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**Estancia
Limited Purpose Annexation Planning Study and Regulatory Plan**

Planning Study

Background

In 2012, the City of Austin initiated full purpose annexation proceedings for the proposed Estancia Hill Country development project. As an alternative, the owners of the project requested limited purpose annexation, a delay of full purpose annexation, Planning Unit Development (PUD) zoning, and approval of a Public Improvement District (PID) including approximately 594 acres.

The City of Austin and the owners of the Estancia area entered into an agreement to establish a timeline for review and approval of the annexation and PID. Next, the City and the owners negotiated the Final Estancia Annexation and Development Agreement (“Agreement”), which provides for annexation of the Estancia area for the limited purposes of planning and zoning pursuant to Section 43.129 of the Texas Local Government Code. The Agreement also establishes a process by which a Public Improvement District (“PID”) will help finance infrastructure improvements and amenities.

Full purpose annexation will take place in accordance with the Agreement. The owners waived the requirement of Sections 43.123 and 43.127 of the Texas Local Government Code for conversion to full purpose status within three years.

A Planned Unit Development (“PUD”) zoning case (C814-2012-0085) has been submitted for the Estancia area. This zoning case will reflect land uses and development standards set out in the Agreement. Following annexation, the area will be developed in accordance with the PUD as finally approved.

Area Description

The proposed annexation area includes approximately 594 acres in southern Travis County west of IH 35 South approximately eight tenths of a mile south of the intersection of IH 35 South and Onion Creek Parkway. The proposed annexation area is currently in the city’s extraterritorial jurisdiction (“ETJ”) and is undeveloped. Limited purpose annexation will facilitate zoning and development of this area.

Projected Ten Year Development With and Without Annexation

Estancia is proposed as a mixed-use development with residential, office, retail, data center, and parks/open space uses. The proposed Estancia PUD includes approximately 2,605 residential

units, 1,763,350 square feet office, 274,000 square feet of retail uses, 367,500 square feet data center, and parks/open space.

Given market forces, it is reasonable to assume that development of approximately same density and intensity of use as the development proposal provided to the City will be built on the tract irrespective of annexation. If annexed, the property will be developed in accordance with the City's zoning and site development standards.

Issues Supporting Annexation

The area must be annexed for limited purposes prior to final approval of PUD zoning.

Public Benefit from the Annexation

Limited purpose annexation and the application of zoning and City development standards will result in higher quality development than would otherwise occur.

The Economic, Environmental and other Impacts of the Proposed Annexation on Residents, Landowners, and Businesses in the Proposed Annexation Area

Currently there are no residents or business activity in the proposed annexation area. The proposed limited purpose annexation and future conversion to full purpose status will be of economic advantage to landowners within the area through the establishment of land use controls and building standards not otherwise available.

The proposed annexation and the imposition of City zoning and development standards will benefit residents and property owners in the area surrounding the Estancia area by requiring higher quality development than would otherwise occur.

The proposed limited purpose annexation will protect the local environment by ensuring that future development will be in compliance with PUD zoning and City development standards.

Proposed Zoning for the Area

The area will be zoned in accordance with the procedures required by state law and Title 25 of the Code of the City of Austin (the Land Development Code). As noted above, a PUD zoning case has been submitted for the Estancia area. Following annexation, the area will be developed in accordance with the PUD as finally approved.

From the effective date of the limited purpose annexation until the property is zoned, the area will be treated for development purposes in accordance with Section 25-2-222 (Designation of Annexed Land) of the Code.

Comments regarding the proposed zoning will be considered at the public hearings for the proposed limited purpose annexation.

Regulatory Plan

Development Regulations

Annexation of the area for the limited purposes of planning and zoning will extend the full range of City regulatory authority regarding development, construction, land use, and environmental quality to the area, as specified in the terms of the Estancia Annexation and Development Agreement. This authority includes the application of all regulations pertaining to planning and zoning including but not limited to, regulations within the City's Land Development Code including Title 30 Austin/Travis County Subdivision Regulations and related technical manuals, and all rules adopted pursuant thereto, subject to the terms of the Agreement.

Future Full Purpose Annexation

Pursuant to Section 43.127 of the Texas Local Government Code, the owners have waived the statutory requirement that the property be annexed for full purposes within three years of the effective date of limited purpose annexation. Conversion to full purpose status will occur in accordance with the Final Estancia Annexation and Development Agreement and applicable provisions of State law and the City Charter.