAs and existing deposits for a prepayment reserve. For Senior master PID Bonds, Annual Installments shall be collected by the City (or such entity to whom the City directs) in the same manner and at the same time as ad valorem taxes. For Subordinate Master PID Bonds, Annual Installments shall be collected by the City (or such entity to whom the City directs) by hand billing on dates to be determined by the Administrator in accordance with the Indenture. Annual Installments shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The assessments shall have lien priority as specified in the PID Act.

Any sale of property for nonpayment of the delinquent Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such property as they become due and payable.

I. Surplus Funds Remaining in Senior Master PID Bond Account

If Senior Master PID Bond proceeds still remain after all of the Master PID Bond

Authorized Improvements are constructed and accepted by the City, the proceeds may be utilized to finance other Authorized Improvements.

Section VII

THE ASSESMENT ROLL

A. Master PID Assessment Roll

Each Parcel within the Master PID has been evaluated by the City Council (based on the PUD, developable area, proposed Owner Association Property and Public Property, the Authorized Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the amount of Assessed property within the Parcel.

At this time it is impossible to determine with absolute certainty the amount of special benefit each Parcel within the PID will receive from the Authorized Improvements other than for Master PID Authorized Improvements. As such, at this time only Master PID Assessed Property will be assessed for the special benefits conferred upon the property because of the Master PID Authorized Improvements. Table IV-A summarizes the \$6,077,490 in special benefit received by Master PID Assessed Property from the Master PID Authorized Improvements. The cumulative total for the Authorized Improvements to be funded by the Senior Master PID Bonds and Subordinate Master PID Bonds, is \$5,130,159, which is less than the benefit received by Master PID Assessed Property, and as such the total assessment for all Parcels within the Master PID is \$5,130,159. The Assessment for each Parcel within the Master PID is calculated based on the allocation methodologies described in Section IV.E. of this Service and Assessment Plan. The Assessment Roll for the Master PID is attached hereto as Appendix A.

B. Future Improvement Area Assessment Roll

As Improvement Area #1 and Future Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment for each Parcel located within Improvement Area # 1 and Future Improvement Areas (e.g. Appendix A-1 will be added as the Assessment Roll for Improvement Area #1, etc.).

C. Annual Assessment Roll Updates

The Administrator shall prepare, and the City Council shall review and approve, annual updates to the Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Parcel for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.C of this Service and Assessment Plan.

Once Bonds are issued, the Assessment Roll shall be updated, which update may be done in the next Annual Service Plan Update, to reflect any changes resulting from the issuance of the Bonds. This update shall reflect the actual interest on the Bonds at which the Annual Installments

shall be paid, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by the Bonds and Developer funds.

Section VIII

MISCELLANEOUS PROVISIONS

A Administrative Review

The City shall serve as the Administrator until the Property is final platted at which time this practice will be re-examined and the City may elect to designate a third party to serve as Administrator. The City shall notify Developer in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, shall send a written notice describing the error to the City no later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval, to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council for determination. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

B Termination of Assessments

Each Assessment shall terminate on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the termination of an Assessment, and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable "Notice of the PID Assessment Termination."

C Cost Savings/Cost Overruns

Savings from one line item may be applied to a cost increase in another line item. These transfers, however, are limited to the portion of the savings related to the PID's share of the costs, and these savings may be applied only to the PID's share of the increase in the costs of another line item. With respect to CRA Improvements, cost savings and cost overruns shall be handled in accordance with the terms and conditions set forth in the applicable CRA.

D Cost Overruns

In the event there are cost overruns and the proceeds of the Subordinate Master PID Bonds and the funds in the Master PID Bond Holdback are not sufficient to fund the CRA Improvements specified in the Service and Assessment Plan, the Developer may request an additional amount of debt issuance of up to \$750,000 of bonds commencing in year 2012 with the first assessments to occur in 2014 to provide additional contingency funding.

E Amendments

Amendments to the Service and Assessment Plan can be made as permitted by the PID Act and under Texas law.

F Administration and Interpretation of Provisions

The City Council shall administer (or cause the administration of) the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act, and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Indenture, such determination shall be conclusive.

G Severability

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan, or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part thereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

If a conflict exists between the terms of this Service and Assessment Plan and a CRA, the terms and conditions of the applicable CRA shall control.

Appendix A

Master PID Assessment Roll

Appendix A
Assessment by Parcel

Senior Master				
Tax Parcel #	Assessable Acres	PID Bond Assessment	Subordinate Master PID Bonds	Total Assessment
201733	<u>239.99</u>	<u>\$ 2,875,000.00</u>	<u>\$ 2,255,159.25</u>	<u>\$ 5,130,159.25</u>
Total	239.99	\$ 2,875,000.00	\$ 2,255,159.25	\$ 5,130,159.25

Appendix A Annual Installments – ALL PARCELS

Installment Due Date (a)	Senior Master PID Bonds			Subordinate Master PID Bonds			Delinquency Reserve	Administrative Expenses (f)	Annual Installment
	Principal	Interest (b)	Net Debt Service (c)	Principal	Interest (d)	Net Debt Service (e)			
01/31/11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
01/31/12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,625.00	\$ 25,000.00	\$ 25,000.00
01/31/13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,625.00	\$ 25,500.00	\$ 25,500.00
01/31/14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,625.00	\$ 26,010.00	\$ 26,010.00
01/31/15	\$ 45,000.00	\$ 232,777.00	\$ 277,777.00	\$ -	\$ -	\$ -	\$ 8,625.00	\$ 26,530.20	\$ 304,307.20
11/01/15	\$ -	\$ -	\$ -	\$ 1,152,794.75	\$ 162,205.25	\$ 1,315,000.00	\$ 500.00	\$ -	\$ 1,315,000.00
01/31/16	\$ 70,000.00	\$ 228,960.00	\$ 298,960.00	\$ -	\$ -	\$ -	\$ -	\$ 27,080.80	\$ 326,020.80
11/01/16	\$ -	\$ -	\$ -	\$ 1,102,364.50	\$ 212,635.50	\$ 1,315,000.00	\$ -	\$ -	\$ 1,315,000.00
01/31/17	\$ 95,000.00	\$ 223,022.00	\$ 318,022.00	\$ -	\$ -	\$ -	\$ -	\$ 27,602.02	\$ 345,624.02
01/31/18	\$ 125,000.00	\$ 214,963.00	\$ 339,963.00	\$ -	\$ -	\$ -	\$ -	\$ 28,154.06	\$ 368,117.06
01/31/19	\$ 155,000.00	\$ 204,359.00	\$ 359,359.00	\$ -	\$ -	\$ -	\$ -	\$ 28,717.14	\$ 388,076.14
01/31/20	\$ 190,000.00	\$ 191,367.00	\$ 381,367.00	\$ -	\$ -	\$ -	\$ -	\$ 29,291.48	\$ 410,658.48
01/31/21	\$ 230,000.00	\$ 175,441.00	\$ 405,441.00	\$ -	\$ -	\$ -	\$ -	\$ 29,877.31	\$ 435,318.31
01/31/22	\$ 280,000.00	\$ 156,361.00	\$ 436,361.00	\$ -	\$ -	\$ -	\$ -	\$ 30,474.86	\$ 466,835.86
01/31/23	\$ 330,000.00	\$ 133,132.00	\$ 463,132.00	\$ -	\$ -	\$ -	\$ -	\$ 31,084.36	\$ 494,216.36
01/31/24	\$ 385,000.00	\$ 107,059.00	\$ 492,059.00	\$ -	\$ -	\$ -	\$ -	\$ 31,706.04	\$ 523,765.04
01/31/25	\$ 450,000.00	\$ 76,640.00	\$ 526,640.00	\$ -	\$ -	\$ -	\$ -	\$ 32,340.17	\$ 558,980.17
01/31/26	\$ 520,000.00	\$ 41,085.00	\$ 561,085.00	\$ -	\$ -	\$ -	\$ -	\$ 32,986.97	\$ 594,071.97
	\$ 2,875,000.00	\$ 1,985,166.00	\$ 4,860,166.00	\$ 2,255,159.25	\$ 374,840.75	\$ 2,630,000.00	\$ 35,000.00	\$ 432,335.42	\$ 7,922,501.42

(a) The 1/31/XX dates represent installment due dates for the Senior Master PID Bond which are intended to cover the March 1 and September 1 payments.

(b) Net of Capitalized Interest.

(c) Does not include reserve fund earnings or any other funds which could reduce net debt service.

(d) Subordinate Master PID Bonds are capital appreciation bonds, therefore interest accrues until principal payment date.

(e) Reimbursement Payments equaling the net debt service, including accrued interest, for the Subordinate Master PID Bonds are pledged to the Trustee, which are intended to reduce the net debt service to \$0. Until the Reimbursement Payments are received by the Trustee, the Assessment will remain on each parcel and the Installment will be due as scheduled.

(f) Preliminary Estimate. The administrative charges will be revised in Annual Service Plan Updates based on actual costs.

Appendix A Annual Installments – Tax parcel # 201733

Installment Due Date (a)	Senior Master PID Bonds			Subordinate Master PID Bonds			Prepayment Reserve	Delinquency Reserve	Administrative Expenses (f)	Annual Installment
	Principal	Interest (b)	Net Debt Service (c)	Principal	Interest (d)	Net Debt Service (e)				
01/31/11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
01/31/12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,750.00	\$ 8,625.00	\$ 25,000.00	\$ 25,000.00
01/31/13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,750.00	\$ 8,625.00	\$ 25,500.00	\$ 25,500.00
01/31/14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,750.00	\$ 8,625.00	\$ 26,010.00	\$ 26,010.00
01/31/15	\$ 45,000.00	\$ 232,777.00	\$ 277,777.00	\$ -	\$ -	\$ -	\$ 5,750.00	\$ 8,625.00	\$ 304,307.20	\$ 304,307.20
11/01/15	\$ -	\$ -	\$ -	\$ 1,152,794.75	\$ 152,205.25	\$ 1,315,000.00	\$ -	\$ 500.00	\$ -	\$ 1,315,000.00
01/31/16	\$ 70,000.00	\$ 228,960.00	\$ 298,960.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,060.80	\$ 326,020.80
11/01/16	\$ -	\$ -	\$ -	\$ 1,102,364.50	\$ 212,635.50	\$ 1,315,000.00	\$ -	\$ -	\$ -	\$ 1,315,000.00
01/31/17	\$ 95,000.00	\$ 223,022.00	\$ 318,022.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,602.02	\$ 345,624.02
01/31/18	\$ 125,000.00	\$ 214,963.00	\$ 339,963.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,154.06	\$ 368,117.06
01/31/19	\$ 155,000.00	\$ 204,359.00	\$ 359,359.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,717.14	\$ 388,076.14
01/31/20	\$ 190,000.00	\$ 191,367.00	\$ 381,367.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,291.48	\$ 410,658.48
01/31/21	\$ 230,000.00	\$ 175,441.00	\$ 405,441.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,877.31	\$ 435,318.31
01/31/22	\$ 280,000.00	\$ 156,361.00	\$ 436,361.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,474.86	\$ 466,835.86
01/31/23	\$ 330,000.00	\$ 133,132.00	\$ 463,132.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,084.36	\$ 494,216.36
01/31/24	\$ 385,000.00	\$ 107,059.00	\$ 492,059.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,706.04	\$ 523,765.04
01/31/25	\$ 450,000.00	\$ 76,640.00	\$ 526,640.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,340.17	\$ 558,980.17
01/31/26	\$ 520,000.00	\$ 41,085.00	\$ 561,085.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,986.97	\$ 594,071.97
	\$ 2,875,000.00	\$ 1,985,166.00	\$ 4,860,166.00	\$ 2,255,159.25	\$ 374,840.75	\$ 2,630,000.00	\$ 28,750.00	\$ 35,000.00	\$ 432,335.42	\$ 7,922,501.42

(a) The 1/31/XX dates represent Installment due dates for the Senior Master PID Bond which are intended to cover March 1 and September 1 payments.

(b) Net of Capitalized Interest.

(c) Does not include reserve fund earnings or any other funds which could reduce net debt service.

(d) Subordinate Master PID Bonds are capital appreciation bonds, therefore interest accrues until principal payment date.

(e) Reimbursement Payments equaling the net debt service, for the Subordinate Master PID Bonds are pledged to the Trustee, which are intended to reduce the net debt service to \$0. Until the Reimbursement Payments are received by the Trustee, the Assessment will remain on each parcel and the Installment will be due as scheduled.

(f) Preliminary Estimate. The administrative charges will be revised in Annual Service Plan Updates based on actual costs.

Appendix B

Authorized Improvements

**Appendix B
Authorized Improvements**

PROJECT	PROJECT NAME	TOTAL COST
Macro Road	Decker Lake Road (a)	\$4,020,903
	SUBTOTAL	\$4,020,903
Macro Wastewater	6" Force Main	\$2,128,560
	15" Gravity Main	\$488,700
	Lift Station	\$1,153,875
	4" Force Main	\$524,538
	Lift Station	\$678,750
	SUBTOTAL	\$4,974,423
Macro Water	Water Line 1 - 19,684 LF of 48" Water Line	\$10,557,832
	Line 4 - 24" main from FM 969 and FM 973 to Decker Lake Road	\$2,211,368
	SUBTOTAL	\$12,769,199
Ponds	PARCEL 1	\$484,376
	PARCEL 2	\$968,752
	SUBTOTAL	\$1,453,129
Collector Roads	PARCEL 1	\$443,312
	PARCEL 2	\$383,040
	PARCEL 3	\$443,312
	PARCEL 4	\$766,082
	PARCEL 5	\$443,312
	PARCEL 6	\$766,082
	PARCEL 7	\$443,312
	PARCEL 8	\$632,152
	PARCEL 9	\$632,152
	PARCEL 10	\$948,227
	PARCEL 11	\$948,227
	SUBTOTAL	\$6,849,212
TOTAL		\$30,066,865

Note: Lines shaded grey indicate Master PID Bond Authorized Improvements.

Exhibit "D"**BOND CHART**

Improvement	\$	CRA	Bond/Invest or Capital	End Construction	Reimbursement Date from City
Water Line 1	\$2.8	W	Senior Master PID Bonds/Subor dinate Master PID Bonds	5/30/2013	10/31/2015 10/31/2016
Wastewater Lines	\$3.1	N/A	Future Phase PID Bonds/ Investor Capital	5/30/2013	N/A
N. Lift Station	\$1.1	N/A	Future Phase PID Bonds/ Investor Capital	5/30/2013	N/A
S. Lift Station	\$0.7	N/A	Future Phase PID Bonds/ Investor Capital	7/30/13	N/A
Decker	\$2.8	County/ City	Senior Master PID Bonds/Invest or Capital	4/30/2012	6/30/2012
Indirect Costs	\$0.7	N/A	Investor Capital	N/A	N/A

Exhibit "E"

FORM OF CERTIFICATION FOR PAYMENT

FORM OF CERTIFICATION FOR PAYMENT
(Design – Indian Hills)

CLUB DEAL 116 INDIAN HILLS TX, LIMITED PARTNERSHIP (“**Construction Manager**”) hereby requests payment for the percentage of design costs completed (the “**Design Costs**”) described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Indian Hills Public Improvement District Financing Agreement between Construction Manager and the City of Austin, Texas (the “**City**”), dated as of _____ (the “**Finance Agreement**”). In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.

2. The design work described in Attachment A has been completed in the percentages stated therein.

3. The true and correct Design Costs for which payment is requested is set forth in Attachment A.

4. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed design work described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.

5. Attached hereto as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Design Costs for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

**CLUB DEAL 116 INDIAN HILLS TX, LIMITED
PARTNERSHIP**, a Delaware limited partnership
qualified to do business in Texas

By: CD116 Indian Hills TX, LLC, a Delaware
limited liability company qualified to do business
in Texas

Its: General Partner

By: _____
Douglas H. Gilliland, Manager

APPROVAL BY THE CITY

The Design described in Attachment A has been reviewed, verified and approved by the [Director of Public Works of the City] or [Director of Austin Water Utility]. Payment of the Design Costs are hereby approved.

Date: _____

CITY OF AUSTIN, TEXAS

By: _____
[Director of _____]

ATTACHMENT A

<u>Description of Design Work</u>	<u>Percentage of Design Work Completed under this Certification for Payment</u>	<u>Design Costs</u>	<u>Total Percentage of Design Work Completed</u>
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ATTACHMENT B

[attached – bills paid affidavit]

ATTACHMENT C

[attached – receipts]

FORM OF CERTIFICATION FOR PAYMENT
(Construction – Indian Hills)

CLUB DEAL 116 INDIAN HILLS TX, LIMITED PARTNERSHIP (“**Construction Manager**”) hereby requests payment of the Actual Cost of the work described in Attachment A attached hereto (the “**Draw Actual Costs**”). Capitalized undefined terms shall have the meanings ascribed thereto in the Indian Hills Public Improvement District Financing Agreement between Construction Manager and the City of Austin, Texas (the “**City**”), dated as of _____ (the “**Finance Agreement**”). In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.

2. The true and correct Draw Actual Costs for which payment is requested is set forth in Attachment A.

3. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work on a Segment described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.

4. Attached hereto as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Draw Actual Costs of each Segment for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

**CLUB DEAL 116 INDIAN HILLS TX, LIMITED
PARTNERSHIP**, a Delaware limited partnership
qualified to do business in Texas

By: CD116 Indian Hills TX, LLC, a Delaware
limited liability company qualified to do business
in Texas

Its: General Partner

By: _____
Douglas H. Gilliland, Manager

JOINDER OF PROJECT ENGINEER

The undersigned Project Engineer joins this Certification for Payment solely for the purposes of certifying that the representations made by Construction Manager in Paragraph 2 above are true and correct in all material respects.

Project Engineer

APPROVAL BY THE CITY

The Draw Actual Costs of each Segment described in Attachment A has been reviewed, verified and approved by the [Director of Public Works of the City] or [Director of Austin Water Utility]. Payment of the Draw Actual Costs of each such Segment is hereby approved.

Date: _____

CITY OF AUSTIN, TEXAS

By: _____
[Director of _____]

ATTACHMENT A

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Draw Actual Costs</u>
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ATTACHMENT B

[bills paid affidavit – attached]

ATTACHMENT C

[receipts – attached]