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**CITY OF AUSTIN, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013  
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)**

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**BOND PURCHASE AGREEMENT**

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June 20, 2013

City of Austin, Texas  
301 W. 2nd St.  
Austin, Texas 78701

SLF III - Onion Creek, L.P.  
c/o Stratford Land  
5949 Sherry Lane, Suite 1750  
Dallas, Texas 75225

Ladies and Gentlemen:

The undersigned, Jefferies LLC (the “Underwriter”), offers to enter into this Agreement (this “Agreement”) with the City of Austin, Texas (the “City”), and SLF III - Onion Creek, L.P., a Texas limited partnership (the “Owner”), which will be binding upon the City, the Owner and the Underwriter upon the acceptance hereof by the City and the Owner. This offer is made subject to its acceptance by the City and the Owner by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City and the Owner at any time prior to the acceptance hereof by the City and the Owner. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture described herein between the City and U.S. Bank National Association, as trustee (the “Trustee”), authorizing the issuance of the Bonds (defined herein), and in the Official Statement (defined herein).

1. Purchase and Sale of Bonds. Upon the terms and conditions and upon the basis of representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of \$\_\_\_\_\_ aggregate principal amount of the City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the “Bonds”), at a purchase price of \$\_\_\_\_\_ (representing the aggregate principal amount of the Bonds, less a reoffering discount of \$\_\_\_\_\_ and less an Underwriter’s discount of \$\_\_\_\_\_).

Inasmuch as this purchase and sale represents a negotiated transaction, the City and the Owner understand, and hereby confirm, that the Underwriter is not acting as a fiduciary of the City or the Owner, but rather is acting solely in its capacity as Underwriter for its own account. The City and the Owner acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction among the City, the Owner and the Underwriter, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the City or the Owner, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or the Owner with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or are currently providing other services to the City or the Owner on other matters) and the Underwriter has no obligation to the City or the Owner with respect to the offering described herein except the obligations expressly set forth in this Agreement, and (iv) the City and the Owner have consulted their own legal, financial, and other advisors to the extent they have deemed appropriate.

The Bonds shall be dated the date of their issuance and delivery and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Appendix A hereto. Payment for and delivery of the Bonds, and the other actions contemplated hereby, shall take place on July 16, 2013 (or such other date as may be agreed to by the City, the Owner and the Underwriter) (the "Closing Date").

2. Authorization Instruments and Law. The Bonds were authorized by an Ordinance enacted by the City Council of the City (the "City Council") on June 20, 2013 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "Act"), and the Indenture of Trust, dated June 1, 2013, between the City and the Trustee, authorizing the issuance of the Bonds (the "Indenture"). The Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Bonds and interest thereon shall be secured by the proceeds of the Assessments (the "Assessments") levied on the taxable parcels within the Estancia Hill Country Public Improvement District (the "District") established by Resolution No. 20130606-054 (the "Creation Resolution"), enacted by the City Council on June 6, 2013, in accordance with the Act. A Service and Assessment Plan (the "Service and Assessment Plan") which sets forth the costs of the Improvement Projects (as defined in the Indenture) and the method of payment of the Assessments was adopted by the City Council on June 20, 2013, pursuant to Ordinance No. 20130620-\_\_\_ (the "Special Assessment Ordinance" and, together with the Creation Resolution, the Indenture and the Bond Ordinance, the "Authorizing Documents"). The Bonds shall be further secured by certain applicable funds and accounts created under the Indenture.

The Bonds shall be as described in Appendix A, the Indenture and the Official Statement (defined below).

The proceeds of the Bonds shall be used for (i) the payment of a portion of the costs of construction, acquisition or purchase of certain water, wastewater, drainage, roadway, hardscape,

landscape and hike and bike trail public improvements for the benefit of Improvement Area #1 of the District, (ii) the funding of the Reserve Fund in the amount of the Reserve Fund Requirement, (iii) the payment of all or a portion of the costs incidental to the organization of the District, (iv) the funding of capitalized interest on the Bonds, and (v) the payment of the costs of issuance of the Bonds.

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices set forth on the inside cover pages of the Official Statement (defined below) and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices (or yields higher than the public offering yields) stated on the inside cover page of the Official Statement. On or before the third (3<sup>rd</sup>) business day before Closing, the Underwriter shall execute and deliver to Bond Counsel the Issue Price Certificate, in substantially the form attached hereto as Appendix B.

4. Official Statement.

(a) Delivery of Official Statement. The City previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Official Statement for the Bonds dated June 6, 2013 (the “Preliminary Official Statement”), in a “designated electronic format,” as defined in the Municipal Securities Rulemaking Board (“MSRB”) Rule G-32 (“Rule G-32”). The City will prepare, or cause to be prepared, a final Official Statement relating to the Bonds (the “Official Statement”) which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (the “Rule”), (iii) in a “designated electronic format” and (iv) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriter before the execution hereof. The Official Statement, including the cover pages thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds are collectively referred to herein as the “Official Statement.” Until the Official Statement has been prepared and is available for distribution, the City shall provide to the Underwriter sufficient quantities (which may be in electronic format) of the Preliminary Official Statement as the Underwriter deems necessary to satisfy the obligation of the Underwriter under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) Preliminary Official Statement Deemed Final. The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds. The City hereby represents and warrants that the Preliminary Official Statement has been deemed final by the City as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) Use of Official Statement in Offering and Sale. The City hereby authorizes the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The City consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the City's acceptance of this Agreement (but, in any event, not later than within seven (7) business days after the City's acceptance of this Agreement) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter. The City shall provide the Official Statement, or cause the Official Statement to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(d) Updating of Official Statement. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the City or the Owner becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the City or the Owner, as applicable, will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish, at the City's own expense (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Official Statement so that the statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the City or the Owner in accordance herewith, (i) neither the City nor the Owner makes any representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York, or its book-entry-only system, (ii) the City makes no representations with respect to the information in the Preliminary Official Statement or the Official Statement under the captions "THE IA #1 PUBLIC IMPROVEMENTS," "THE PROJECT," "THE OWNER," "BONDHOLDERS' RISKS" (only as it pertains to the Owner and the Project) and "LEGAL MATTERS — Litigation — The Owner;" and (iii) the Owner makes no representations with respect to the information in the Preliminary Official Statement and the Official Statement under the captions "THE CITY," "THE

DISTRICT” and “LEGAL MATTERS — Litigation - The City.” If such notification shall be subsequent to the Closing, the City, at the expense of the Owner, shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The City shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(e) Filing with MSRB. The Underwriter hereby agrees to timely file the Official Statement with MSRB through its Electronic Municipal Market Access (“EMMA”) system on or before the date of Closing. Unless otherwise notified in writing by the Underwriter, the City can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

5. City Representations, Warranties and Covenants. The City represents, warrants and covenants to the Underwriter and the Owner that:

(a) Due Organization, Existence and Authority. The City is a political subdivision of the State of Texas (the “State”), and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Agreement, the Indenture, the Financing Agreement, the Landowner Agreement, dated as of June 1, 2013, executed and delivered by the City and the Owner (the “Landowner Agreement”) and the Continuing Disclosure Agreement with respect to the Bonds, dated as of June 1, 2013 (the “Continuing Disclosure Agreement”), executed and delivered by the City, the Owner and the U.S. Bank National Association, as Dissemination Agent, and the Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation - Estancia Hill Country PID, dated as of June 1, 2013, executed and delivered by the City, the Owner and the Trustee (the “Redemption Agreement”), (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions on its part contemplated by the Authorizing Documents, this Agreement, the Financing Agreement, the Landowner Agreement, the Official Statement, the Redemption Agreement, the Continuing Disclosure Agreement and any other documents and certificates contemplated by any of the foregoing (collectively, the “City Documents”).

(b) Due Authorization and Approval of City. By all necessary official action of the City, the City has duly authorized and approved the adoption or execution and delivery by the City of, and the performance by the City of the obligations on its part contained in, the City Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When validly executed and delivered by the other parties thereto, the Indenture, this Agreement, the Financing Agreement, the Landowner Agreement, the Redemption Agreement and the Continuing Disclosure Agreement will constitute the legally valid and binding obligations of the City enforceable upon the City in accordance with their respective terms, except insofar as enforcement may be limited by principles of sovereign

immunity, bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The City has complied, and will at the Closing (defined herein) be in compliance in all respects, with the obligations on its part to be performed on or prior to the Closing Date under the City Documents.

(c) Due Authorization for Issuance of the Bonds. The City has duly authorized the issuance and sale of the Bonds pursuant to the Bond Ordinance, the Indenture and the Act. The City has, and at the Closing Date will have, full legal right, power and authority (i) to enter into, execute, deliver and perform its obligations under this Agreement and the City Documents, (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Indenture, the Bond Ordinance, the Act and as provided herein, and (iii) to carry out, give effect to and consummate the transactions on the part of the City contemplated by the City Documents and the Bond Ordinance.

(d) No Breach or Default. As of the time of acceptance hereof, and to the best of its knowledge, the City is not, and as of the Closing Date the City will not be, in breach of or in default in any material respect under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument related to the Bonds and to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have a material adverse effect on the City's ability to perform its obligations under the Bonds or the City Documents; and, as of such times, the authorization, execution and delivery of the Bonds and the City Documents and compliance by the City with obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be permitted by the City Documents.

(e) No Litigation. At the time of acceptance hereof there is, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending against the City with respect to which the City has been served with process, nor to the knowledge of the City is any Action threatened against the City, in which any such Action (i) in any way questions the existence of the City or the rights of the members of the City Council to hold their respective positions, (ii) in any way questions the formation or existence of the District, (iii) affects, contests or seeks to prohibit, restrain or enjoin the

issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the City Documents or the consummation of the transactions on the part of the City contemplated thereby, or contests the exclusion of the interest on the Bonds from federal income taxation, or (iv) which may result in any material adverse change in the financial condition of the City; and, as of the time of acceptance hereof there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(f) Bonds Issued Pursuant to Indenture. The City represents that the Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the City subject to the terms of the Indenture, entitled to the benefits of the Indenture and the security of the pledge of the proceeds of the levy of the Assessments received by the City, all to the extent provided for in the Indenture. The Indenture creates a valid pledge of the monies in certain funds and accounts established pursuant to the Indenture to the extent provided for in the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(g) Assessments. The Assessments constituting the security for the Bonds have been levied by the City in accordance with the Act on those parcels of land identified in the Assessment Roll (as defined in the Service and Assessment Plan). According to the Act, such Assessments constitute a valid and legally binding first and prior lien against the properties assessed, superior to all other liens and claims, except liens or claims for State, county, school district, or municipality ad valorem taxes.

(h) Consents and Approvals. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the City of, its obligations in connection with the City Documents have been duly obtained or made and are in full force and effect, except the approval of the Bonds by the Attorney General of the State, registration of the Bonds by the Comptroller of Public Accounts of the State, and the approvals, consents and orders as may be required under Blue Sky or securities laws of any jurisdiction.

(i) No Adverse IRS Listing. The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is an issuer whose arbitrage certifications may not be relied upon.

(j) Public Debt. Prior to the Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Assessments which secure the Bonds without the prior approval of the Underwriter.

(k) Preliminary Official Statement. The information contained in the Preliminary Official Statement with respect to the City under the captions “THE CITY,” “THE DISTRICT” and “LEGAL MATTERS — Litigation - The City” is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) Official Statement. At the time of the City’s acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the “end of the underwriting period,” the information contained in the Official Statement with respect to the City under the captions “THE CITY,” “THE DISTRICT” and “LEGAL MATTERS — Litigation - The City” does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 4(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Official Statement, then the Official Statement in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(m) Supplements or Amendments to Official Statement. If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the “end of the underwriting period,” the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 4(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Official Statement, then the Official Statement in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(n) Compliance with the Rule. During the last five (5) years, the City has complied in all material respects with its previous continuing disclosure undertakings made by it in accordance with the Rule, except as described in the Official Statement.

(o) Use of Bond Proceeds. The City will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Indenture and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(p) Blue Sky and Securities Laws and Regulations. The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, at no expense to the City, (i) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the initial distribution of the Bonds by the Underwriter (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(q) Certificates of the City. Any certificate signed by any official of the City authorized to do so in connection with the transactions described in this Agreement shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein and can be relied upon by the Underwriter as to the statements made therein.

(r) Intentional Actions Regarding Representations and Warranties. The City covenants that between the date hereof and the Closing it will not intentionally take actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

By delivering the Official Statement to the Underwriter, the City shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

6. Owner Representations, Warranties and Covenants. The Owner represents, warrants and covenants to the Underwriter and the City that:

(a) Due Organization, Existence and Authority. The Owner is duly formed and validly existing as a limited partnership under the laws of the State of Texas, with full rights, power and authority to execute, deliver and perform its obligations under this Agreement, the Financing Agreement, the Landowner Agreement, the Redemption Agreement, the Continuing Disclosure Agreement and any other documents and certificates of the Owner contemplated by any of the foregoing (collectively, the "Owner Documents").

(b) Organizational Documents. The copies of the organizational documents of the Owner delivered on the Closing Date (the "Owner Organizational Documents") are fully executed, true, correct and complete copies of such documents and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

(c) Due Authorization and Approval. By all necessary action, the Owner has duly authorized and approved its execution and delivery of the Owner Documents and the performance by the Owner of its obligations contained in the Owner Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded.

(d) No Breach or Default. The execution and delivery of the Owner Documents by the Owner and compliance by the Owner with the provisions thereof under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Owner a breach or default under (i) any order, writ, judgment, injunction, decree, determination or award of any governmental authority, or (ii) any agreement or instrument to which the Owner is a party or by which it is bound, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would, in any material respect, constitute a default or an event of default by the Owner under the Owner Documents.

(e) No Litigation. Other than as described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Owner, threatened by or against the Owner: (i) in any way questioning the due formation and valid existence of the Owner; (ii) in any way challenging the titles of its officers executing the Owner Documents, (iii) in any way contesting or affecting the validity or enforceability or the execution and delivery by it of the Owner Documents or the consummation of the transactions contemplated thereby; (iii) in any way questioning or contesting the validity of any governmental approval of the District or any aspect thereof; (iv) in any way questioning or contesting the construction and development of the Project, or (v) which would have a material adverse effect upon the financial condition of the Owner or its ability to own or develop property within the District.

(f) Information. The information prepared and submitted by the Owner to the City or the Underwriter in connection with the preparation of the Preliminary Official Statement and the Official Statement was, and is, as of this date, true and correct in all material respects.

(g) Preliminary Official Statement and Official Statement. The Owner represents and warrants that the information set forth in the Preliminary Official Statement and Official Statement under the captions “THE IA #1 IMPROVEMENTS,” “THE PROJECT” and “THE OWNER” and, to the best of its knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Owner and the Project) and “LEGAL MATTERS — Litigation — The Owner” is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Owner agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (g) with respect to the Preliminary Official Statement and the Official Statement.

(h) Consent to Bond Issuance. The Owner hereby consents to the issuance of the Bonds.

(i) Consent to Terms of Indenture. The Owner hereby consents to all of the terms and conditions contained in the Indenture.

(j) Agreement. The Owner covenants that, while the Bonds are outstanding, it will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body which in any way seeks to challenge or overturn the District, the validity of the Owner Documents, the levy or collection of the Assessments or the validity of the Bonds or the proceedings relating to their issuance.

(k) Permits, Licenses, Etc. The Owner has obtained and there are currently in force and effect, or the Owner is not aware of any fact that will prevent it from receiving at or prior to the Closing Date or the date required therefor, all consents, permits, licenses, certificates and other approvals (governmental or otherwise) required of it that:

(i) are necessary to conduct its business as it is currently being conducted;

(ii) (with the exception of the Authorizing Documents) would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance of its obligations under this Agreement, the Owner Documents and any other material agreement or instrument to which it is a party and which is to be used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement relating to the financing and construction of the Improvement Projects; or

(iii) are necessary for the acquisition, construction and operation of the Improvement Projects.

(l) Events of Default. No “Event of Default” or “event of default” under any of the Owner Documents, any documents to which Owner is a party described in the Official Statement, or under any material documents relating to the financing and construction of the Improvement Projects to which the Owner is a party, or event that, with the passage of time or the giving of notice or both, would constitute such “Event of Default” or “event of default,” by the Owner has occurred and is continuing.

(m) Financing. Other than the Bonds and the Initial Owner Contribution, no additional debt will be issued nor will any additional liens be placed on the property within IA #1 of the District in order to complete the construction of the Improvement Projects.

(n) Taxes and Assessments. All ad valorem taxes and assessments are current on the property which the Owner owns within the District.

7. The Closing. At 10:00 a.m., Central time, on the Closing Date, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City, the Owner and the Underwriter, (i) the City will deliver or cause to be delivered to The Depository Trust Company, New York, New York (“DTC”) through its “FAST” System, the Bonds in the form of one fully registered Bond for each maturity, registered in the name of Cede & Co., as nominee for DTC, duly executed by the City and authenticated by the Trustee as provided in the Indenture, and (ii) the City will deliver the closing documents hereinafter mentioned to Fulbright & Jaworski LLP, a member of Norton Rose Fulbright (“Bond Counsel”), or a place to be mutually agreed upon by the City, the Owner and the Underwriter. Settlement will be through the facilities of DTC. The Underwriter will accept delivery and pay the purchase prices of the Bonds as set forth in Section 1 hereof by wire transfer in federal funds payable to the order of the City or its designee. These payments and deliveries, together with the delivery of the aforementioned documents, are herein called the “Closing.” The Bonds will be made available to the Underwriter for inspection not less than twenty-four (24) hours prior to the Closing.

8. Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and the performance by the City and the Owner of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter’s obligations under this Agreement are and shall be subject to the following additional conditions:

(a) Bring-Down Representations of the City and the Owner. The representations and covenants of the City and the Owner contained herein shall be true and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the City Documents and the Owner Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the City as, in the opinion of Bond Counsel and Counsel to the Underwriter, shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the City contemplated by this Agreement and the City Documents, (iv) there shall be in full force and effect such other resolutions or actions of the Owner as, in the opinion of Metcalfe, Wolff, Stuart & Williams, LLP, Austin, Texas (“Owner’s Counsel”) shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Owner contemplated by this Agreement and the Owner Documents and (v) the City and the Owner shall perform or have performed their respective obligations required or specified in the City Documents and the Owner Documents, respectively, to be performed at or prior to Closing.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing and no circumstances or occurrences that, with the passage of time or giving of notice, shall constitute an event of default under this Agreement, the Indenture, the Owner Documents, the City Documents or other documents relating to the financing and

construction of the Improvement Projects and the Project, and the Owner shall not be in default in the payment of principal or interest on any of its indebtedness which default shall materially adversely impact the ability of such Owner to pay the Assessments when due.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall have received each of the documents required under Section 9 below.

(e) Termination Events. The Underwriter shall have the right to cancel its obligation to purchase the Bonds and to terminate this Agreement without liability therefor by written notification to the City and the Owner if, between the date of this Agreement and the Closing, in the Underwriter's sole and reasonable judgment, any of the following shall have occurred:

(i) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

(1) legislation shall have been introduced in or enacted by the Congress of the United States or adopted by either House thereof, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice, or otherwise) by the President of the United States, the Treasury Department of the United States, or the Internal Revenue Service or legislation shall have been proposed for consideration by either the U.S. Senate Committee on Finance or the U.S. House of Representatives Committee on Ways and Means or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision by a court of the United States or the Tax Court of the United States shall be rendered or a ruling, regulation, or official statement (final, temporary, or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service, or other federal agency shall be made, which would result in federal taxation of revenues or other income of the general character expected to be derived by the City or upon interest on securities of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal income tax consequences of receipt of interest on securities of the general character of the Bonds in the hands of the holders thereof, and which in either case, makes it, in the reasonable judgment of the Underwriter, impracticable or inadvisable to proceed with the offer, sale, or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement; or

(2) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a

stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture need to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(3) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; or

(4) there shall have occurred any outbreak of hostilities (including, without limitation, an act of terrorism) or other national or international calamity or crisis, including, but not limited to, an escalation of hostilities that existed prior to the date hereof, and the effect of any such event on the financial markets of the United States shall be such as would make it impracticable, in the reasonable judgment of the Underwriter, for it to sell the Bonds on the terms and in the manner contemplated by the Official Statement; or

(5) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, except for changes which the Official Statement disclose are expected to occur; or

(6) any state blue sky or securities commission or other governmental agency or body in any state in which more than 10% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(7) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the City, its property, income securities (or interest thereon), or the validity or enforceability of the Assessments to pay principal of and interest on the Bonds; or

(ii) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(iii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(iv) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to Official Statement; or

(v) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(vi) a material disruption in securities settlement, payment or clearance services shall have occurred; or

(vii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws on the date of Closing, including the Securities Act of 1933 (the "1933 Act"), the Securities Exchange Act of 1934 (the "Exchange Act") and the Trust Indenture Act of 1939 (the "Trust Indenture Act"); or

(viii) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

9. Closing Documents. At or prior to the Closing, the Underwriter shall receive the following documents:

(a) Bond Opinion. The approving opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix C to the Official Statement, together with a reliance letter from Bond Counsel, dated the date of the

Closing and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(b) Supplemental Opinion. A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the City, the Owner and the Underwriter, in form and substance acceptable to counsel for the Underwriter, to the following effect:

(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Official Statement but that Bond Counsel has reviewed the statements and information appearing under the captions “PLAN OF FINANCE,” “DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS,” “TAX MATTERS,” “LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “CONTINUING DISCLOSURE,” “LEGAL MATTERS – Legal Proceedings,” “LEGAL MATTERS – Legal Opinions,” “APPENDIX A – FORM OF INDENTURE” and “APPENDIX B – FORM OF DISCLOSURE AGREEMENT” and Bond Counsel is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance and Indenture;

(ii) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iii) The City has full power and authority to adopt the Assessment Ordinance, the Creation Ordinance and the Bond Ordinance and perform its obligations thereunder and the Assessment Ordinance, the Creation Ordinance and the Bond Ordinance have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

(iv) The Indenture, the Financing Agreement, the Landowner Agreement, the Continuing Disclosure Agreement, the Redemption Agreement and this Agreement have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instruments, documents and agreements by the other parties thereto, constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights, or by the application of equitable principles if equitable remedies are sought and to the application of Texas law relating to governmental immunity applicable to governmental entities.

(c) City Attorney Opinion. An opinion of the City Attorney, dated the Closing Date and addressed to the Underwriter, the Owner and the Trustee, with respect to matters relating to the City, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

(d) City Certificate. A certificate or certificates of the City, dated the Closing Date, in form and substance satisfactory to Bond Counsel and counsel to the Underwriter.

(e) Owner Counsel Opinion. An opinion of Owner's Counsel, substantially in the form of Appendix D hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Underwriter and the Trustee, or in form otherwise agreed upon by the City and the Underwriter.

(f) Owner Certificate. A certificate or certificates of the Owner, dated the Closing Date, to the effect that:

(i) the representations and warranties of the Owner contained herein and in the Owner Documents are true and correct in all material respects on and as of the Closing Date as if made on the date thereof;

(ii) the Owner Documents are in full force and effect and have not been amended, modified or supplemented by the Owner;

(iii) to the best of its knowledge after due inquiry, there is no action, suit, proceeding or investigation before any court, public board or body pending, with respect to which the Owner has been served with process, or, to the knowledge of the Owner threatened against the Owner wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the Owner or its officers to their offices; or (b) in any way question or affect this Agreement or the transactions contemplated by this Agreement or the Owner Documents;

(iv) the Owner has complied in all material respects with all of its agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Owner hereunder at or prior to the Closing;

(v) the information set forth in the Official Statement under the captions "THE IA #1 PUBLIC IMPROVEMENTS," "THE PROJECT," "THE OWNER," "BONDHOLDERS' RISKS" (only as it pertains to the Owner and the Project) and "LEGAL MATTERS — Litigation – The Owner" is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, as of the date thereof; and

(vi) although it has not verified and does not assume any responsibility for the accuracy, completeness or fairness of the information contained in the Preliminary Official Statement or the Official Statement other than that described

in clause (v), it has participated in the preparation of the Preliminary Official Statement and the Official Statement and without independent verification, no facts came to its attention to lead it to believe that the Preliminary Official Statement, as of its date or as of the date of this Agreement, or the Official Statement, as of its date or as of the date of Closing (except for financial, forecast, technical and statistical statements and data therein and the information regarding The Depository Trust Company and its book-entry only system, in each case as to which it is not called upon to comment) contained or contains any untrue statement of a material fact, or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) City Certificate. A certificate of the City, dated the Closing Date, to the effect that, to the best of its knowledge after due inquiry:

(i) the representations and warranties of the City contained herein and in the City Documents are true and correct in all material respects on and as of the Closing Date as if made on the date thereof;

(ii) the Authorizing Documents and City Documents are in full force and effect and have not been amended, modified or supplemented;

(iii) except as disclosed in the Official Statement, no litigation or proceeding against the City is pending or, to the knowledge of such persons, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the City to hold and exercise their respective positions, (b) contest the due organization and valid existence of the City or the establishment of the District, (c) contest the validity, due authorization and execution of the Bonds or the City Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the City from levying and collecting the Assessments pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; and

(iv) the City has, to the best of its knowledge, complied with all agreements and covenants and satisfied all conditions set forth in the City Documents, on its part to be complied with or satisfied hereunder at or prior to the Closing.

(h) Trustee's Certificate. A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) The Trustee is duly organized and validly existing as a trust company under the laws of the State of New York, having the full power and authority, including trust powers, to accept and perform its duties under the Indenture; and

(ii) No consent, approval, authorization or other action by any governmental authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture.

(i) Underwriter Counsel's Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Andrews Kurth LLP, counsel to the Underwriter, to the effect that although such counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the information contained in the Official Statement, it has participated in the preparation of the Official Statement and without independent verification, no facts came to its attention that caused it to believe that the Official Statement (except for the Appendices as well as any other financial, engineering and statistical data contained therein or included therein by reference or any litigation disclosed therein, as to which it expresses no view) as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Official Statement. The Official Statement and each supplement or amendment, if any, thereto.

(k) Delivery of City Documents and Owner Documents. The City Documents and Owner Documents shall have been executed and delivered in form and content satisfactory to the Underwriter.

(l) Organizational Documents. The Owner shall have delivered to the Underwriter and the City fully executed copies of each of the Owner's Organizational Documents.

(m) Form 8038. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

(n) Federal Tax Certificates. Certificates of the City in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the City there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate.

(o) Attorney General Opinion and Registration. The approving opinion of the Attorney General of the State regarding the Bonds and the Comptroller of the State's Certificate of Registration for the initial Bonds;

(p) Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall have been executed by the parties in substantially the form attached to the Preliminary Official Statement as Appendix D.

(q) Letter of Representation of the Appraiser. Letter of Representation of the Appraiser, substantially in the form of Appendix E hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Underwriter and the Trustee, or in form otherwise agreed upon by the Underwriter.

(r) Letter of Representation of DPFPG. Letter of Representation of Development Planning Finance Group Inc., substantially in the form of Appendix F hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Underwriter and the Trustee, or in form otherwise agreed upon by the Underwriter.

(s) Evidence of Filing of Assessment Ordinance. Evidence that the Assessment Ordinance and the Declaration of Covenants, Conditions, and Restrictions Regarding Estancia Hill Country Public Improvement District have been filed of record in the real property records of Travis County, Texas.

(t) Evidence of Ownership of Property. Evidence that all of the IA #1 Assessed Parcels are owned by the Owner and that the Owner is not an entity that may claim a homestead exemption under Texas law.

(u) Additional Documents. Such additional legal opinions, certificates, instruments and other documents as the Underwriter or their counsel may reasonably deem necessary.

If either the City or the Owner shall be unable to satisfy the conditions contained in this Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder, except as further set forth in Sections 11 and 13 hereof.

#### 10. Indemnification.

(a) The Owner will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Official Statement under the captions "THE IA #1 PUBLIC IMPROVEMENTS," "THE PROJECT," "THE OWNER," "BONDHOLDERS' RISKS" (only as it pertains to the Owner and the Project) and "LEGAL MATTERS — Litigation – The Owner," or any amendment or supplement to the Official Statement amending or supplementing the information

contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred. Notwithstanding any provision in this Agreement to the contrary, the Owner shall have no liability to the Underwriter, the City or any other person for any untrue, inaccurate or misleading statement set forth in the introductory paragraph of this Agreement or numbered Sections 2 through 5, 7, 8(d) through 8(e), 9(a) through 9(d), 9(g) through 9(j), 9(m) through 9(o), 9(q) through 9(s) or 10.

(b) The Underwriter will indemnify and hold harmless the Owner and the City against any losses, claims, damages or liabilities to which the Owner or the City may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading under the circumstances under which they were made, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Official Statement or any such amendment or supplement in reliance upon and in conformity with information under the heading "UNDERWRITING" in the Official Statement, and will reimburse the Owner and the City for any legal or other expenses reasonably incurred by the Owner and the City in connection with investigating or defending any such actions or claims as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection. In case any such action shall be brought against an indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is

a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity agreement in this Section 10 shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the City, the Owner or the Underwriter.

11. Costs and Expenses.

(a) The Underwriter shall be under no obligation to pay, and the City shall cause to be paid from proceeds of the Bonds the following expenses incident to the issuance of the Bonds and performance of the City's obligations hereunder: (i) the costs of the preparation and printing of the Bonds; (ii) the cost of preparation, printing and mailing of the Preliminary Official Statement, the final Official Statement and any supplements and amendments thereto; (iii) the fees and disbursements of the City's financial advisor, the Trustee's counsel, Bond Counsel, Owner's counsel, counsel to the Underwriter and the Trustee relating to the issuance of the Bonds, (iv) the Attorney General's review fees, (v) the fees and disbursements of accountants, advisers and any other experts or consultants retained by the City or the Owner, including but not limited to the fees and expenses of the Appraiser, and (vi) the expenses incurred by or on behalf of City employees and representatives that are incidental to the issuance of the Bonds and the performance by the City of its obligations under this Agreement.

(b) The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the limited offering of the Bonds; and (ii) all other expenses, including CUSIP fees (including out-of-pocket expenses and related regulatory expenses), incurred by it in connection with its public offering and distribution of the Bonds, except as noted in Subsection 11(a) above.

(c) The Issuer acknowledges that the Underwriter will pay from the underwriters' expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Counsel of Texas, a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

12. Notice. Any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to: City of Austin, Texas, 700 Lavaca, Suite 940, Austin, Texas 78701, Attention: City Treasurer.

Any notice or other communication to be given to the Owner under this Agreement may be given by delivering the same in writing to: SLF III Onion Creek, L.P., c/o Stratford Land, 5949 Sherry Lane, Suite 1750, Dallas, Texas 75225, Attention: Ocie Vest.

Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: Jefferies LLC, 300 Crescent Court, Suite 500, Dallas, Texas 75201, Attention: Mark Curran, Managing Director.

13. Entire Agreement. This Agreement is made solely for the benefit of the City, the Owner and the Underwriter (including their respective successors and assigns), and no other

person shall acquire or have any right hereunder or by virtue hereof. All of the City's and the Owner's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided the City and the Owner shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Bonds; or (ii) delivery of any payment for the Bonds pursuant to this Agreement. The agreements contained in this Section and in Section 14 shall survive any termination of this Agreement.

14. Survival of Representations and Warranties. All representations and warranties of the parties made in, pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigation by the parties. All statements contained in any certificate, instrument or other writing delivered by a party to this Agreement or in connection with the transactions contemplated by this Agreement constitute representations and warranties by such party under this Agreement to the extent such statement is set forth as a representation and warranty in the instrument in question.

15. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

16. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

17. State Law Governs. The validity, interpretation and performance of this Agreement shall be governed by the laws of the State.

18. No Assignment. The rights and obligations created by this Agreement shall not be subject to assignment by the Underwriter, the Owner or the City without the prior written consent of the other parties hereto.

19. No Personal Liability. None of the members of the City Council, nor any officer, agent, or employee of the City, shall be charged personally by the Underwriter or the Owner with any liability, or be held liable to the Underwriter or the Owner under any term or provision of this Agreement, or because of execution or attempted executing, or because of any breach or attempted or alleged breach of this Agreement.

*[The remainder of this page is intentionally left blank.]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

**JEFFERIES LLC,**  
as Underwriter

By: \_\_\_\_\_  
Name: Mark Curran  
Title: Managing Director

Accepted as of the date first stated above:

**CITY OF AUSTIN, TEXAS**

By: \_\_\_\_\_  
Chief Financial Officer

**SLF III - ONION CREEK, L.P., a Texas Limited Partnership**

By: SLF III Property GP, LLC, a Texas limited liability company, its General Partner

By: Stratford Land Fund III, L.P., a Delaware limited partnership, its Sole and Managing Member

By: Stratford Fund III GP, LLC, a Texas limited liability company, its General Partner

By: \_\_\_\_\_

Name: Phillip F. Wiggins

Title: Manager

## APPENDIX A

\$ \_\_\_\_\_  
CITY OF AUSTIN, TEXAS,  
(a municipal corporation of the State of Texas located in Travis County)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013  
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)

\$ \_\_\_\_\_ % Term Bonds, Due November 1, 201\_\_, Priced to Yield \_\_\_\_\_% <sup>(a)</sup>  
\$ \_\_\_\_\_ % Term Bonds, Due November 1, 201\_\_, Priced to Yield \_\_\_\_\_% <sup>(b)</sup>  
\$ \_\_\_\_\_ % Term Bonds, Due November 1, 201\_\_, Priced to Yield \_\_\_\_\_% <sup>(c)</sup>  
\$ \_\_\_\_\_ % Term Bonds, Due November 1, 201\_\_, Priced to Yield \_\_\_\_\_% <sup>(d)</sup>  
\$ \_\_\_\_\_ % Term Bonds, Due November 1, 201\_\_, Priced to Yield \_\_\_\_\_% <sup>(e)</sup>

- (a) The Term Bonds maturing on November 1, 20\_\_, are subject to (i) redemption, in whole or in part, prior to stated maturity, at the option of the City, on any Interest Payment Date on or after November 1, 20\_\_, at a price of par plus accrued interest to the date of redemption; and (ii) mandatory sinking fund redemption prior to their respective maturities at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the respective principal amounts set forth in the following schedule:

<u>Redemption Date</u>	<u>Principal Amount</u>
------------------------	-------------------------

- (b) The Term Bonds maturing on November 1, 20\_\_, are subject to (i) redemption, in whole or in part, prior to stated maturity, at the option of the City, on any Interest Payment Date on or after November 1, 20\_\_, at a price of par plus accrued interest to the date of redemption; and (ii) mandatory sinking fund redemption prior to their respective maturities at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the respective principal amounts set forth in the following schedule:

<u>Redemption Date</u>	<u>Principal Amount</u>
------------------------	-------------------------

- (c) The Term Bonds maturing on November 1, 20\_\_, are subject to (i) redemption, in whole or in part, prior to stated maturity, at the option of the City, on any Interest Payment Date on or after November 1, 20\_\_, at a price of par plus accrued interest to the date of redemption; and (ii) mandatory sinking fund redemption prior to their respective maturities at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the respective principal amounts set forth in the following schedule:

<u>Redemption Date</u>	<u>Principal Amount</u>
------------------------	-------------------------

- (d) The Term Bonds maturing on November 1, 20\_\_, are subject to (i) redemption, in whole or in part, prior to stated maturity, at the option of the City, on any Interest Payment Date on or after November 1, 20\_\_, at a price of par plus accrued interest to the date of redemption; and (ii) mandatory sinking fund redemption prior to their respective maturities at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the respective principal amounts set forth in the following schedule:

<u>Redemption Date</u>	<u>Principal Amount</u>
------------------------	-------------------------

- (e) The Term Bonds maturing on November 1, 20\_\_, are subject to (i) redemption, in whole or in part, prior to stated maturity, at the option of the City, on any Interest Payment Date on or after November 1, 20\_\_, at a price of par plus accrued interest to the date of redemption; and (ii) mandatory sinking fund redemption prior to their respective maturities at a price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the respective principal amounts set forth in the following schedule:

Redemption Date

Principal Amount

APPENDIX B

Form of Issue Price Certificate

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies as follows with respect to the sale of the CITY OF AUSTIN, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013 (ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT), in the principal amount of \$\_\_\_\_\_ (the "Bonds"):

1. The undersigned is the underwriter that purchased the Bonds from the City of Austin, Texas (the "Issuer") by negotiated sale.

2. The undersigned has made a bona fide offering of all of the Bonds of each maturity to the public at the initial offering prices set forth in the Issuer's Official Statement with respect to the Bonds, dated June 20, 2013 (the "Official Statement").

3. The initial offering price (expressed as a dollar amount, yield percentage, or percentage of principal amount and exclusive of accrued interest) at which a substantial amount (at least 10%) of the Bonds of each maturity was sold to the public (as defined in paragraph 4) is as set forth on the inside cover page of the Official Statement.

4. The term "public," as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

5. The initial offering prices described above reflect current market prices at the time of such sales.

6. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners.

EXECUTED and DELIVERED this \_\_\_\_\_.

JEFFERIES LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

APPENDIX C  
[Letterhead of the City of Attorney]

[Closing Date]

[Include Owner, Trustee, Underwriter,  
Owner's Counsel and Bond Counsel as addressees]

\$ \_\_\_\_\_  
CITY OF AUSTIN, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013  
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)

Ladies and Gentlemen:

I am the City Attorney for the City of Austin, Texas (the "City"), and am rendering this opinion in connection with the issuance and sale of \$\_\_\_\_\_ City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds"), by the City, a political subdivision of the State of Texas.

The Bonds are authorized pursuant to Ordinance No. 20130620-\_\_\_\_ and enacted by the City Council of the City (the "City Council") on June 20, 2013 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Act, Chapter 372, Texas Local Government Code, as amended (the "Act") and the Indenture of Trust dated as of June 1, 2013 (the "Indenture") by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not defined herein shall have the same meanings as in the Indenture, unless otherwise stated herein.

In connection with rendering this opinion, I have reviewed the:

- (a) The Bond Ordinance.
- (b) The Resolution No. 20130606-054 (the "Creation Resolution") enacted by the City Council on June 6, 2013.
- (c) The Ordinance No. 20130620-\_\_\_\_ accepted and approved by City Council on June 20, 2013, and the Service and Assessment plan attached as an exhibit thereto (the "Special Assessment Ordinance").
- (d) The Indenture.
- (e) The Financing Agreement dated as of June 1, 2013, executed and delivered by the City and the Owner (the "Financing Agreement").
- (f) The Landowner Agreement, dated as of June 1, 2013, executed and delivered by the City and the Owner (the "Landowner Agreement")

(g) The Continuing Disclosure Agreement, dated as of June 1, 2013, executed and delivered by the City, the Owner and the Dissemination Agent (the “Disclosure Agreement”).

(h) The Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation, dated as of June 1, 2013, executed and delivered by the City, the Owner and the Trustee (the “Redemption Agreement”).

The Bond Ordinance, the Creation Resolution, the Assessment Ordinance, the Financing Agreement and the Landowner Agreement shall herein after be referred to as the “Authorizing Documents” and the remaining documents shall herein after be collectively referred to as the “City Documents.”

In all such examinations, I have assumed that all signatures on documents and instruments executed by the City are genuine and that all documents submitted to me as copies conform to the originals. In addition, for purposes of this opinion, I have assumed the due authorization, execution and delivery of the City Documents by all parties other than the City.

Based upon and subject to the foregoing and the additional qualifications and assumptions set forth herein, I am of the opinion that:

1. The City is a Texas political subdivision and has all necessary power and authority to enter into and perform its obligations under the City Documents. The City has taken or obtained all actions, approvals, consents and authorizations required of it by applicable laws in connection with the execution of the City Documents and the performance of its obligations thereunder.

2. There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending or, to the best of my knowledge, threatened against the City (a) affecting the organization and existence of the City or the titles of its officers to their respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, including the special assessments in the Estancia Hill Country Public Improvement District pursuant to the provisions of the Special Assessment Ordinance and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability or the City’s performance of the City Documents, (e) contesting the exclusion of the interest on the Bonds from federal income taxation, or (f) which may result in any material adverse change relating to the financial condition of the City; and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (a) through (f) of this sentence.

3. The Bond Ordinance, the Creation Resolution and the Assessment Ordinance were duly enacted by the City and remain in full force and effect on the date hereof.

4. The Financing Agreement, the Landowner Agreement, the Redemption Agreement, the Indenture and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the City and remain legal, valid and binding obligations of the City enforceable against the City in accordance with their terms. However, the enforceability of the

obligations of the City under such City Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, and (c) the application of Texas law relating to governmental immunity applicable to governmental entities.

5. The performance by the City of the obligations under the City Documents will not violate any provision of any Federal or Texas constitutional or statutory provision.

6. No further consent, approval, authorization or order of any court or governmental agency or body or official is required to be obtained by the City as a condition precedent to the performance by the City of its obligations under the City Documents.

7. The adoption of the Bond Ordinance, the Creation Resolution and the Assessment Ordinance and the execution and delivery of the Financing Agreement, the Landowner Agreement, the Redemption Agreement, the Indenture and the Continuing Disclosure Agreement and the compliance with the provisions of the Authorizing Documents and the City Documents under the circumstances contemplated thereby (a) do not and will not to my knowledge in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement to which the City is a party or by which it is bound, and (b) do not and will not in any material respect conflict with or constitute on the part of the City a violation, breach of or default under any existing law, regulation, court order or consent decree to which the City is subject.

This opinion may not be relied upon by any other person except those specifically addressed in this letter.

Very truly yours,

APPENDIX D

[Letterhead of Counsel to the Owner]

[Closing Date]

[Include City, Underwriter, Bond Counsel and Trustee as addressees]

\$ \_\_\_\_\_  
CITY OF AUSTIN, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013  
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)

Ladies and Gentlemen:

We have acted as special counsel for SLF III - Onion Creek, L.P. (the "Owner"), in connection with the issuance and sale by the City of Austin, Texas (the "City"), of \$\_\_\_\_\_ City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds"), pursuant to Indenture of Trust dated as of June 1, 2013 (the "Indenture"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). Proceeds from the sale of the Bonds will be used, in part, to fund certain public infrastructure improvements in the development known as "Estancia Hill Country" (the "Project") located in the City.

The Bonds are being sold to Jefferies LLC (the "Underwriter"), pursuant to that certain Bond Purchase Agreement dated June 20, 2013 (the "Bond Purchase Agreement"), by and among the City, the Owner and the Underwriter. This opinion is being delivered pursuant to Section 9(e) of the Bond Purchase Agreement.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

### **Assumptions and Bases for Opinions and Assurances**

In our capacity as special counsel to the Owner, and for purposes of rendering the opinions set forth herein, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

(a) The following documents being executed, entered into and/or issued, as the case may be, in connection with the issuance of the Bonds (collectively, the “Documents”):

- (1) The Indenture;
- (2) The Bond Purchase Agreement;
- (3) The Financing Agreement;
- (4) The Landowner Agreement; and
- (5) The Continuing Disclosure Agreement.

(b) Certificates of the Owner dated as of the closing date certifying as to (i) the Owner’s organization documents as such are in effect as of the date hereof (the “Owner Basic Documents”); (ii) the resolution of the Owner adopted as of \_\_\_\_\_, 2013, authorizing its execution of the applicable Documents to which it is a party and related matters; and (iii) certain other matters (collectively, the “Owner Certificates”);

(c) Evidence that the Owner is authorized to do business in the State of Texas and is in good standing;

(d) The Preliminary Official Statement, dated June 6, 2013, relating to the issuance of the Bonds (the “Preliminary Official Statement”);

(e) The final Official Statement relating to the issuance of the Bonds, dated June 20, 2013 (the “Official Statement”); and

(f) Such other documents, records, agreements and certificates of the Owner and such other parties as we have deemed necessary or appropriate to enable us to render the opinions expressed below.

In basing the opinions and other matters set forth herein on “our knowledge,” the words “our knowledge” signify that, in the course of our representation of the Owner the principal attorneys in this firm involved in the current actual transaction do not have actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the documents, certificates, reports and information on which we have relied are not accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or certification of such matters. The words “our knowledge” and similar language used herein

are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

In rendering the opinions set forth herein, we have assumed, without independent investigation, that (i) all persons other than the Owner have duly and validly executed and delivered each instrument, document, and agreement constituting a Document or executed in connection therewith to which such party is a signatory, and each such party's obligations set forth therein are its legal, valid, and binding obligations, enforceable in accordance with the terms thereof; (ii) each person executing any such instrument, document, or agreement other than the Owner is duly authorized and has the legal power to do so; (iii) each natural person executing any such instrument, document, or agreement is legally competent to do so; (iv) there are no oral or written modifications of, or amendments to, the Documents, and there has been no waiver of any of the provisions thereof, by actions or conduct of the parties or otherwise; (v) all representations of fact set forth in the Documents are complete and accurate, insofar as such facts pertain to the subject matter of the opinions rendered hereby; and (vi) all documents submitted to us as originals are complete and authentic, all documents submitted to us as certified, conformed or photostatic copies conform to the original documents, all signatures on all documents submitted to us for examination are genuine, and all public records and certificates of public officials are accurate and complete.

In addition, we have assumed that the Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. We have also assumed that the terms and conditions of the transaction as reflected in the Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Documents.

We assume that none of the parties to the Documents (other than Owner) is a party to any court or regulatory proceeding relating to or otherwise affecting the Documents or is subject to any order, writ, injunction or decree of any court or federal, state or local governmental agency or commission that would prohibit the execution and delivery of the Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair the validity or enforceability thereof. We assume that each of the parties to the Documents (other than Owner) has full authority to close this transaction in accordance with the terms and provisions of the Documents.

We assume that neither the Underwriter nor the City nor their respective counsel has any current actual knowledge of any facts not known to us or any law or judicial decision which would make the opinions set forth herein incorrect, and that no party upon whom we have relied for purposes of this opinion letter has perpetrated a fraud.

We have only been engaged by our clients in connection with the Documents (and the transactions contemplated in the Documents) and do not represent these clients generally.

### **Opinions and Assurances**

Based solely upon the foregoing, and subject to the assumptions and limitations set forth herein, we are of the opinion that:

1. The general partner of the Owner is in good standing and the Owner is qualified to do business in and in good standing under the laws of the State of Texas.

2. The Owner has the full legal right, power and authority to execute, deliver and perform its obligations under each of the Documents to which it is a party and has taken all necessary actions to authorize the execution, distribution and delivery by it of such Documents and the performance by it of such obligations.

3. The execution, delivery and performance by the Owner of the Documents to which it is a party, and compliance and performance by the Owner with the terms and provisions thereof and obligations thereunder, will not:

(i) to our knowledge, violate or conflict with any provision of any existing law, statute, rule or regulation applicable to the Owner by reason of the general conduct of its business and operation of its assets:

(ii) based solely upon the Owner Certificates and our knowledge, conflict with or result in the breach of any court decree or order of any governmental body binding upon or affecting the Owner, the conflict with which or breach of which would have a material, adverse effect on the ability of the Owner to perform its obligations under the Documents to which it is a party; or

(iii) contravene or conflict with the Owner Basic Documents.

4. To our knowledge, no consent, approval, authorization or other action by, or filing with, any governmental authority is required for the execution and delivery by the Owner of the Documents to which the Owner is a party or the performance of its obligations thereunder, other than as are required with respect to the financing transaction evidenced thereby, or if required, and not otherwise obtained, with respect to which the requisite consent, approval or authorization has been obtained, the requisite filing has been accomplished or the requisite action has been taken at or prior to the date required therefor.

5. The Owner has duly executed and delivered each of the Documents to which it is a party, and each of such Documents constitutes the legal, valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms.

6. Based solely upon the Owner Certificates, to our knowledge after reasonable inquiry, there are no actions, suits or proceedings pending against the Owner in any court of law or equity, or before or by any governmental instrumentality with respect to (i) its organization or existence or qualification to do business in the State of Texas; (ii) its authority to execute or deliver the Documents to which it is a party; (iii) the validity or enforceability against it of such Documents or the transactions contemplated thereby; (iv) the titles of its officers executing the Documents; (v) the execution and delivery of the Documents on behalf of the Owner; or (vi) the

operations or financial condition of the Owner that would materially adversely affect those operations or the financial condition of the Owner.

7. Based solely upon the Owner Certificates, to our knowledge, no taxes or other charges, including, without limitation, intangible or documentary stamp taxes, mortgage or recording taxes, transfer taxes or similar charges, are payable to the State of Texas by the Owner on account of its execution or delivery of any of the Documents or the creation of the indebtedness evidenced or secured by any of the Documents or the recording or filing of any of the Documents, except for normal filing or recording fees.

8. In addition, we advise you that no facts have come to our attention that would lead us to believe that the information set forth in the Official Statement under the captions "THE IA #1 IMPROVEMENTS," "THE PROJECT," "THE OWNER" and "BONDHOLDERS' RISK FACTORS" (only as it pertains to the Owner and the Project) fairly and accurately presents the information purported to be shown therein and (except for Appendices A, C and E, as well as any other financial, engineering and statistical data contained therein or elsewhere in the Official Statement or included therein by reference, as to which we express no view) as of the date hereof, nothing has come to the attention of those individuals working on this matter on behalf of this firm which would lead us to believe that such information contains an untrue statement of a material fact or that such information omits to state a material fact required to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

9. Based solely on the Owner Certificates, to our knowledge, the execution and delivery of the Owner Basic Documents and the Documents do not, and the transactions contemplated thereby may be consummated and the terms and conditions thereof may be observed and performed in a manner that does not, conflict with or constitute a breach of or default under any loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Owner is a party or is otherwise subject which violation, breach or default would materially adversely affect the Owner or the transactions contemplated by the Documents; nor will any such execution, delivery, adoption, fulfillment, or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Owner, except as expressly contemplated by the Documents (a) under the terms of any such law, administrative regulation, judgment or decree or (b) under any such loan agreement, indenture, bond note, resolution, agreement, or other instrument.

### **Qualifications**

In addition to any assumptions, qualifications and other matters set forth elsewhere herein, the opinions set forth above are subject to the following assumptions and qualifications:

(a) We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.

(b) We have relied upon the Owner Certificates, as well as the representations of the Owner contained in the Documents, with respect to certain facts material to our opinion. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.

(c) Our opinion delivered pursuant to Section 5 above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally and to the effect of general principles of equity, including (without limitation) remedies of specific performance and injunctive relief and concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(d) Except for the Documents, we have not reviewed, and express no opinion as to, any other contracts or agreements to which the Owner is a party or by which the Owner is or may be bound.

(e) The opinions expressed herein are based upon and limited to the applicable laws of the State of Texas and the laws of the United States of America, excluding the principles of conflicts of laws thereof, as in effect as of the date hereof, and our knowledge of the facts relevant to such opinions on such date. In this regard, we note that we are members of the Bar of the State of Texas, we do not express any opinion herein as to matters governed by the laws of any other jurisdiction, except the United States of America, we do not purport to be experts in any other laws and we can accept no responsibility for the applicability or effect of any such laws. In addition, we assume no obligation to supplement the opinions expressed herein if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that affect the opinions expressed herein.

(f) This letter is strictly limited to the matters expressly set forth herein and no statements or opinions should be inferred beyond such matters.

(g) Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property.

(h) We express no opinion as to the laws of any jurisdiction other than the laws of the State of Texas and the laws of the United States of America. The opinions expressed above concern only the effect of the laws (excluding the principles of conflict of laws, except as specifically provided herein) of the State of Texas and the United States of America as currently in effect. We assume no obligation to supplement this opinion if any applicable laws change after the date of this opinion, or if we become aware of any facts that might change the opinions expressed above after the date of this opinion.

(i) The opinions expressed herein regarding the enforceability of the Documents is subject to the qualification that certain of the remedial, waiver or other provisions thereof may not be enforceable; but such unenforceability will not, in our

judgment, render the Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Documents, except to the extent of any economic consequences of any procedural delays which may result therefrom.

(j) The opinion expressed herein as to the enforceability of the Documents is specifically subject to the qualification that enforceability of the Documents is limited by the following: (i) the rights of the United States under the Federal Tax Lien Act of 1966, as amended; (ii) principles of equity, public policy and unconscionability which may limit the availability of certain remedies; (iii) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, liquidation, probate, conservatorship and other laws applicable to creditors' rights or the collection of debtors' obligations generally; and (iv) requirements of due process under the United States Constitution, the Constitution of the State of Texas and other laws or court decisions limiting the rights of creditors to repossess, foreclose or otherwise realize upon the property of a debtor without appropriate notice or hearing or both.

(k) We express no opinion as to whether a court would grant specific performance or any other equitable remedy with respect to the enforcement of the Documents.

(l) We express no opinion as to the validity, binding effect, or enforceability of: (i) provisions which purport to waive rights or notices, including rights to trial by jury, counterclaims or defenses, jurisdiction or venue; (ii) provisions relating to consent judgments, waivers of defenses or the benefits of statutes of limitations, marshaling of assets, the transferability of any assets which by their nature are nontransferable, sales in inverse order of alienation, or severance; (iii) provisions purporting to waive the benefits of present or of future laws relating to exemptions, appraisal, valuation, stay of execution, redemption, extension of time for payment, setoff and similar debtor protection laws; or (iv) provisions requiring a party to pay fees and expenses regardless of the circumstances giving rise to such fees or expenses or the reasonableness thereof.

(m) The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.

(n) We express no opinion as to the enforceability of any provisions in the Documents purporting to entitle a party to indemnification in respect of any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to you solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon by you for any other purpose or by any other person in any manner or for any purpose.

Very truly yours,

## APPENDIX E

[Letterhead of Appraiser]

[Date]

[Include City, Underwriter, Bond Counsel and Trustee as addressees]

Re: City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds")

Ladies and Gentlemen:

The undersigned, Paul Hornsby, of Paul Hornsby & Company, appraiser of the property contained in the Estancia Hill Country Public Improvement District (the "District"), does hereby represent the following:

1. On behalf of Paul Hornsby & Company, I have supplied certain information contained in the Preliminary Official Statement for the Bonds, dated June 6, 2013, and the Official Statement for the Bonds, dated June 20, 2013 (together, the "Official Statement"), relating to the issuance of the Bonds by the City of Austin, Texas, as described above. The information I have provided is the real estate appraisal of the property in the District, located in Appendix E to the Official Statement.

2. To the best of my professional knowledge and belief, as of the date of my report, the portion of the Official Statement described above does not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. I agree to the use of the name of my firm in the Official Statement for the Bonds.

4. I agree that, to the best of my ability, I will inform you immediately should I learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about July 16, 2013) which would render any such information in the Official Statement untrue, incomplete, or incorrect, in any material fact or render any statement in the appraisal materially misleading.

5. The undersigned hereby represents that he has been duly authorized to execute this letter of representation.

Sincerely yours,

PAUL HORNSBY & COMPANY

---

By: Paul Hornsby, MAI, SRA, CRE  
Its: President

EXHIBIT F

[Letterhead of DPFG]

[Date]

[Include City, Underwriter, Bond Counsel and Trustee as addressees]

Re: City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District) (the "Bonds")

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_, of Development Planning Finance Group Inc., financial consultant in connection with the creation by the City of Austin, Texas (the "City"), of the Estancia Hill Country Public Improvement District (the "District"), does hereby represent the following:

1. On behalf of Development Planning Finance Group Inc., I have supplied certain information contained in the Preliminary Official Statement, dated June 6, 2013, and the Official Statement, dated June 20, 2013, both in connection with the Bonds (the "Official Statement"), relating to the issuance of the Bonds by the City, as described above. The information I have provided is the Service and Assessment Plan (the "SAP") for the District located in Appendix B to the Official Statement.

2. To the best of my professional knowledge and belief, as of the date of the SAP, the portion of the Official Statement described above does not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. I agree to the inclusion of the SAP and the use of the name of my firm in the Official Statement for the Bonds.

4. I agree that, to the best of my ability, I will inform you immediately should I learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about July 16, 2013) which would render any such information in the Official Statement untrue, incomplete, or incorrect, in any material fact or render any statement in the appraisal materially misleading.

5. The undersigned hereby represents that he has been duly authorized to execute this letter of representation.

Sincerely yours,

DEVELOPMENT PLANNING FINANCE  
GROUP INC.

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_