

ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

BETWEEN

SLF III – ONION CREEK, L.P., a Texas limited partnership

AND

THE CITY OF AUSTIN, TEXAS

ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
FINANCING AGREEMENT

This Estancia Hill Country Public Improvement District Financing Agreement (this “**Agreement**”), dated as of June __, 2013, (the “**Effective Date**”), is entered into between SLF III – ONION CREEK, L.P., a Texas limited partnership (including its Designated Successors and Assigns, the “**Owner**”), and the City of Austin, Texas (the “**City**”), a municipal corporation, acting by and through its duly authorized representative.

Recitals:

WHEREAS, Owner and its affiliates own a total of approximately 600 acres of land contained within the area described in the attached Exhibit “B” (the “**Property**”). The Property is located in the City’s extraterritorial jurisdiction in Travis County, Texas and the City Council has approved the limited purpose annexation of the Property.

WHEREAS, it is intended that the Property will be developed as a mixed-use development by Owner, its affiliates and/or their successors and assigns, including future owners and developers, which may include single-family and multifamily residential, office, light industrial, retail and other uses (the “**Project**”);

WHEREAS, the Project is located along Interstate 35. The Project is in the City’s Desired Development Zone. The City has identified the intersection of I-35 and SH 45 as one of its growth nodes in the City’s Imagine Austin Plan;

WHEREAS, Owner and the City executed that certain Interim Annexation and Development Agreement (“**Interim Development Agreement**”) dated effective as of February 4, 2013 wherein the parties established goals and a process for annexation and zoning of the Property;

WHEREAS, the City Council authorized the formation of the Estancia Hill Country Public Improvement District on June 6, 2013 pursuant to Ordinance No. 2013-0606-054(the “**District**”) in accordance with the PID Act (as defined in Exhibit “A”) and the City’s PID Policy adopted on December 18, 2008 (“**PID Policy**”);

WHEREAS, pursuant to the Estancia Hill Country Annexation and Development Agreement dated of even date herewith (the “**Development Agreement**”), the City has (i) superseded and replaced the Interim Development Agreement with the Development Agreement, (ii) adopted Ordinance No. 2013_____-_____ establishing zoning for the Project, and (iii) authorized the limited purpose annexation of the Property;

WHEREAS, pursuant to the City’s PID Policy and the terms of this Agreement, the City has agreed to allow City financing of certain infrastructure within the Property via a public improvement district;

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

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

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

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

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

WHEREAS, since funding from the initial PID Bond offering is insufficient to finance all of the Public Improvements within Improvement Area #1, Owner is depositing an Initial Owner Contribution (as defined herein) to augment the bond funding for the Public Improvements within Improvement Area #1;

WHEREAS, the Initial Owner Contribution, to the extent expended to pay for the costs of Public Improvements shall be returned to Owner over time from special assessments or if applicable, the proceeds of Improvement Area #1 Parity Bonds; and

WHEREAS, it is also intended that Owner will be reimbursed for all of its Actual Costs (as defined herein) by allowing Owner to receive a portion of the Special Assessments (as defined herein) over time and/or receiving funds resulting from the issuance of Improvement Area #1 Parity Bonds, as more particularly described herein.

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

ARTICLE I. SCOPE OF AGREEMENT

Section 1.01. Outline of Agreement

This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property (Article II), the Construction of Public Improvements to be Acquired by the City or County (Article III), advancement of construction funds for the PID Bonds, acquisition and maintenance of Public Improvements within the District (Article IV), and the issuance of bonds for the financing of the Public Improvements (Article V). Definitions used herein are set forth in Exhibit “A” attached hereto and made a part hereof and in the Assessment Plan. This Agreement, together with the Development Agreement and the Redemption Agreement, sets forth the agreement among the parties concerning the PID financing, construction and City’s acceptance (where applicable) of the Public Improvements. Unless expressly set forth herein, the parties do not intend for this Agreement to supersede, replace, amend or conflict with the Development Agreement or Redemption Agreement.

Section 1.02 Annexation

City Council has authorized the limited purpose annexation of the Property. Timing of the City’s full purpose annexation of the Property shall be in accordance with Article V of the Development Agreement.

ARTICLE II. APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS

Section 2.01. Preliminary Matters

(a) On June 6, 2013, the City authorized the formation of the District in Resolution No. 2013-0606-054. The District includes all of the Property.

(b) The Property may be developed in phases. It is currently contemplated that there will be three (3) separate Improvement Areas (i.e., phases). It is also anticipated that the Public Improvements for each Improvement Area will provide special benefit to Parcels contained within that Improvement Area. As a result, Special Assessments will be levied on specific Improvement Areas of the Property from time to time associated with Public Improvements located within that Improvement Area. Initial PID Bonds for Improvement Area #1 (and potentially Improvement Area #1 Parity Bonds may be issued as well) will be issued to fund improvements within Improvement Area #1 (save and except the design costs for the TxDOT ramp relocations which are more particularly described in the Assessment Plan) and PID Bonds for other Improvement Areas may be issued periodically in the future as individual Improvement Areas of the Project are developed. The PID Bonds will fund infrastructure improvements that specially benefit Parcels within each given Improvement Area. In connection with the PID Bonds, Special Assessments will be levied only on Property located in the Improvement Area in question.

(c) The initial Assessment Plan for the Property is attached hereto as Exhibit “C.” The Owner acknowledges and agrees that the Assessment Plan must meet the requirements

of Texas Local Government Code §§ 372.013 and 372.014 and be presented to the City Council for review and approval prior to PID Bonds being issued. Thereafter, the Assessment Plan will be updated and amended by the Administrator at least once per year, and submitted for the City Council's review and approval. Notwithstanding the above, it is hereby understood and acknowledged by the Parties that the Special Assessments associated with the initial PID Bonds for Improvement Area #1 (which are being authorized by the City Council contemporaneously herewith) and the potential Improvement Area #1 Parity Bonds (or the amounts needed to repay the Owner for the Initial Owner Contribution and other Actual Costs eligible to be reimbursed from Special Assessment) are the only Special Assessments that can be addressed with reasonable certainty in the Assessment Plan. As a result, the Assessment Plan will need to be amended over time as subsequent Improvement Areas are developed (and corresponding PID Bonds are issued) in accordance with the terms set forth in this Agreement. Nevertheless, the basic terms and methodology described in the Assessment Plan will generally apply to the PID Bonds issued for future Improvement Areas.

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

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

(f) Prior to the levy of Special Assessments, the Owner shall provide a Feasibility and Market Study Analysis to the City for the City's review and approval, as described in Section 5.01 hereof, but only if such Feasibility and Market Analysis Study is required by the City. The Parties hereby acknowledge and agree that the Appraisal of Estancia Hill Country Phase I dated effective March 16, 2013 prepared by Paul Hornsby & Company shall serve as the Feasibility and Market Analysis Study for Improvement Area #1.

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

(h) Promptly following submission to the City of an updated Assessment Plan (or any subsequent amendment or supplement to the Assessment Plan) acceptable in form and substance to the City and to the Owner with respect to the matters therein that require approval by the Owner as provided in this Agreement, the City Council shall consider an Assessment Ordinance relating to the applicable plan or amendment or supplement. If an Assessment Ordinance is adopted, the City shall use reasonable, good faith efforts to expeditiously initiate and approve all necessary documents and orders required to effectuate the Assessment Plan and Assessment Ordinance.

Section 2.02. Apportionment and Levy of Assessments.

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

Section 2.03. Collection of Assessments.

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

Notwithstanding anything to the contrary contained herein or in the Assessment Plan, the Special Assessment Revenues collected annually from Improvement Area # 1 will be (a) first deposited to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the PID Bonds next coming due, (b) second, deposited to the Reserve Account of the Reserve Fund in an amount necessary to cause the amount on deposit therein to equal the Reserve Fund Requirement, (c) third, deposited to the Landowner Pledged Revenue Account of the Pledged Revenue Fund to reimburse the Landowner for costs of Public Improvements that have been paid from the cash deposit made by the Owner at closing, (d) fourth, used to pay Actual Costs, and (e) fifth, used to pay any costs permitted by the PID Act.

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

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

Section 2.05 Initial Owner Contribution; Reimbursement Agreement

(a) Notwithstanding anything to the contrary contained herein, the City and Owner hereby agree that the Actual Costs expended by Owner, but not reimbursed from the initial PID Bonds, are payable solely from (i) the Landowner Pledged Revenue Account within the Pledged Revenue Fund as more particularly described herein and (ii) from the Improvement Area #1 Parity Bonds, if ever issued. The City and Owner hereby acknowledge and agree that the provisions of this Section 2.05 shall hereby constitute a “reimbursement” under Chapter 372 of the Texas Local Government Code.

(b) It is contemplated that Improvement Area #1 Parity Bonds may be issued in the future for Improvement Area #1. The purpose of the Parity Bond issuance would be to expedite the reimbursement to the Owner of the unreimbursed Actual Costs eligible to be paid from Special Assessments by allowing the net proceeds of the Improvement Area #1 Parity Bonds to be used to reimburse Owner for the unreimbursed Actual Costs eligible to be paid from Special Assessments. If the net proceeds of the Improvement Area # 1 Parity Bonds have reimbursed the Owner for the unreimbursed Actual Costs, eligible to be paid from Special Assessments then Owner’s right to receive any portion of the Special Assessments for Improvement Area # 1 shall automatically terminate and thereafter all Special Assessments for Improvement Area # 1 received by the City would be used to pay debt service of the initial PID Bonds and Parity Bonds for Improvement Area # 1. However, if the net proceeds of such Improvement Area #1 Parity Bonds are not sufficient to reimburse Owner for the unreimbursed Actual Costs, eligible to be paid from Special Assessment then Owner shall continue to receive a portion of the Special Assessment Revenue from Improvement Area # 1 (as more particularly described in Section 2.03) until the earlier of (i) the date the Owner is fully repaid for the unreimbursed Actual Costs eligible to be paid from Special Assessments or (ii) the date the PID Bonds for Improvement Area # 1 and Parity Bonds for Improvement Area # 1 are no longer outstanding, whether as a result of payment in full, defeasance or otherwise.

(c) The Owner reimbursement provisions contained in this Section 2.05 shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than net proceeds from the PID Bonds for Improvement Area # 1, the Improvement Area # 1 Parity Bonds, and Special Assessment Revenues.

(d) Owner’s right, title and interest into the payments of unreimbursed Actual Costs, as described herein, shall be the sole and exclusive property of Owner (or its Transferee) and no other third party shall have any claim or right to such funds unless Owner transfers its rights to its unreimbursed Actual Costs to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, all or any portion of Owner’s right, title, or interest under this Agreement including, but not limited to, any right, title or interest of Owner in and to payment of its unreimbursed Actual

Costs (a “**Transfer**,” and the person or entity to whom the transfer is made, a “**Transferee**”). Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer.

(e) The City acknowledges and agrees that until Improvement Area #1 Parity Bonds are issued, the obligation of the City to use the Landowner Pledged Revenue Account to pay any unreimbursed Actual Costs to Owner is absolute and unconditional and that the City does not have, and will not assert, any defenses to such obligation.

(f) Provided (i) the issuance of Improvement Area #1 Parity Bonds is considered financially feasible by the City and an underwriter experienced in the issuance of such bonds and (ii) all appropriate tests have been met, including the additional bond test set forth in the Indenture, the City hereby agrees to use reasonable efforts to issue Improvement Area #1 Parity Bonds to pay the unreimbursed Actual Costs to Owner when requested by Owner in writing. If the net proceeds from the Improvement Area #1 Parity Bonds plus the balance in the Project Fund will be insufficient to pay the unreimbursed Actual Costs, Owner shall continue to receive money from the Landowner Pledged Revenue Account until the unreimbursed Actual Costs eligible to be paid from Special Assessments have been reimbursed to the Owner.

ARTICLE III. CONSTRUCTION AND ACQUISITION

Section 3.01. Acquisition of Public Improvements

The Public Improvements are intended to be acquired by the City and/or the County, although some Public Improvements may be dedicated to the City and/or the County by easement and maintained by an Owner’s Association. The Public Improvements to be acquired by the City shall be determined through mutual agreement of the Parties; provided, however it is hereby acknowledged and agreed to by the City and Owner that some of the Public Improvements may have been previously approved or constructed as more particularly described in Section 4.02 (e). Except as set forth in Section 4.02 (e.g. Public Improvements funded by PID Bond Draws), each acquisition of Public Improvements not paid for simultaneously with conveyance of said Public Improvements (e.g., a portion of the price is being paid over time) shall be evidenced by an Acquisition Agreement, if required by applicable law.

Section 3.02. Designation of Construction Manager, Construction Engineers

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

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

(c) The Owner shall be entitled to a separate Construction Management Fee for the construction of each Segment.

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

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

Section 3.03. Designation of Construction Manager Subcontractor

(a) The City acknowledges and agrees that (i) Owner may subcontract out all or some of the duties of Construction Manager to a third party and (ii) the hiring of a subcontractor to serve as the Construction Manager shall not be deemed a change in the Construction Manager pursuant to the terms and conditions of Section 3.03. Owner may designate an individual, company, or partnership or other entity as a subcontractor for construction management services for one or more Public Improvements or distinct Segments thereof.

(b) Owner may designate an individual, company, or partnership or other entity to serve as the Construction Manager for one or more Public Improvements or Segments thereof upon written notification to and approval by the City, which approval shall not be unreasonably withheld; provided, however the Owner may not change its designated Construction Manager during the first six (6) months of this Agreement, except for cause. Thereafter, Owner may remove a designated "Construction Manager" at any time. Owner will not be responsible as the Construction Manager when a third party is designated as the Construction Manager.

(c) Only the designated Construction Manager may receive a construction management fee, but only for the period of time during that designation and the performance of the Construction Manager duties. Further, the total construction management fee shall not exceed the amount provided for in the definition of "Actual Costs" in this Agreement.

Section 3.04. Performance Bonds

If at the time of release of the site development permit (or other applicable permit), there are funds within the Project Fund of the Indenture sufficient both to pay for completion of a Public Improvement and to meet all other obligations of the Public Improvement, it is intended that the Owner not be required to post fiscal security for the applicable Public Improvement. The City acknowledges that it will accept fiscal security, if required, for the Public Improvements in the form of an irrevocable letter of credit, surety bond, cash deposit, or other security acceptable to the City. If no such account exists or such account is not appropriately funded, then the Owner shall be required to post fiscal security for Public Improvements in accordance with Section 3.08 below.

Section 3.05. Maintenance of Project, Warranties

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

Section 3.06. Sales and Use Tax Exemptions.

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

(b) The City will provide such certifications to the Owner and/or to suppliers and contractors as may be required to assure the exemptions claimed herein.

(c) The City and the Owner shall cooperate in structuring the construction contracts for the Public Improvements to comply with requirements (including those set forth in 34. Tex. Admin. Code, sec. 3.291) for exemption from sales and use taxes.

Section 3.07. Regulatory Requirements

(a) The Public Improvements shall be designed, constructed and installed, using the City's construction, bidding, and contract documents, in accordance with and subject to compliance with commercially accepted construction practices, applicable City policies, rules and ordinances, and any other Regulatory Requirements, including valid requirements that are uniformly applicable within the City and promulgated by the City, except as otherwise provided in the Development Agreement; provided, however the Parties hereby agree that the Owner shall not be required to solicit and publish invitations for bids for the construction of the Public Improvements that would require the minority-owned and women-owned business enterprise procurement program found in Chapter 2-9, City Code, as amended, and Chapters 212 and 252, Texas Local Government Code (as amended) to be followed for Public Improvements in which a bid solicitation packet has already been issued and advertised prior to the Effective Date. For those Public Improvements (if any) for which the City does not have bid specifications, Owner and the City shall work together in good faith to develop bid specifications.

(b) The Director agrees to cooperate with the Owner to the extent reasonably possible without detriment to proper engineering review, comment, and revision on the review and

approval of the engineering, design, plans, and specifications of all Public Improvements submitted by the Owner.

Section 3.08. Additional Requirements for Public Improvements Funded with Progress Payments

The following additional requirements shall be applicable to Public Improvements funded in accordance with the procedures set forth in Section 4.02:

(a) Prior to the later to occur of (i) the Effective Date, or (ii) commencing construction of any such Public Improvements, the Project Engineer shall review all plans and specifications, construction contract and related materials for the applicable Public Improvement, and shall certify to the Owner, City, Underwriter, Financial Advisor and Trustee that the amount of funding under the PID Bonds (as specified in the Assessment Plan and Indenture) together with funds contributed by Owner, including but not limited to the Initial Owner Contribution and/or fiscal security referenced in Section 3.04 above (or a combination of both) is sufficient to fund the full cost of design and construction of the applicable Public Improvements (but excluding any Construction Management Fees or contingencies as set forth in the Assessment Plan).

(b) The Construction Manager will maintain an ongoing monthly updated accounting of funds disbursed, work progress and remaining funding needed to complete each applicable Public Improvement. Such accounting to include a reconciliation of any unadvanced amounts out of the segregated accounts in the Project Fund under the applicable Indenture as compared to the remaining costs to complete each applicable Public Improvement. The Construction Manager will provide such monthly reports to the Owner, the City's Director, the Underwriter, the Financial Advisor and the Trustee.

(c) All change orders or costs increases for applicable Public Improvements must be approved by the Owner, Construction Manager and the Director, to the extent any such change order is in excess of \$100,000.00. The Construction Manager shall provide copies of all approved change orders to the Financial Advisor, Underwriter and Trustee within ten (10) days after approval.

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

Section 3.09. Redemption Agreement

Concurrent with the closing on the initial PID Bonds for Improvement Area #1 and thereafter concurrently with any future issuances of PID Bonds, the Owners will execute an Agreement Regarding Conveyance of Right of Redemption (the "**Redemption Agreement**") in substantially the same form as Exhibit "I" attached hereto with the City and the Trustee pursuant to which Owner will convey to the Trustee, for the benefit of the owner of the PID Bonds, the right to

redeem any Assessed Parcel subject to the applicable PID Bonds with an agricultural valuation and require any subsequent purchaser to execute a similar conveyance.

ARTICLE IV. PAYMENT FOR PUBLIC IMPROVEMENTS

Section 4.01. Overall Requirements

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

(b) Owner may enter into agreements with one or more real estate owners or builders (commercial or residential) to sell or develop a portion of the Property and/or to construct certain Public Improvements (each such Owner, a “**Co-Owner**”). The Owner may submit Actual Costs paid for by a Co-Owner and obtain reimbursement of such Actual Costs on behalf of and to be paid to such Co-Owner. Costs owed to subcontractors (for which no evidence of payment exists) shall be paid by Trustee to the subcontractors.

(c) Upon written acceptance of a Public Improvement, and subject to any applicable maintenance-bond period, the City or County (as applicable) shall be responsible for all operation and maintenance of such Public Improvement, including all costs thereof and relating thereto.

(d) The Parties hereby acknowledge and agree that Public Improvements that are intended to be funded by progress payments through PID Bonds (i.e. PID Bonds are sold and then Public Improvements are funded by draws out of PID Bond proceeds) will be governed by Section 4.02 of this Agreement. Public Improvements that have already been completed and paid for by the Owner prior to the issuance of PID Bonds will be governed by Section 4.03 of this Agreement.

(e) The procedures set forth in Section 4.02 and 4.03 below shall apply to all Certifications for Payment regardless of which account within the Project Fund the actual funds are being paid from.

Section 4.02. Progress Payments for Public Improvements

(a) With respect to those Public Improvements not funded pursuant to Section 4.03 below, Owner shall deliver and the City shall accept the given Public Improvements in accordance with the terms hereafter. The net PID Bond Proceeds from the issuance of the PID Bonds and the Initial Owner Contribution will be held by the Trustee in various segregated accounts under the Project Fund. Those sums held in the various segregated accounts will be advanced to the Owner by the Trustee to fund the costs of design, construction, City inspection and administrative costs, and other soft costs (as more particularly specified herein and in the

Assessment Plan) upon receipt of a completed Certification for Payment. Payments will be made to Owner periodically as design and construction progresses. Reimbursement from PID Bond proceeds for Owner Expended Funds (defined below in this section) expended by Owner for Public Improvements between _____, 20____, and June _____, 2013 will be included within the first bond draw under the PID Bonds issued for Improvement Area # 1 and shall include the costs described in the Initial Reimbursement Payment (defined below in this section). The procedures for such progress payments are contained in this Section 4.02 and the Initial Indenture. Such payments shall be made by Trustee on a monthly basis and within five (5) business days of the Trustee's receipt of the completed Certification for Payment from the City Treasurer. The Director or its designee shall deliver to the City Treasurer his/her concurrence to pay pursuant to a completed Certification for Payment within fifteen (15) calendar days after its receipt of the required submittal items pursuant to either subpart (b) or (c) below, as applicable and the Finance Director shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment. If the City disapproves any Certification for Payment, the City shall provide a written explanation of the reasons for such disapproval so that if the Certification for Payment is revised in accordance with City's comments, the Certification for Payment can be approved. Notwithstanding anything to the contrary contained herein, if the monthly reconciliation provided by the Construction Manager pursuant to Section 3.08(b) above for a particular Public Improvement shows there are not enough funds in the segregated account to fund the remaining design and construction costs of that Public Improvement after taking into consideration any contingencies, the Director shall not be obligated to authorize payments of funds exceeding the balance in the segregated account until such time as Owner provides evidence satisfactory to the Director that Owner has or will provide funds in an amount sufficient to fully fund the remaining design and construction costs of that Public Improvement.

(b) Payments shall be made by the Trustee based on the Actual Cost of the design and/or construction completed and the receipt of a completed Certification for Payment. The City is not obligated to authorize a construction payment until such time that the City (or County, as applicable) has approved the plans and specifications for the applicable Public Improvement (if such approval is required pursuant to this Agreement). The items required for a construction payment are as follows:

- (i) A Certification for Payment executed by the Project Engineer and Construction Manager specifying the amount of work that has been performed and the cost thereof;
- (ii) A Bills Paid Affidavit from the contractor;
- (iii) Copies of all supporting invoices with respect to such payment; and
- (iv) Waivers of liens for work on the applicable Public Improvements through the previous Certification for Payment and receipts for payment from the contractor and, if requested by the City, any subcontractors for the current Certification for Payment.

The City and the Owner hereby agree that as Payment Requests are made by Owner, processed by the City, and paid by the Trustee, any proceeds of PID Bonds for Improvement Area # 1 contained in the Bond Improvement Account within the Project Fund shall first be used to fund Payment Requests. Once funds in the Bond Improvement Account within the Project Fund have been depleted, then funds contained in the Landowner Improvement Account within the Project Fund shall be used to fund any additional Payment Requests. If any funds remain in the Landowner Improvement Account after the completion of the Public Improvements for Improvement Area #1, then the City shall promptly direct the Trustee to deliver to the Owner the remaining balance in the Landowner Improvement Account within thirty (30) days of the City's written direction.

(c) In addition to the submitted items required in 4.02(b) above, in order to obtain the final payment for a Public Improvement funded by the PID Bonds pursuant to this Section 4.02, the following are required:

(i) The Owner shall have provided to the City an assignment of the warranties and guaranties, if applicable, for such Public Improvement;

(ii) Before the final Certification for Payment is submitted to the City, the Project Engineer shall conduct a review for the City to confirm that such Public Improvement was constructed in accordance with the plans therefor and the Project Engineer will verify and approve the Actual Cost of such Public Improvement specified in such Certification for Payment. Upon confirmation by the Project Engineer to the Director and the submission of the final Certification for Payment indicating that such Public Improvement has been constructed in accordance with the plans therefor, and verification and approval of the Actual Cost of such Public Improvement, the Director shall within fifteen (15) calendar days thereafter accept such Public Improvement and the Director shall sign the Certification for Payment and forward the same to the City Treasurer. The City Treasurer shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment.

(d) It is hereby acknowledged by the City and Owner, that the following categories of Public Improvements are intended to be accepted by the City: water, wastewater and water quality infrastructure and all other categories of Public Improvements are intended to be accepted by the County. Therefore, with respect to Public Improvements that are to be accepted by the County, the terms, conditions and procedures set forth in Section 4.02(a) – (c) shall apply except as set forth below:

(i) The County (not the City) will be accepting such Public Improvements;

(ii) The County (not the City) will be approving the plans and specifications for such Public Improvements; and

(iii) In order to obtain the final payment for such Public Improvements a written acknowledgement from the County that all requirements for acceptance of such Public Improvements (save any except any applicable maintenance-bond period) have been complied with shall be provided to the City. Upon receipt of such written acknowledgment from the County,

the Director, within fifteen (15) days thereafter, shall sign the Certification for Payment and forward the same to the City Treasurer. The City Treasurer shall then have up to ten (10) calendar days to forward the executed Certification for Payment to the Trustee for payment.

(e) The Owner has determined that prior to the Effective Date, it has expended funds for costs reimbursable under the PID Act, including: (i) the design of the Public Improvements within Improvement Area #1, (ii) costs of construction of the Public Improvements within Improvement Area # 1, (iii) costs in obtaining permits required for the construction of the Public Improvements in Improvement Area #1, and (iv) other costs associated with the formation of the District (“**Owner Expended Funds**”). Prior to the Effective Date, Owner has submitted to the City information documenting the amount of Owner Expended Funds paid by Owner between _____, 20____ and _____, 2013. The total amount of Owner Expended Funds approved by the City pursuant to this Section shall be referred to herein as the “**Initial Reimbursement Payment.**” Prior to disbursement of proceeds of initial PID Bonds for Improvement Area #1, Owner shall submit to the City a Certification for Payment satisfactory to the City and the Trustee for the Initial Reimbursement Payment and the City will sign the Certification for Payment and deliver said Certification for Payment to the Trustee. At the closing of the initial PID Bonds for Improvement Area #1, Owner shall be reimbursed an amount equal to the Initial Reimbursement Payment and such amount shall be transferred to the Trustee for distribution to the Owner or the Owner’s designee. Prior to the date proceeds of PID Bonds for Improvement Area # 1 are disbursed, Owner shall deposit an amount equal to \$ _____ (the “**Initial Owner Contribution**”) with the Trustee and shall thereafter cause the City to direct the Trustee to place the Initial Owner Contribution in the Landowner Improvement Account within the Project Fund. The funds held in the Landowner Improvement Account will not constitute public funds for any purpose and may not be used for any purpose other than the payment of Actual Costs of a Public Improvement for Improvement Area #1 or, if not needed to pay Actual Costs, returned to the Owner upon completion of the Public Improvements for Improvement Area #1. To the extent that money in the Landowner Improvement Account of the Project Fund is used to pay Actual Costs, the Owner shall be entitled to be reimbursed from the Special Assessments, as well as reimbursed from Special Assessments for any unreimbursed Actual Costs.

(f) At the closing of the PID Bonds for Improvement Area #1 (and thereafter at the closing for each subsequent PID Bond issuance), Owner may be reimbursed Bond Issuance Costs for the PID Bonds paid by the Owner, as described in the Assessment Plan and approved by the City. Such Bond Issuance Costs paid at closing shall be set forth in a closing memorandum issued by the City’s Financial Advisor and included in the Certification for Payment. Additional Bond Issuance Costs for the PID Bonds will be paid after the closing of the applicable PID Bonds upon submittal of proper documentation so long as such Bond Issuance Costs are described in the Service Assessment Plan and funds remain in the respective Costs of Issuance Account described in the Initial Indentures.

(g) With respect to Improvement Areas developed subsequent to Improvement Area # 1, at the time of the closing of PID Bonds for those certain Improvement Areas, Owner may have pre-funded certain costs reimbursable under the PID Act, including: (i) the design of the Public Improvements within the applicable Improvement Area, (ii) costs of constructing Public

Improvements within the applicable Improvement Area, and (iii) costs for obtaining permits required for the construction of the Public Improvements in the applicable Improvement Area. In this case and with concurrence by the City, Owner may be reimbursed for said amounts concurrently with the initial draw from the applicable PID Bonds under substantially the same procedures as set forth in subsection (e) above.

Section 4.03. Payments for Completed Public Improvements

(a) The Owner shall convey, and the City (or County, where applicable) shall acquire the given Public Improvement for the Actual Cost, when such Public Improvement is completed and has been accepted by the City (or County, where applicable).

(b) To receive from the proceeds of the PID Bond funds to pay the Actual Cost, the Owner shall deliver to the City and the Project Engineer (x) documentation evidencing the Actual Cost, (y) an assignment of the warranties and guaranties, if applicable, for such Public Improvement, in form reasonably acceptable to the City (if the City is the entity accepting such Public Improvements). Nothing herein or in subparagraph (c) below shall prohibit Owner from being reimbursed for design costs associated with a Public Improvement (provided that the plans and specifications for such applicable Public Improvement have been accepted by the City or County, as applicable) prior to the completion of construction of said Public Improvement or for other costs that are otherwise eligible to be paid under the PID Act.

(c) Upon receipt of a Payment Request (and accompanying documentation) for a Segment, the City shall instruct the Project Engineer to conduct a review in order to confirm that such Segment was constructed in accordance with the Plans therefore and to verify and approve the Actual Cost of such Segment specified in such Payment Request. The City agrees to instruct the Project Engineer to conduct each such review in an expeditious manner not to exceed 30 calendar days and the Owner agrees to cooperate with the Project Engineer in conducting each such review and to provide the Project Engineer with such additional information and documentation as is reasonably necessary for the Project Engineer to conclude each such review. Upon confirmation that such Segment has been constructed in accordance with the Plans therefore, and verification and approval of the Actual Cost of such Segment, the City shall, within thirty (30) days thereafter accept such Segment and the Project Engineer and Director of the City shall sign the Payment Request and forward the same to the City Treasurer and payments will be made to Owner, or other person as applicable, within thirty (30) days after receipt by the City Treasurer.

ARTICLE V. PID BONDS

Section 5.01. Issuance of PID Bonds.

(a) Subject to the terms and conditions set forth in this Section V, the City intends to pay for the Public Improvements, by issuing PID Bonds in one or more series. The City will use reasonable and good faith efforts to sell PID Bonds after receiving a PID Bond Issuance Request from the Owner, provided that the Owner can reasonably demonstrate to the City and its financial advisors via a Feasibility and Market Study Analysis (or such other similar documentation) that there is sufficient security for the PID Bonds, based upon the bond market

existing at the time of such proposed sale. Notwithstanding the foregoing, the City intends to authorize the issuance of the initial PID Bonds for Improvement Area #1 contemporaneously with authorizing the execution of this Agreement and in connection with such PID Bonds for Improvement Area #1, no PID Bond Issuance Request is required. The Public Improvements to be constructed and funded in connection with the PID Bonds for Improvement Area #1 are detailed on the chart attached hereto as Exhibit "D". Additional PID Bonds will be issued in the future subject to the terms hereof and the Assessment Plan (as the same is amended and updated).

(b) The aggregate principal amount of PID Bonds required to be issued hereunder shall not exceed an amount sufficient to fund: (i) the Actual Costs of the Public Improvements, (ii) required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction of all Public Improvements covered by the PID Bond issue in question and in no event for a period greater than 3 years from the date of the initial delivery of the PID Bonds and (iii) any costs of issuance for the PID Bonds and the Improvement Area #1 Parity Bonds. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future PID Bond issuances.

(c) The final maturity for each series of PID Bonds shall occur no later than 15 years from the issuance date of said PID Bonds.

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

(e) If proceeds from PID Bonds for a certain Improvement Area are still available after all the Public Improvements within that particular Improvement Area are accepted by the City and Owner has been reimbursed for all unreimbursed Actual Costs incurred in connection therewith, the proceeds may be utilized to finance other Public Improvements within that particular Improvement Area.

Section 5.02. Project Fund

(a) The City hereby covenants and agrees that if PID Bonds are issued, the applicable Indenture will establish a Project Fund as a separate fund to be held by the Trustee under the Indenture. The portion of the proceeds of the Bonds issued to pay Actual Costs of Public Improvements and Bond Issuance Costs shall be deposited upon issuance into separate accounts within the Project Fund.

(b) As described in subparagraph (a) above, proceeds from the PID Bonds for Improvement Area #1 will be placed in the Bond Improvement Account within Project Fund which will be held by the Trustee under the Indenture. Furthermore, as more particularly

described in Section 4.02(e), the Initial Owner Contribution will be placed in the Landowner Improvement Account within the Project Fund.

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

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

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

Section 5.04. Sale of PID Bonds.

The PID Bonds shall be issued by the City and shall be marketed and sold through negotiated sale to an approved third party with the cooperation and assistance of the Owner in all respects with respect to the preparation of marketing documents, such as preliminary and final official statements or in such other marketing and/or sales method mutually agreed upon by the City and the Owner.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

Section 6.01. Representations and Warranties of City

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

Section 6.02. Representation and Warranties of Owner

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

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

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

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

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

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

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

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

ARTICLE VII. DEFAULT AND REMEDIES

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

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) days of the receipt of such notice (or five (5) days in the case of a monetary default), subject, however, in the case of non-monetary default, to the terms and provisions of subparagraph (c). Upon a breach of this Agreement, the non-defaulting Party in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and

agreements herein contained (and/or an action for mandamus as and if appropriate). Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Article VII or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party. Notwithstanding any provision contained herein to the contrary, the Owner shall not be required to construct any portion of the Public Improvements (or take any other action related to or in furtherance of same) while the City is in default under this Agreement).

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

ARTICLE VIII. GENERAL PROVISIONS

Section 8.01. Notices.

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

If to City: City of Austin
 PO Box 2106
 Austin, Texas 78768
 Attn: City Treasurer
 Facsimile: 512.370.3838

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

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

If to Owner: SLF III – ONION CREEK, L.P
c/o Stratford Land
Attn: Asset Manager
5949 Sherry Lane, Suite 1750
Dallas, Texas 75225

With a copy to: Metcalfe Wolff Stuart & Williams, LLP
Attn: Steven C. Metcalfe
221 W. 6th, Suite 1300
Austin, Texas 78701
Facsimile: 512.404.2244

Section 8.02. Fee Arrangement

The Owner agrees that it will pay all of the City's costs and expenses (including legal fees and financial advisory fees) related to the creation and administration of the District as reflected on the Schedule attached as Exhibit "G", as such Exhibit may be amended from time to time. The City's advisors shall submit to the City their fees relating to the establishment and administration of the District, including legal fees relating to the development and review of the Assessment Plan and the Owner will pay these fees on behalf of the City in accordance with the terms of those certain City of Austin, Texas Deposit and Reimbursement Agreement Proposed Public Improvement District Agreement dated March 6, 2013 or such additional agreements subsequently entered into by the City and Owner. In addition to any fees paid by the Owner pursuant to the preceding sentence, all fees of legal counsel related to the issuance of the PID Bonds, including fees for the preparation of customary bond documents and the obtaining of Attorney General approval for the PID Bonds, will be paid at closing as mutually agreed to by the City and the Owner.

Section 8.03. Assignment

(a) Subject to subparagraph (b) below, Owner may, in its sole and absolute discretion, assign this Agreement with respect to all or part of the Project from time to time to any party so long as the assignee has demonstrated to the City's satisfaction that the assignee has the financial, technical, and managerial capacity, the experience, and expertise to perform any

duties or obligations so assigned and so long as the assigned rights and obligations are assumed without modifications to this Agreement. Owner shall provide the City thirty (30) days prior written notice of any such assignment. Upon such assignment or partial assignment, Owner shall be fully released from any and all obligations under this Agreement and shall have no further liability with respect to this Agreement for the part of the Project so assigned.

(b) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

(c) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a Transfer unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is deemed to be a Transfer.

Section 8.04. Term of Agreement

This Agreement shall terminate on the date on which the City and Owner discharge all of their obligations hereunder; provided, that this Agreement shall automatically terminate on December 31, 2013, if the first series of PID Bonds is not issued by such date. In the case of any termination of this Agreement and/or dissolution of the District, the obligation of any Party to pay any Project Costs expended prior to the termination of this Agreement and/or dissolution of the District and remaining unpaid shall survive such termination and/or dissolution.

Section 8.05. Construction of Certain Terms

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

(a) Words importing a gender include either gender.

(b) Words importing the singular include the plural and vice versa.

(c) A reference to a document includes an amendment, supplement, or addition to, or replacement, substitution, or novation of, that document but, if applicable, only if such amendment, supplement, addition, replacement, substitution, or novation is permitted by and in accordance with that applicable document.

(d) Any term defined herein by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect.

(e) A reference to any Party includes, with respect to Owner, its Designated Successors and Assigns, and reference to any Party in a particular capacity excludes such Party in any other capacity or individually.

(f) All references in this Agreement to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this

Agreement. All references in this Agreement to "Exhibits" are to the designated Exhibits to this Agreement.

(g) The words "herein," "hereof," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole and not to the specific Section or provision where such word appears.

(h) The words "including" and "includes," and words of similar import, are deemed to be followed by the phrase "without limitation."

(i) Unless the context otherwise requires, a reference to the "Property," the "Public Improvements," or the "District" is deemed to be followed by the phrase "or a portion thereof."

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

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

Section 8.06. Table of Contents; Titles and Headings

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

Section 8.07. Amendments.

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

Section 8.08. Time

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

Section 8.09. Counterparts

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

Section 8.10. Entire Agreement

This Agreement contains the entire agreement of the Parties.

Section 8.11. Severability; Waiver

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

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

Section 8.12. Owner. It is hereby acknowledged that there are a number of affiliates of Owner that also own small portions of the Property. Such Consenting Owners (herein so called) are listed on the Acknowledgment of Consenting Owners attached hereto as Exhibit "H". Since each of the Consenting Owners has the same ownership structure (and signature) as Owner, and Owner is the majority owner of the Property, the Parties hereto hereby agree that Owner is executing this Agreement and acting on behalf of all the Consenting Owners in the administration of this Agreement pursuant to the attached Acknowledgement of Consenting Owners.

Section 8.13. Owner as Independent Contractor

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

Section 8.14. Supplemental Agreements

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

Section 8.15. Exhibits

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

- | | | |
|-----------|---|-----------------|
| Exhibit A | - | Definitions |
| Exhibit B | - | Property |
| Exhibit C | - | Assessment Plan |

Exhibit D	-	PID Bond Chart (Improvement Area #1)
Exhibit E	-	Form of Certification for Payment
Exhibit F	-	Improvement Area #1
Exhibit G	-	Fee Schedule
Exhibit H	-	Acknowledgement of Consenting Owners
Exhibit I	-	Form of Redemption Agreement

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

By: _____
Name: _____
Title: _____

[Signatures Continue on Next Page]

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: _____

Title: _____

Exhibit “A”

DEFINITIONS

Section 8.15. Defined Terms

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

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

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

“Actual Cost(s)” means, with respect to a Segment, the Owner’s demonstrated, reasonable, allocable, and allowable costs of constructing such Segment, as specified in a Payment Request that has been reviewed and approved by the City and the Project Engineer and in an amount not to exceed the amount for each Segment as set forth in the Assessment Plan (subject to cost overruns in Section 5.02). Actual Cost may include (a) the costs incurred by or on behalf of the Owner (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Segment, (b) if the Owner has acted as general contractor with respect to such Segment, or a portion thereof, a contractor’s fee of 5.5% of the costs incurred by or on behalf of the Owner for the construction of such Segment or portion thereof, (c) the costs incurred by or on behalf of the Owner in preparing the Plans for such Segment, (d) the fees paid for obtaining permits, licenses or other governmental approvals for such Segment, (e) a construction management fee of 4% of the costs incurred by or on behalf of the Owner for the construction of such Segment if the Owner is serving as the Construction Manager, (f) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (property and franchise) related to the Segment receiving the benefits of the assessments and the Public Improvements (g) all labor, bonds and materials, including equipment and fixtures, by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Public Improvements, (h) all related permitting, zoning and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses, and all payments for Administrative Expenses after the date of a resolution authorizing such reimbursement, plus Interest, if any, calculated from the respective dates of the expenditures until the date of reimbursement therefore.

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

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

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

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

"Appraisal" means the Appraisal of Estancia Hill Country Phase I dated effective March 16, 2013 prepared by Paul Hornsby & Company.

"Assessed Property" means for any year, Parcels within the District other than Non-Benefited Property.

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

"Assessment Plan" means the Estancia Hill Country Public Improvement District Service and Assessment Plan (as such plan is amended from time to time), to be initially adopted by the City Council in the first Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions and findings approved and agreed to by the Owner, as required by Article II of this Agreement. The Parties hereby acknowledge that the Assessment Plan will be amended from time to time as (i)

additional PID Bonds are sold for additional Improvement Areas or (ii) Improvement Area #1 Parity Bonds are sold for Improvement Area #1.

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

“Bond Issuance Costs” means costs relating to the authorization, sale and issuance of the PID Bonds including, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Trustee, including its first annual administration fee, expenses incurred by the City or Owners in connection with the issuance of the PID Bonds, Financial Advisor fees, bond (underwriter’s) discount or underwriting fee, legal fees and charges, including Bond Counsel, charges for execution, transportation and safekeeping of the PID Bonds and other costs, charges and fees in connection with the issuance of the PID Bonds.

“Bond Pledged Revenue Account” means the separate and unique fund established by the City under such name pursuant to the Indenture where the portion of the Special Assessment Revenue allocated to the payment of debt service on the PID Bonds shall be deposited as set forth in Section 2.05 hereof.

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

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

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

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

“Co-Owner” has the meaning given in Section 4.01 of this Agreement.

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

“Construction Management Fee” means 4% of the costs incurred by or on behalf of Owner for the construction of each Segment.

“County” means Travis County, Texas.

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

“Designated Successors and Assigns” shall mean (i) an entity to which Owner assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 8.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner’s assets and liabilities including, but not limited to, any merger or

acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Owner.

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

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

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

“Feasibility and Market Study Analysis” means a new study or update to a prior study that is prepared by a third party consultant acceptable to the City prior to each PID Bond issuance that analyzes the pricing and absorption assumptions included in the Assessment Plan for a particular Improvement Area in order to determine that such assumptions are consistent with the proposed assessments that will be levied against the property located within that particular Improvement Area. It is hereby agreed that the Appraisal shall serve as the “Feasibility and Market Study Analysis” for the PID Bonds for Improvement Area #1.

“Finance Director” means the Chief Financial Officer of the City.

“Financial Advisor” means PFM Group.

“Improvement Area” means one or more Parcels that are anticipated to be developed in the same general time period. The Parcels within an Improvement Area will be assessed in connection with the issuance of PID Bonds for the Public Improvements (or the portion thereof) designated in an update to the Assessment Plan that specially benefit the Assessed Property within said Improvement Area, but any Parcels outside of the Improvement Area will not be assessed.

“Improvement Area #1” means the land within the Project more particularly described on Exhibit “F” attached hereto and generally shown on Table II-B of the Assessment Plan.

“Improvement Area #1 Parity Bonds” any special assessment revenue bonds secured by Special Assessments levied on Assessed Property within Improvement Area # 1 other than the initial PID Bonds for Improvement Area #1.

“Indenture” means collectively, the Initial Indenture and any other trust indenture by and between the City and Trustee related to the Property, as it may be amended from time to time.

“Initial Indenture” means that certain Indenture of Trust dated as of June 1, 2013 between the City and Trustee covering the initial PID Bonds for Improvement Area #1, as it may be amended from time to time.

“Initial Owner Contribution” has the meaning given in Section 4.02(e) of this Agreement.

“Initial Reimbursement Payment” has the meaning given in Section 4.02 of this Agreement.

“Interest” shall mean the interest rate charged for the PID Bonds or such other interest rate as may be required by applicable law.

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

“Landowner Improvement Account” means the separate and unique fund established by the City under such name pursuant to the Indenture wherein the Initial Owner Contribution will be deposited as described in Section 5.02 hereof.

“Landowner Pledged Revenue Account” means the separate and unique fund established by the City under such name pursuant to the Indenture where the portion of the Special Assessment Revenue allocated to the repayment of Actual Costs not reimbursed with PID Bond proceeds shall be deposited as set forth in Section 2.05 hereof.

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

“Non-Benefitted Property” means Parcels within the boundaries of the District that accrue no special benefit from Public Improvements, as determined by the City Council, including Parcels owned by an Owner’s Association or a public entity. A Parcel is not assessed if the Parcel is identified as Non-Benefitted Property at the time the Special Assessments (i) are levied or (ii) are reallocated pursuant to an amendment to the Service and Assessment Plan.

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

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

“Owner’s Association” means a homeowner’s association or property owner’s association.

“Parcel” means a property identified by either a tax map identification number assigned by the Travis County Appraisal District for real property tax purpose, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Travis County, or by any other means determined by the City.

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

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

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

“PID Bond Issuance Request” means written request made by Owner to the City Manager and City’s Chief Financial Officer in good faith as evidenced by the Owner’s expenditure of necessary amounts for market studies, financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

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

“PID Bond Security” means the funds that are to be pledged in or pursuant to the PID Bond Ordinance or the Indentures to the payment of the debt service requirements on the PID Bonds, consisting of the Special Assessments, including earnings and income derived from the investment or deposit of Special Assessments in the special funds or accounts created and established for the payment and security of the PID Bonds, unless such earnings are required to be deposited into a rebate fund for payment to the federal government.

“PID Bonds” means the bonds to be issued by the City, in one or more series, which may include funds for any required reserves and amounts necessary to pay the Bond Issuance Costs, and to be secured by a pledge of the PID Bond Security pursuant to the authority granted in the PID Act, and as required by this Agreement for the purposes of (i) financing the costs of the Public Improvements and related costs, and (ii) reimbursing the Owner for Actual Costs paid prior to the issuance of and payment for the PID Bonds. The term “PID Bonds” shall also be deemed to include Improvement Area #1 Parity Bonds, if issued.

“PID Maintenance and Operation Assessment” means an assessment levied against properties in the District for maintenance and operation costs within the District, as provided for in the applicable Assessment Ordinance.

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

“Pledged Revenue Fund” means the separate and unique fund established by the City under such name pursuant to the Indenture wherein the Special Assessment Revenues are deposited.

“Prepayment” means the payment of all or a portion of a Special Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of a Special Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Special Assessment.

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

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

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

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

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

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

“Public Improvements” means collectively any and all improvements which are included in the Assessment Plan as such plan is amended and updated from time to time.

“Redemption Agreement” has the meaning given in Section 3.09 of this Agreement.

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

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

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

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

“State” means the State of Texas.

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

“Underwriter” means Jefferies, LLC.

Exhibit "B"

PROPERTY DESCRIPTION FOR PROJECT

TRACT 1: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 418.601 ACRES OF LAND, SITUATED IN THE S.F. SLAUGHTER SURVEY NO. 1, THE SANTIAGO DEL VALLE GRANT AND THE TRINIDAD VARCINAS SURVEY NO. 535, SITUATED IN TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2007226648 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, SAVE AND EXCEPT THAT CERTAIN 5.367 ACRE TRACT CONVEYED TO THE CITY OF AUSTIN RECORDED IN DOCUMENT NO. 2009190064 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 2: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.007 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078591 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 3: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078592 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 4: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078593 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 5: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078594 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 6: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078595 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 7: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, AND THE S.V.R. EGGLESTON LEAGUE NO. 3, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078596, AS CORRECTED IN DOCUMENT NO. 2009093810 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 8: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.505 ACRES OF LAND, MORE OR LESS, SITUATED IN THE S.V.R. EGGLESTON LEAGUE NO. 3, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078597, AS CORRECTED IN DOCUMENT NO. 2009093811 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 9: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.005 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, AND IN THE S.V.R. EGGLESTON LEAGUE NO. 3, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078598, AS CORRECTED IN DOCUMENT NO. 2009093812 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 10: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.002 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078599 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 11: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.002 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078600 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 12: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078601 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 13: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078602 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 14: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.002 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S.

IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078603 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 15: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078604 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 16: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.001 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078605 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 17: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078606 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 18: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.004 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078607 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

TRACT 19: BEING ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 10.003 ACRES OF LAND, MORE OR LESS, SITUATED IN THE J.S. IRVINE SURVEY NO. 4, OF TRAVIS COUNTY, TEXAS, BEING THE SAME TRACT AS DESCRIBED IN DOCUMENT NO. 2009078608 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

Exhibit “C”

ASSESSMENT PLAN

[See Attached]

Exhibit “D”

PID BOND CHART (IMPROVEMENT AREA #1)

Wastewater Line #1
Wastewater Line #2
Water Line
Estancia Parkway (Phase 1)
Camino Vaquero Parkway
Existing Central Pond Improvements
Wet Pond North
Wet Pond West
TxDOT Ramp Flip
Drainage
Monumentation
Hardscape
Landscape
Hike & Bike Trail System
Erosion Control and Misc. Bond Costs
Misc Soft Costs (fees, fiscals, etc)

Exhibit “E”

**FORM OF CERTIFICATION FOR PAYMENT
(Design – Estancia Hill Country)**

_____ (“**Construction Manager**”)
hereby requests payment for the percentage of design costs completed (the “**Design Costs**”) described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Estancia Hill Country Public Improvement District Financing Agreement between SLF III – Onion Creek, L.P. and the City of Austin, Texas (the “**City**”), dated as of _____ (the “**Finance Agreement**”). In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

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

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

3. The true and correct Design Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.

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

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

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

[Construction Manager Signature Block to be
added]

APPROVAL BY THE CITY

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

Date: _____

CITY OF AUSTIN, TEXAS

By: _____
[Director of _____]

ATTACHMENT A TO CERTIFICATION OF PAYMENT (DESIGN)

<u>Description of Design Work</u>	<u>Percentage of Design Work Completed under this Certification for Payment</u>	<u>Design Costs</u>	<u>Total Percentage of Design Work Completed</u>
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ATTACHMENT B TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – bills paid affidavit]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – receipts]

EXHIBIT "E"
FORM OF CERTIFICATION FOR PAYMENT
(Construction – Estancia Hill Country)

_____ (“Construction Manager”) hereby requests payment of the Actual Cost of the work described in Attachment A attached hereto (the “**Draw Actual Costs**”). Capitalized undefined terms shall have the meanings ascribed thereto in the Estancia Hill Country Public Improvement District Financing Agreement between SLF III – Onion Creek, L.P. and the City of Austin, Texas (the “**City**”), dated as of _____. In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.
2. The true and correct Draw Actual Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.
3. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work on a Segment described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.
4. Attached hereto as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Draw Actual Costs of each Segment for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____

[Construction Manager Signature Block to
Be inserted]

JOINDER OF PROJECT ENGINEER

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

Project Engineer

APPROVAL BY THE CITY

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

Date: _____

CITY OF AUSTIN, TEXAS

By: _____
[Director of _____]

ATTACHMENT A TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Draw Actual Costs</u>
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ATTACHMENT B TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[bills paid affidavit – attached]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[receipts – attached]

Exhibit "F"

IMPROVEMENT AREA #1

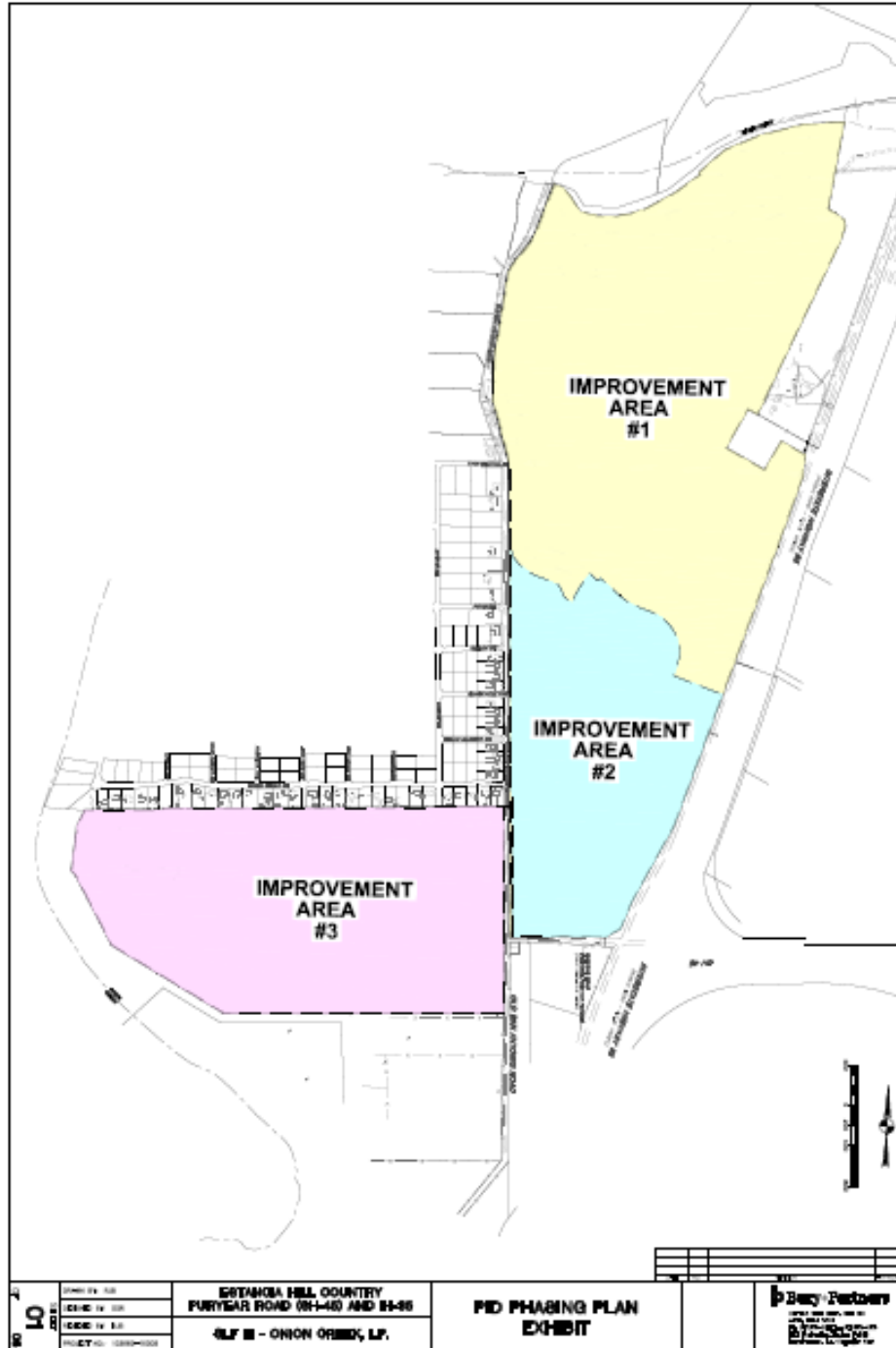


Exhibit “G”

FEE SCHEDULE**

** This schedule only reflects fees associated with the PID Bonds being issued for Improvement Area # 1 and may be amended from time to time as future PID Bonds are issued.

Bond Counsel	Fulbright & Jaworski, LLP	\$90,000	\$ 30,000 already paid by Owner to date pursuant to that certain City of Austin, Texas Deposit and Reimbursement Agreement Proposed Public Improvement District Agreement dated March 6, 2013
Underwriter’s Counsel	Andrews & Kurth	\$50,000	
Appraisal	Paul Hornsby & Company	\$30,000	\$21,000 already paid by Owner to date pursuant to that certain City of Austin, Texas Deposit and Reimbursement Agreement Proposed Public Improvement District Agreement dated March 6, 2013
Trustee’s Counsel	Cliff Blount Naman, Howell, Smith & Lee, PLLC	\$5,000	
Underwriter	Jeffries	\$251,800	
Trustee	US Bank	\$4,500	
City’s Financial Advisor	PFM	\$60,000	
City Disclosure Counsel	Jeff Leuschel McCall Parkhurst & Horton	\$15,000	

EXHIBIT “H”

ACKNOWLEDGMENT OF CONSENTING OWNERS

The undersigned are all the owners of the Property other than SLF III – Onion Creek, L.P. Each of the undersigned hereby: (i) consents to the execution and administration of the Agreement by SLF III – Onion Creek, L.P., on its behalf; and (ii) authorizes SLF III – Onion Creek, L.P., to take any actions (including amendment of the Agreement and providing and receiving notices under this Agreement) on its behalf.

SEVENGREEN ONE, LTD.,
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

QUARTERSAGE II, LTD.,
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

REVERDE THREE, LTD.,
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

IV CAPITOL POINTE, LTD.,
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

STONE POINT FIVE, LTD.,
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

SALADIA VI, LTD.,
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

PALO GRANDE SEVEN, LTD.,
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

HIGH POINT GREEN VIII, LTD.,
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

GOLONDRINA NINE, LTD.,
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

X CORDONIZ, LTD.,
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

CIERVO ELEVEN, LTD.,
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

ZAGUAN XII, LTD.,
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

THIRTEEN CANARD, LTD.,
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

RUISSEAU XIV, LTD.,
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

DINDON FIFTEEN, LTD.,
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

BOIS DE CHENE XVI, LTD.,
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

ETOURNEAU SEVENTEEN, LTD.,
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

MOINEAU XVIII, LTD.,
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