

**CONSENT AGREEMENT
PILOT KNOB MUNICIPAL UTILITY DISTRICT NO. 3**

**THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §**

This Consent Agreement (this “Agreement”) is entered into between the **City of Austin, Texas**, a home-rule municipality located in Travis, Hays and Williamson Counties, Texas (“the City”) and **Carma Easton LLC**, a Texas limited liability company (the “Developer”), effective as of April 13, 2012 (the “Effective Date”). At the organizational meeting of **Pilot Knob Municipal Utility District No. 3** (the “District”), a proposed municipal utility district to be created under the authority of Chapter 8377, Subtitle F, Title 6, Texas Special District Local Laws (the “Enabling Legislation”) and City Ordinance No. 20120322-033 (the “Consent Ordinance”), as contemplated by this Agreement, the District will join in and agree to be bound by this Agreement.

INTRODUCTION

The Enabling Legislation became effective May 23, 2011, and created the District, subject to the consent of the City to the creation. Pursuant to the Consent Ordinance, the City Council of the City has granted its consent to the creation of the District over the 644.135 acre tract or parcel of land owned by the Developer that is more fully described on the attached **Exhibit A** (the “Land”).

As a condition to its consent, the City has required that the Developer and, at the organizational meeting of its Board of Directors, the District enter into this Agreement in order to set forth certain agreements between the City, the Developer, and the District. The City further desires to negotiate and enter into a strategic partnership agreement with the District in order to set forth the terms and conditions of the City’s annexation of the Land and on which the District will continue to exist as a limited district in accordance with Section 43.0751, Texas Local Government Code, and the Enabling Legislation following the City’s full purpose annexation of the Land as provided in Article IV of this Agreement.

The Land will be developed as part of a master-planned, mixed-use community proposed to be known as “Easton” (the “Project”) which will include commercial, multi-family, and residential uses, together with park, recreational, and other facilities to serve the community. Because the Project constitutes a significant development that will occur in phases under a master development plan, the Developer and the City wish to enter into this Agreement in order to provide certainty with regard to the regulatory requirements applicable to the land within the District and to provide the City with assurance of a superior quality of development for the benefit of the present and future residents of the City and the Project.

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. DEFINITIONS

Section 1.01 Definitions. In addition to the terms defined above in this Agreement, the following terms and phrases, when used in this Agreement, will have the meanings set out below:

Agreement: This Consent Agreement between the City, the Developer, and the District.

Applicable Rules: The provisions of the City Code and City Rules that are applicable to the Project.

Board: The duly qualified and acting Board of Directors of the District.

Bonds: Bonds, notes, and other indebtedness issued by the District under Article X of this Agreement.

CCN: A certificate of convenience and necessity issued by the Commission.

City Charter: The City Charter of the City.

City Code: The Austin, Texas Code of Ordinances.

City Council: The City Council of the City.

City Manager: The City Manager of the City, or his designee.

City Rules: The administrative rules and technical criteria manuals related to the ordinances contained in the City Code.

Civic Reserve: The areas within the Project reserved by the Developer for Civic Uses, in accordance with Section 5.03 of this Agreement.

Civic Uses: Schools, fire stations, libraries, transit or multi-modal centers and other land uses that relate to utility, educational, governmental, cultural or law enforcement functions and services or other functions and services that have a high degree of public or social importance.

Commission: The Texas Commission on Environmental Quality, or its successor agency.

Constructing Party: The Developer or the District, whichever has contracted for and is causing the construction of any Internal Water and Wastewater Facilities or Major Water and Wastewater Facilities as provided in this Agreement.

Drainage Facilities: Any drainage improvements designed and constructed to serve the Project, or that naturally receive and convey drainage through the Project, including water-quality and flood mitigation facilities, storm drain systems, drainage ditches, open waterways, and other related facilities that convey or receive drainage.

Effective Date: The date this Agreement has been signed by the City.

EPA: The United States Environmental Protection Agency.

ESD: Travis County Emergency Services District No. 11 or any successor entity created to provide fire protection services to the Land.

Finance Director: The director of the City's finance department, or its successor department within the City.

Impact Fees: Water and wastewater capital recovery fees or impact fees imposed by the City against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions in accordance with State law.

Internal Water and Wastewater Facilities: All water and wastewater improvements, including Reclaimed Water improvements, located within the District and all of the District's interests in Shared Facilities that are designed and constructed to serve only areas within the Project.

Land: The land contained within the boundaries of the District, currently consisting of approximately 644.135 acres of land located in the City's extraterritorial jurisdiction and described by metes and bounds on **Exhibit A**, as such boundaries may be revised from time to time in accordance with the terms of this Agreement or otherwise with the consent of the City.

Land Plan: The master development plan for the Land and other land being developed by the Developer as part of the Project, a copy of which is attached as **Exhibit B**, as amended from time to time, and as superseded and replaced by the PUD, if, as and when the PUD is approved by the City in accordance with this Agreement.

Limited District: Pilot Knob Limited District No. 3, which will be created upon the City's full purpose annexation of the District, in accordance with the SPA.

Limited Purpose Annexation: Annexation by the City for the limited purposes of planning and zoning, as authorized by Article I, Section 7 of the City Charter.

Major Water and Wastewater Facilities: Any water and wastewater improvements, including Reclaimed Water improvements, and Shared Facilities designed and constructed to serve, in addition to the Project, areas outside of the Project.

Other Pilot Knob Districts: Pilot Knob Municipal Utility Districts No. 1, 2, 4, and 5, as approved by the City and created over land located within the Project.

Owners Association: A Texas nonprofit association that will be created by the Developer to, among other things, enforce Restrictive Covenants and own and operate the OA Amenities.

OA Amenities: Swimming pools, splash pads, community centers and other parks and recreational facilities for the Project and any related improvements, land and infrastructure that will be owned, operated and maintained by the Owners Association. Drainage Facilities or utility infrastructure, public roads and sidewalks, and other utility or public infrastructure that is owned, operated, and maintained by the District, the City, another governmental entity or a public utility will not constitute OA Amenities.

Parks and Recreational Facilities. Parks, open space, landscaping, parkways, greenbelts, sidewalks, trails, public right-of-way beautification projects, and recreational equipment and facilities, including street and security lighting associated with parks and trails, that will be owned, operated and maintained by the District or, after full purpose annexation of the District, the Limited District.

Post-Annexation Surcharge: A surcharge on the City's water and wastewater rates, which may be charged to customers within the Land after the full purpose annexation of the District as authorized by Section 54.016(h), Texas Water Code.

PDRD Director: The director of the City's Planning and Development Review Department, or its successor department within the City.

Project Area: The additional land depicted on the attached **Exhibit C**, all or a part of which may be added to the Land and annexed into the District, subject to the requirements of this Agreement.

PUD: The Planned Unit Development for the Project, which will provide for a superior quality of development for the Project.

Reclaimed Water: Domestic or municipal wastewater that has been treated to a quality suitable for a Type I Reclaimed Water Use pursuant to the requirements of the Commission under 30 Texas Administrative Code 210 and any other applicable regulatory entities with jurisdiction.

Reimbursement Agreement: An agreement between the District and a developer within the District, including the Developer, which provides for the District's repayment of costs incurred for capital improvements and other costs which are eligible for reimbursement under the rules of the Commission.

Restrictive Covenants: Declarations of covenants, conditions, and restrictions applicable to land within the Project, which will be enforced by an Owners Association and not by the District, as provided in Article IX.

Roadway Improvements: The roadways required for the development of the Land.

Shared Facilities: Internal Water and Wastewater Facilities, Major Water and Wastewater Facilities, Roadway Improvements, and other improvements and facilities that will benefit the District and one or more the Other Pilot Knob Districts, each of which will finance a prorata share of the cost of such improvements and facilities, in accordance with the terms of a Shared Facility Contract.

Shared Facility Contract: A contract between the District and one or more of the Other Pilot Knob Districts that will describe and allocate the cost of Shared Facilities and provide for the payment of the cost of such Shared Facilities through the issuance of bonds by each participating district.

SPA: The strategic partnership agreement to be negotiated and entered into by the City and the District to provide for the limited purpose and full purpose annexation of the District.

Title 30: Title 30 of the City Code, which establishes the Austin/Travis County Subdivision Regulations, as amended from time to time.

Type I Reclaimed Water Use: The use of Reclaimed Water where contact between humans and the Reclaimed Water is likely.

UIR: A utility infrastructure review.

Utility Director: The director of the Austin Water Utility, or its successor department within the City.

Section 1.02 Developer's Agreements Relating to the Project. Certain provisions of this Agreement refer to obligations of the Developer, such as the obligation to make property dedications, which are applicable to the entirety of the Project. Although those obligations may also be referenced in the consent agreements for the Other Pilot Knob Districts, any of the Developer's obligations that are applicable to the entirety of the Project are only required to be performed by the Developer one time for the Project as a whole and will not constitute cumulative obligations unless expressly stated otherwise in this Agreement. Further, any property which is required to be dedicated for the Project as a whole may be located outside of the District and within any of the Other Pilot Knob Districts.

ARTICLE II.

CONSENT ORDINANCE; INITIAL AND FUTURE DISTRICT BOUNDARIES

Section 2.01 Consent Ordinance; Conditions to Effectiveness. The City has approved the Consent Ordinance, which consents to the inclusion of the Land within the District and, subject to the requirements of Section 2.03, the future annexation of other land within the Project Area into the District. Anything herein to the contrary notwithstanding, the Consent Ordinance and this Agreement will be void and of no force or effect if (a) an original of this Agreement, executed by the District and the Developer, is not returned to the City on or before August 31, 2012; or (b) the SPA is not negotiated by the City and the District and an original SPA, executed by the District, returned to the City on or before August 31, 2012.

Section 2.02 Public Hearing. The parties confirm that, prior to the execution of this Agreement, the City has conducted a public hearing for the purpose of considering the adoption of this Agreement.

Section 2.03 Future District Annexation Area;

(a) Project Area. The Developer has advised the City that, in the future, it may acquire additional land within the Project Area and develop it as part of the Project. If the Developer acquires fee simple title to a tract outside of the Land but within the Project Area and the tract is not located within the CCN of any water and/or wastewater utility provider other than the City, the City agrees that the tract may be annexed into the District subject to the City's Limited Purpose Annexation of the tract in question and the portion of the Project Area in question being bound by the terms of this Agreement and the SPA. The Developer agrees to request and participate in the voluntary Limited Purpose Annexation by the City of such portion of the Project Area; waives the requirements of Sections 43.035, 43.071(e)(1)(b), 43.121(b)(2), and 43.127(a), Texas Local Government Code; consents to the postponement of the date for full purpose annexation; and agrees to execute any documents reasonably required by the City in connection with such Limited Purpose Annexation. Upon the Limited Purpose Annexation of the tract in question, the City consents to annexation of that tract into the District and agrees that no further City consent to the annexation will be required; however, the City agrees to provide a resolution evidencing such consent if requested to do so by the Developer or by the District.

(b) Annexation Notice. If any tract within the Project Area is annexed by the District under the authority provided by this Section, the District must, within ten days of the date of the Board's adoption of an order approving the annexation, provide

the City with a certified copy of the annexation order, including a metes and bounds description of the annexed tract, and a revised boundary map of the District.

(c) Annexed Areas Subject to this Agreement and SPA. Any areas annexed by the District under this Section will be included in the Land and subject to all terms of this Agreement and the SPA that are applicable to other land within the District.

Section 2.04 Boundary Adjustments between Pilot Knob Districts. The City acknowledges that the boundaries of the District have been established prior to the commencement of development of the Project and that adjustments to the District's boundaries may be necessary to accommodate the final development plan for the Project. Accordingly, the City agrees that areas of land within the Other Pilot Knob Districts may be excluded from those districts and added to the District and that portions of the Land may be excluded from the boundaries of the District and added to the Other Pilot Knob Districts in order to avoid having lots and development areas located in multiple districts. The City consents to any such annexation or exclusion and agrees that no further City consent thereto will be required; however, the City agrees to provide a resolution evidencing its consent if requested by the District or the Developer to do so. If any area is annexed or excluded under this Section, the District must, within ten days of the date of the Board's adoption of an order approving the annexation or exclusion, provide the City with a certified copy of the annexation or exclusion order, including a metes and bounds description of the annexed or excluded tract, and a revised boundary map of the District.

Section 2.05 Other Annexations to District. If the District desires to annex additional territory outside of the Project Area and the Other Pilot Knob Districts, such annexation will be subject to City's review and approval, as described in the City Code. The landowner will be required to request and participate in the voluntary Limited Purpose Annexation by the City of the additional territory; to waive the requirements of Sections 43.035, 43.071(e)(1)(b), 43.121(b)(2), and 43.127(a), Texas Local Government Code; to agree to the postponement of the date for full purpose annexation; and to execute any documents reasonably required by the City in connection with such Limited Purpose Annexation.

ARTICLE III. GOVERNANCE

Section 3.01 City-Appointed Board Member. In accordance with the Enabling Legislation, the City will have the right to appoint one member to the District's permanent Board. In making its appointments to the Board, the City will follow the procedure set forth in Section 2-1-4 of the City Code for appointment of a board with fewer than seven members. The City will make its initial appointment and provide a resolution setting forth the appointment to the District on or before July 1, 2012. The City's initial appointed Board member will take office at the first Board meeting following the date of his or her appointment. Thereafter, the City will appoint a replacement Board member to fill any vacancy in the City's appointed director position and provide the District with a copy of a resolution setting forth its appointment within 60 days of the date the vacancy is created. If the City does not provide a resolution to the District setting forth its initial Board member appointment on or before July 1, 2012, or does not provide a resolution setting forth its replacement Board member appointment within 60 days of the date any vacancy in its appointed director position is created, the City agrees that the remaining members of the Board may fill the vacancy in accordance with Section 49.105(a), Texas Water Code.

Section 3.02 Term Limits for Permanent Directors. In accordance with the Enabling Legislation, no member of the District's permanent Board may serve more than two four-year terms of office.

Section 3.03 Maximum Fees of Office. Notwithstanding any contrary provision of applicable law, no member of the District's Board may receive fees of office for more than 16 days of service in any District fiscal year.

Section 3.04 District Information to be Provided to City.

(a) **Agendas.** The District agrees to provide a copy of the agenda for each meeting of its Board to the PDRD Director and the Utility Director, in the manner provided in Section 12.01, concurrently with the posting of the agenda at the Travis County Courthouse.

(b) **Minutes.** The District will provide a copy of the minutes of all meetings of its Board to the PDRD Director and the Utility Director, in the manner provided in Section 12.01, within 15 business days of the date of approval of such minutes by the Board.

(c) **Financial Dormancy Affidavit, Financial Report or Audit.** The District agrees to file a copy of its annual financial dormancy affidavit, annual financial report or annual audit of its debt service and general fund accounts, whichever is required under the Texas Water Code, with the PDRD Director and the Utility Director, in the manner provided in Section 12.01, within 30 days after approval of each financial dormancy affidavit, financial report or audit by the Board. Any required audit must be prepared by an independent certified public accountant.

(d) **Budgets.** The District agrees to file a copy of its approved budget for each fiscal year with the PDRD Director and the Utility Director, in the manner provided in Section 12.01, within 30 days after approval of each budget by the Board.

Section 3.05 Interlocal Agreements. The District is authorized to enter into interlocal agreements with the Other Pilot Knob Districts, with Travis County and with the City for purposes permitted by the Interlocal Cooperation Act, Chapter 791, Government Code, the Enabling Legislation and this Agreement. All interlocal agreements between the District and one or more of the Other Pilot Knob Districts, other than Shared Facilities Contracts that only provide for cost-sharing in Major Water and Wastewater Facilities and Internal Water and Wastewater Facilities based on each district's prorata share of capacity in the facilities covered by the contract, which will not require City review or approval, must be submitted to the PDRD Director and the Utility Director and will be subject to their review and approval prior to execution, which approval will not be unreasonably withheld, conditioned or delayed. A copy of any Shared Facilities Contract only providing for cost-sharing on a prorata basis must be filed with the PDRD Director and the Utility Director at least three business days prior to the date of the Board meeting at which the contract is considered by the District. The PDRD Director and the Utility Director will timely review all interlocal agreements submitted under this Section and either approve them or provide written comments specifically identifying any changes required for approval within 45 days of receipt.

Section 3.06 Other Contracts. The District will not, without the prior approval of the PDRD Director and the Utility Director enter into any service contracts with terms that would extend beyond the date of the City's full purpose annexation of the District and (a) require the payment of termination fee for their termination or (b) are not terminable upon 60

days notice or less. The prohibition contained in the preceding sentence will not apply to contracts with utility providers such as Bluebonnet Electrical Cooperative or contracts that will be assumed by the Limited District after full purpose annexation. The PDRD Director and the Utility Director will timely review all contracts submitted under this Section and either approve them or provide written comments specifically identifying any changes required for approval within 45 days of receipt.

Section 3.07 District Property. The District may not sell, convey, lease, mortgage, transfer, assign or otherwise alienate any of its water, Reclaimed Water, and wastewater facilities or other District property, including any facilities or property deemed to be surplus, to any third party other than the City without the prior approval of the City Manager, which approval will not be unreasonably withheld, conditioned or delayed. The foregoing prohibition will not apply to the District's disposal or recycling of equipment or material which has passed its useful life or the grant of easements necessary in connection with the development of the Project, for which no approval will be required.

Section 3.08 City Services. No City services, other than services related to planning and zoning (including environmental quality), enforcement of planning and zoning regulations (including environmental regulations), retail water, Reclaimed Water, and wastewater services, solid waste services, and any other services that the City may agree to provide under separate contract with the District or the Developer will be provided to any area within the District boundaries prior to the City's annexation of such land for full purposes.

ARTICLE IV.

STRATEGIC PARTNERSHIP AGREEMENT; POST-ANNEXATION SURCHARGE

Section 4.01 Strategic Partnership Agreement. At the organizational meeting of the District's Board, the Board will authorize the negotiation and execution of a SPA setting forth the terms and conditions of the City's annexation of the Land and the terms and conditions upon which the District will be converted to a limited district that will continue to exist following the City's full purpose annexation of all of the land within the District in accordance with Section 43.0751, Texas Local Government Code, and the Enabling Legislation. The SPA must be approved by the District and an original, executed by the District, returned to the City on or before August 31, 2012.

Section 4.02 Election on Operation and Maintenance Tax for the Limited District. Concurrently with the District's confirmation election, which will be held as required by the Enabling Legislation, the District agrees to conduct an election on a proposition to authorize the Limited District to levy an operation and maintenance tax, as authorized by Section 49.107, Texas Water Code, to provide funds to operate the Limited District and to operate and maintain the facilities of the Limited District following full purpose annexation of the District. The District agrees that it may not issue bonds until such time as this proposition has been submitted to and approved by the voters within the District.

Section 4.03 Post-Annexation Surcharge. After the date the District is annexed by the City for full purposes, the City may charge customers within the District a Post-Annexation Surcharge, as permitted by Section 54.016(h), Texas Water Code, to compensate the City for its assumption of obligations of the District, provided that, at the time of annexation, at least 90% of the facilities for which District Bonds are authorized have been installed. The District agrees that at least 90% of the facilities for which District Bonds are authorized will be installed on or before December 31, 2047. If 90% of such facilities are not installed by that date, then the City will have the right to revoke the District's authority to issue its remaining authorized but unissued Bonds and to proceed with annexation of the District for full purposes

at any time thereafter. For purposes of this Section, 90% of the facilities for which District Bonds are authorized will be deemed to have been installed at such time as such facilities required to serve 90% of the Land have been constructed. The Post-Annexation Surcharge will be calculated based on the criteria and in accordance with the formula attached as **Exhibit D**. The Post-Annexation Surcharge may be charged and collected by the City, in addition to the City's water and sewer rates, until the bonded indebtedness of the District has been retired or for a period of 30 years after the date of full purpose annexation of the District, whichever occurs first. The City will have the right to recalculate the amount of the Post-Annexation Surcharge if necessary to compensate the City for additional outstanding obligations of the District assumed by the City or if the variables used to calculate the Post-Annexation Surcharge change, and such recalculated surcharge may be charged and collected as provided herein. The provisions of this Section will be disclosed at closing to each purchaser of land within the District. The parties agree that the formula set forth on **Exhibit D** meets the requirements of Section 54.016(h)(4), Texas Water Code.

ARTICLE V. SUPERIOR DEVELOPMENT; DEVELOPMENT RIGHTS

Section 5.01 Development in Accordance with Land Plan and PUD. The City hereby confirms its approval of the Land Plan, including the land uses and densities shown on the Land Plan. The Land Plan will be effective until such time as the City has approved the PUD, which approval will be subject to the terms of the City Code and this Agreement and will be within the City's sole discretion, at which time the PUD will supersede and replace the Land Plan. Due to the fact that the Project includes a significant land area and its development will occur in phases over a number of years, the City and the Developer acknowledge that changes to the Land Plan may become desirable due to changes in market conditions or other factors. Variations of a preliminary plat or final plat from the Land Plan that do not increase the overall density of development of the Project will not require an amendment to the Land Plan. Although the Land Plan covers the entire Project, revisions of the Land Plan that only affect the land within one of the districts within the Project will only require the consent of the affected district. Similarly, minor changes to street alignments, lot line locations, or lot sizes that do not result in an increase in the total number of lots within the Project will not require an amendment to the Land Plan. Changes to the location of civic uses may be approved administratively. School location changes require the prior approval of the Del Valle Independent School District. Other changes to the Land Plan and all changes to the PUD will be subject to review and approval by the City in accordance with the process set forth in the City Code, which approval will not be unreasonably withheld, conditioned or delayed.

Section 5.02 Applicable Rules; Application of Title 30. Notwithstanding any subsequent change to such statute, the Developer will be entitled to take advantage of all rights conferred under Chapter 245, Texas Local Government Code, without forfeiting any rights under this Article. If there is any conflict or inconsistency between the requirements of this Agreement and the provisions of Title 30, the provisions of Title 30 will govern and any conflicting or inconsistent requirement of this Agreement will be deleted.

Section 5.03 Planned Unit Development. Planned Unit Development. The Developer agrees to prepare and submit a proposed PUD for the Project for the City's review and consideration in accordance with the City Code and this Agreement. The PUD will include mixed uses, as shown on the Land Plan, as well as a variety of housing types and prices. The PUD will provide for a compact, connected community in accordance with the City's comprehensive plan and will meet the superior development standards contained in this Agreement. PUD Tier Two superiority criteria included in this Agreement will be considered in City Staff's recommendation and will be given consideration in the deliberation of the PUD.

Additional cost participations which exceed the requirements set forth in this Agreement and the Applicable Rules will not be required as a condition to approval of the PUD. The Developer and the City agree that the densities and land uses reflected on the Land Plan are not guaranteed levels of development. The City Staff has recommended that an area of the Project that contains no more than 300 single-family lots be initially designated as interim Single Family Residence Small Lot (I-SF-4a) District and that the remainder of the Land be designated as interim Rural Residence (I-RR) District. The Developer agrees that it will apply for initial zoning as a part of its application for approval of the PUD. The I-SF-4a and I-RR zoning categories would be established as only an interim category for purposes of the City's Limited Purpose Annexation of the District and will not be utilized to establish baseline zoning for the PUD. Until the PUD is approved by the City, the City will not be required to issue any site development permits for any portion of the Land other than permits consistent with this interim category and the terms of this Agreement. A reference to this Agreement will be included on the face of all preliminary plans covering portions of the Land. If, as, and when the City approves the PUD, the PUD zoning will supersede and replace the Land Plan, which will be of no further force or effect.

Section 5.04 Development and Construction Standards. The Developer agrees that all development, construction, and infrastructure within the District will comply with City design standards, specifications, and requirements, unless otherwise provided in this Agreement or approved by the City. The Developer agrees that the Restrictive Covenants for the Land will require that either (a) all buildings within the District be constructed in a manner sufficient to achieve a rating of two stars or greater under the City's Austin Energy Green Building Program, or (b) such buildings be constructed in a manner sufficient to achieve a reasonably equivalent rating under another program approved by the City. The Developer also agrees that the Restrictive Covenants will require that toilets, bathroom sink faucets and shower heads that are labeled as meeting the standards of the EPA WaterSense program, or a comparable program approved by the Developer and the City, be installed in all residential buildings within the District and that all residential irrigation system components are certified as meeting the standards of the EPA WaterSense program, or a comparable program approved by the Developer and the City, or, if the EPA WaterSense program ceases to exist, that such fixtures and irrigation system components be labeled, certified or approved through a comparable program established or approved by the EPA or the City.

Section 5.05 Civic Uses and Civic Reserve. During the PUD process, the Developer will designate a Civic Reserve within the Project, which may consist of one or more tracts. The Developer agrees to make land out of the Civic Reserve available for Civic Uses as provided on the attached **Exhibit E**.

Section 5.06 Drainage Facilities and Environmental Protection. The Land will be developed with an integrated storm water system and enhanced regional water quality system that will comply with the requirements set forth on the attached **Exhibit F**. Because the Drainage Facilities within the District will be owned, financed, operated and maintained by the District, and not the City, customers and developers within the District will not be assessed any City drainage or water quality fees or charges prior to full purpose annexation. Upon full purpose annexation, the City will assume the responsibility for maintenance of all Drainage Facilities and all standard City drainage fees will apply.

Section 5.07 Tree and Landscaping Requirements. The Developer will meet the minimum landscaping requirements for the Land set forth on the attached **Exhibit G**.

Section 5.08 Fire Protection. The District and the Developer agree to cooperate with the City to develop a fire protection plan to meet the needs of the District, the Other Pilot Knob Districts and other portions of the service areas of the City and the ESD as provided on the

attached **Exhibit H**. The City acknowledges that any fire protection plan that is developed is subject to approval by the Commission and the voters within the District. The fire/EMS site described on **Exhibit E** will be donated to the City regardless of whether a fire protection plan is finally approved.

Section 5.09 Transportation. Subject to Title 30 and the County's agreement to accept the roadway, sidewalk and bicycle lane improvements described on **Exhibit I**, the Developer agrees to comply with the transportation requirements attached as **Exhibit I**. The City and the Developer acknowledge that certain of the transportation-related requirements set forth on **Exhibit I** are subject to the procedures set forth in and approvals contained in Title 30 and agree that, if any such requirements are not approved as set forth in Title 30 or the County declines to accept any proposed improvements for operation and maintenance, those requirements or improvements will be deleted from and will not be required under this Agreement. The foregoing notwithstanding, the City and the Developer will act in good faith and cooperate to support all of the transportation requirements set forth on **Exhibit I**.

Section 5.10 Building and Urban Design. The Developer agrees that the design standards set forth on the attached **Exhibit J** will be included in the PUD and shown on the face of all preliminary plans covering property within the District.

Section 5.11 Art in Public Places. The Developer agrees to participate in the City's Art in Public Places Program as provided in the attached **Exhibit K**.

Section 5.12 Affordable Housing. The Developer will support the City's affordable housing goals and programs as provided in the attached **Exhibit L**.

ARTICLE VI. WATER AND WASTEWATER FACILITIES AND SERVICES

Section 6.01 City To Provide Retail Water and Wastewater Utility Services. The City will be the sole provider of retail water and wastewater services within the District and will provide water and wastewater service to customers within the District in the same manner and on the same terms and conditions as the City provides service to other retail customers inside its corporate limits. If, at the time of final creation of the District, any areas of the District are located within the CCN of any water and/or wastewater utility provider other than the City, no vertical development may occur within such areas and no water and/or wastewater services may be provided to those areas by the District, nor will any such services be provided by the City, until such time as those areas are excluded from the CCN of the other water and/or wastewater utility provider. Except for Impact Fees, which will be governed by the following sentence, and as otherwise provided in this Agreement, the City's standard water and wastewater rates, charges, and other fees, including engineering review and inspection fees, that are applicable within the City's corporate limits will be applicable to facilities constructed, connections made, and services provided within the District. The City's Impact Fees applicable to areas within the City's extraterritorial jurisdiction will be applicable to development within the District. The foregoing notwithstanding, the City acknowledges that it would not be equitable for the District or the Developer to both construct and fully finance the water and wastewater facilities identified on **Exhibits M-1, M-2, M-3 and M-4** and also to pay costs associated with the same facilities through Impact Fees. Accordingly, if any costs of any Internal Water and Wastewater Facilities and/or the Major Water and Wastewater Facilities (other than costs associated with replacement or refurbishment) are now or in the future included in the City's Impact Fees, the City agrees that, until the full purpose annexation of the District, the Developer will receive a credit, which may only be applied to Impact Fees payable for development within the Project, against the City's Impact Fees in an amount equal to the

portion of the Internal Water and Wastewater Facilities and/or the Major Water and Wastewater Facilities' cost included in the Impact Fees. All fees, rates, and charges for water and wastewater service will be billed and collected by the City. The District will not contract with any retail public utility other than the City for water or wastewater services and will not provide any retail or wholesale water or wastewater services.

Section 6.02 Service Level. The City agrees and commits to provide sufficient water and wastewater service for the full build-out of all of the Land within the District. The City agrees to provide written confirmation of the availability of service upon the District's request if required in connection with any District bond sale.

Section 6.03 Responsibility for Design, Financing and Construction. Unless otherwise specifically provided in this Agreement, the District or the Developer will design, finance, construct, and convey to the City all Internal Water and Wastewater Facilities required to provide retail water and wastewater services to the District, and the Developer or the District and/or the Other Pilot Knob Districts will design, finance, construct, and convey to the City all Major Water and Wastewater Facilities required to serve the Project as set forth on the conceptual utility plan attached as **Exhibits M-1, M-2, M-3 and M-4**, as amended from time to time, all at no cost to the City except as provided on **Exhibit N**. All such projects will be bid in accordance with the requirements applicable to the District under the rules of the Commission and Chapters 49 and 54, Texas Water Code. If, in the future, the City cost participates with the District or the Developer in any oversized water or wastewater facilities not currently contemplated by this Agreement, those facilities will be bid in accordance with applicable City requirements.

Section 6.04 Utility Planning and Phasing. The City approves the conceptual plan for the type, sizing, and alignment of the Major Water and Wastewater Facilities required for the full-build out of the Project attached as **Exhibits M-1, M-2, M-3 and M-4** and the cost reimbursements, waivers and participations described on **Exhibit N**. This conceptual plan has been developed and approved by the Developer and the City based on current conditions and anticipated future utility requirements. If, in the future, the City's or the Developer's requirements change, changes to **Exhibits M-1, M-2, M-3 M-4 and N** that are acceptable to the Developer, the District, and the Utility Director may be approved administratively by the Utility Director on behalf of the City. For each phase of development, the Constructing Party will be required to submit a UIR that is consistent with **Exhibits M-1, M-2, M-3, M-4 and N**, as amended from time to time. In conjunction with each UIR, the Constructing Party will provide the Utility Director with all information pertaining to the related phase of development that is necessary for the Utility Director to confirm the level of service and the appropriateness of the type, sizing, and alignment of the water and wastewater infrastructure. The City agrees that no fees will be required for filing or processing any UIR under this Section. The Utility Director will timely review all UIRs submitted under this Section and either approve them or provide written comments specifically identifying any changes required for approval within 90 days of receiving a complete UIR from the Constructing Party. The City will utilize the infrastructure constructed pursuant to each approved UIR to provide service to the related phase of development at the requested level of service. The City will not require that the Developer or the District finance or construct any Major Water and Wastewater Facilities in addition to those identified on **Exhibits M-1, M-2, M-3 M-4 and N**, as amended from time to time, for any phase of development unless (a) the Developer or the District has materially modified its requested level of service in a manner that would reasonably require additional Major Water and Wastewater Facilities; or (b) the City has identified oversizing requirements other than those set forth on **Exhibits M-1, M-2, M-3 M-4and N**, as amended from time to time, in its response. If subsection (b) of the preceding sentence of this Section applies, the City

will be required to pay the cost of such additional oversizing in accordance with City ordinances and this Agreement.

Section 6.05 Design of Water and Wastewater Facilities; Points of Connection. All water and wastewater facilities required to serve the District will be designed in accordance with applicable City requirements and design standards as well as any applicable regulations of other governmental entities with jurisdiction. The plans and specifications for such facilities will be subject to review and approval by the City prior to the commencement of construction, and the City will collect all applicable fees in accordance with its policies and procedures, subject to the terms of this Agreement. The sizing and routing of all such facilities will be consistent with **Exhibits M-1, M-2, M-3 and M-4**. The initial points of connection are shown conceptually on **Exhibits M-1, M-2, M-3 and M-4**. All other points of connection to the City's water and wastewater system will be subject to approval by the City.

Section 6.06 Easements and Land. All Internal Water and Wastewater Facilities to the customer side of the meter will be constructed within dedicated utility easements or public rights-of-way, and all required easements will be dedicated to the City, on forms approved by and at no cost to the City, at the earlier of the City's approval of a construction plans or a final plat for the land within which the facilities will be constructed. Land and easements required for Major Water and Wastewater Facilities will be conveyed to the City, in lengths and widths which are consistent with the City's Utility Design Criteria and this Agreement, on forms approved by the City and at no cost to the City, at the earlier of the City's approval of a construction plans or a final plat for the land within which the facilities will be constructed, but the Developer will be entitled to reimbursement for such lands and easements from the District and the Other Pilot Knob Districts as permitted under the rules of the Commission, except as otherwise provided in **Section 10.11**. The Developer and the District agree to use reasonable, good faith efforts to acquire all easements required for Major Water and Wastewater Facilities located outside the Project through negotiation; however, if the Developer and the District are unable to obtain any required easement by agreement, the City agrees, upon request, to promptly request City Council approval to acquire the easement in question utilizing the City's power of eminent domain and, upon such approval, to promptly initiate and diligently pursue the condemnation of the easement in question. If the City Council does not approve proceeding with condemnation of any required easement within 120 days of the Developer or the District requesting, in writing, that the City staff initiate a Council action item for such condemnation, then the Developer or the District may request approval of an alternative routing for the facility in question, and the City agrees that its approval of such alternative routing will not be unreasonably withheld, conditioned or delayed. The City's actual and reasonable cost of acquiring any required easement by eminent domain will be reimbursed by the Developer within 30 days of receipt of an invoice, including all supporting documentation, from the City. The Developer will be entitled to reimbursement by the District for all costs paid by the Developer for offsite easement acquisition as permitted by the rules of the Commission.

Section 6.07 City's Reimbursement and Cost Participation Policies; Oversizing. To the extent the City requires any Major Water and Wastewater Facilities or Internal Water and Wastewater Facilities to be oversized to serve areas outside of the Project or requires any easements for Major Water and Wastewater Facilities or Internal Water and Wastewater Facilities to be sized for facilities larger than or in addition to the facilities required to serve the Project, the City will reimburse the Developer for such easements and oversizing in accordance with the terms of the attached **Exhibit N**.

Section 6.08 Major Water and Wastewater Facilities. The City agrees that the District may participate in the construction of certain Major Water and Wastewater Facilities as Shared Facilities, and the joint design, financing, construction, and use of such

Shared Facilities are expressly permitted by this Agreement. All Major Water and Wastewater Facilities will be constructed in phases as development occurs and will be extended through each tract that is being developed to the boundary of any adjacent, undeveloped land within the Project in order to allow service to be extended in an orderly and consistent manner to the adjoining land at the time it is developed. The phasing plan for any Major Water and Wastewater Facilities will be subject to approval of the Utility Director, which approval will not be unreasonably withheld, conditioned, or delayed as long as it is consistent with the Developer's development plan for the Project. The District and the Developer agree to cooperate with the City in order to assure that Major Water and Wastewater Facilities in which the District participates are extended in a manner that does not result in the City becoming responsible for the completion of any Major Water and Wastewater Facilities after full purpose annexation of the District. If the Developer sells any tract out of the Land prior to (a) recordation of a final subdivision plat covering such tract and (b) dedicating all of the easements required to extend the Major Water and Wastewater Facilities through that tract as provided in Section 6.06, above, the Developer will, prior to the closing of such sale, either (a) convey the easement or easements in question to the City as provided in Section 6.06, or (b) convey the tract subject to a restrictive covenant, in the form attached as Exhibit O, which requires the purchaser to donate the easement or easements in question as provided in that Section. If the Developer conveys any tract in violation of this provision, the City, at its sole discretion, may withhold water and wastewater service to the tract until the required easement is conveyed or the restrictive covenant is recorded or may pursue any other remedy available to the City for a default by the Developer under this Agreement.

Section 6.09 Construction by City. The City reserves the right, at its discretion, to construct or require a third party to construct any portion of the Major Water and Wastewater Facilities. The City will notify the Developer and the District of its intention to do so, however, and no construction by the City or a third party will be permitted if it would materially impair the construction of Major Water and Wastewater Facilities or Internal Water and Wastewater Facilities by the Developer or the District, or materially delay the availability of service to the Project.

Section 6.10 Commencement of Construction; Notice; Inspections. Following City approval of the plans and specifications for each water and wastewater utility project and prior to the commencement of construction, the Constructing Party will give written notice to the Utility Director in order to allow the City to assign an inspector. The City will inspect all Major Water and Wastewater Facilities and Internal Water and Wastewater Facilities for compliance with the approved plans and specifications. The City will also, for each connection, conduct the series of plumbing inspections required by the Texas Plumbing License Law and issue a customer service inspection certificate when all inspections are satisfactorily completed. The City will provide the inspections contemplated by this Section for the standard fees charged by the City for inspections inside the City limits, which fees will be collected by the City from the customer requesting the inspection. The City will retain copies of all inspection reports for the City's applicable records retention period, and provide them to the District upon request.

Section 6.11 Record Drawings. The Constructing Party will provide one set of record drawings of all Internal Water and Wastewater Facilities and Major Water and Wastewater Facilities constructed by or on behalf of the District to the City, at no cost to the City. The Constructing Party will use good faith efforts to obtain and furnish such drawings within 30 days of approval of the final pay estimate for each project.

Section 6.12 Conveyance to City; Ownership, Operation, and Maintenance of Internal Water and Wastewater Facilities and Major Water and

Wastewater Facilities. Upon completion of construction of any Major Water and Wastewater Facilities and Internal Water and Wastewater Facilities constructed by or on behalf of the District and following the City's acceptance of such facilities, as documented in a letter from the City to the Developer, the Constructing Party will promptly convey those facilities to the City, on forms approved by the City and at no cost to the City, subject to the City's obligation to provide service to the District as provided in this Agreement. Any failure of a Constructing Party to promptly convey facilities as required in this Section may constitute a default by the Constructing Party under this Agreement. Any such conveyance will not affect the Developer's right to reimbursement from the District for the cost of any facilities or capacity in facilities constructed or financed by the Developer. The Constructing Party will also assign all contract rights, warranties, guarantees, assurances of performance, and bonds related to the facilities conveyed to the City, at no cost to the City and on forms approved by the City. The City agrees that its acceptance of such facilities and the related assignments will not be unreasonably withheld, conditioned, or delayed as long as the facilities have been constructed in accordance with the plans approved by the City and all outstanding "punch list" items have been resolved. Upon any such conveyance and acceptance, the City agrees to operate and maintain such facilities to provide service to the District in accordance with this Agreement.

Section 6.13 Availability of Service. The City agrees to provide service as required for development within the Land including water service at flow rates and pressures sufficient to meet the minimum requirements of the Commission and to provide sufficient fire flows. The Developer and the District agree that the City may use the Major Water and Wastewater Facilities and Internal Water and Wastewater Facilities to serve third parties, so long as such use does not impair the City's commitment of and ability to provide water and wastewater service to the Project as and when required. The City further agrees that, upon the payment of the City's Impact Fees as required by this Agreement, the City will guarantee the District service from the City's water and wastewater utility system for the Land as requested in accordance with the applicable UIR and this Agreement.

Section 6.14 Water Conservation. The District will comply with the City's Water Conservation Ordinance, as amended from time to time.

Section 6.15 Fire Hydrants. The City will maintain any fire hydrants that are a part of the public water system serving the Project and are conveyed to the City. The Developer agrees that the Restrictive Covenants will require that any privately-owned fire hydrants, such as those located within commercial developments, including apartment complexes, that are located outside of a water and wastewater easement conveyed to the City will be owned, operated, and maintained by the owner of the property on which the hydrants are located. The Restrictive Covenants will also require that commercial property owners perform maintenance of all privately-owned fire hydrants on their property in accordance with the City's maintenance recommendations applicable to City-owned fire hydrants. The City agrees to include a note on the construction plans for any commercial property within the District that identifies any fire hydrants on that property that will be owned and must be maintained by the property owner. The City will have no responsibility for maintenance of privately-owned hydrants, but may require the reservation of appropriate easements on all properties on which privately-owned fire hydrants will be located in order to allow the applicable fire service provider to access the fire hydrants for fire-fighting purposes.

ARTICLE VII. OTHER UTILITIES AND SERVICES

Section 7.01 Generally. The Developer will have the right to select the providers of cable television, gas, telephone, telecommunications, and all other utilities and services not specifically covered by this Agreement, or to provide “bundled” utilities within the Land.

Section 7.02 Street Lighting. The Developer will construct street lighting within the boundaries of the District in compliance with the applicable standards of Bluebonnet Electric Cooperative, the electric service provider for the Land. The District will operate and maintain the street lighting within its boundaries until the District is annexed by the City for full purposes.

Section 7.03 Solid Waste and Recycling Service. The City will be the sole provider of residential solid waste services, as defined in Chapter 15-6 of the City Code, within the District. The District will contract with the City to provide solid waste services to all of the District’s residences. The City will provide solid waste services to the District’s residences for the same rates, in the same manner and on the same terms and conditions that the City provides solid waste services to residences located within the City limits. The City’s charges for solid waste services will be included on the City’s regular monthly water and wastewater bills to customers within the District and the District will have no liability for such charges.

ARTICLE VIII.
PARKS AND RECREATIONAL FACILITIES AND OTHER COMMUNITY AMENITIES

Section 8.01 Project Park Requirements. The Project will be developed as a master-planned community with substantial parkland, open space, greenbelts, trails, and park improvements. The City agrees that the private and public parkland, open space, greenbelts, and trails described in this Agreement will satisfy all of the parkland dedication requirements for the Project, and that no additional parkland dedication or park fees will be required from the Developer. The Developer will prepare a park facilities plan for the Project that will identify the Parks and Recreational Facilities to be owned and operated by the District and/or the Other Pilot Knob Districts and the OA Amenities to be owned and operated by the Owners Association and a copy of such plan will be provided to the PDRD Director at least three business days before the Board meeting at which the District will consider approval of the plan. The Developer and the District agree that any design or construction plans related to the park and open space land within the Project will be subject to approval by the City.

Section 8.02 ADA Compliance. The Parks and Recreational Facilities for the overall Project will be designed to comply with the accessibility requirements of the Americans with Disabilities Act and will meet any applicable consumer product safety standards.

Section 8.03 Project Parks and Open Space. Based on the preliminary development plan for the Project, approximately 157 acres of park and open space land are required under the current Applicable Rules. The Developer agrees to provide park and open space land and improvements for the Project exceeding this required acreage as described on the attached **Exhibit P**.

Section 8.04 Ownership, Operation and Maintenance of Parks and Recreational Facilities. Except for property to be dedicated to the Owners Association or dedicated to or reserved for the City or another governmental entity under this Agreement, the Developer will dedicate all Parks and Recreational Facilities located within the Project to the District or one of the Other Pilot Knob Districts for ownership, operation, and maintenance. No OA Amenities may be dedicated to the District and all OA Amenities must be conveyed to and operated and maintained by the Owners Association. The District agrees not to convey or transfer any Parks and Recreational Facilities to the Owners Association without the approval of the City. The District agrees to operate and maintain the Parks and Recreational Facilities conveyed to it in a good state of repair and in a manner so as not to create a nuisance or danger to the public health and safety. The City will have no obligation to operate or maintain the Parks and Recreational Facilities dedicated to the District.

ARTICLE IX.
RESTRICTIVE COVENANTS; LIMITATION ON DISTRICT POWERS; DUTIES OF OWNERS ASSOCIATION

Section 9.01 Restrictive Covenants. The Developer will impose Restrictive Covenants on all of the Land within the District in order to assure high quality development and high quality maintenance of all improvements constructed for the benefit of the community which are not maintained by a public entity. The Restrictive Covenants, which will include any provisions specifically required by this Agreement, will be enforced by the Owners Association. Any Restrictive Covenants to be imposed on property owned or to be conveyed to the District will be subject to the review and approval of the PDRD Director prior to recordation, which approval will not be unreasonably withheld, conditioned or delayed.

Section 9.02 Limitation on District Powers. The District agrees that it will not have or exercise the power to enforce Restrictive Covenants nor the power to own, finance, construct, or maintain any OA Amenities. The Developer agrees that all OA Amenities will be conveyed to and be owned, operated, and maintained by an Owners Association and not the District.

Section 9.03 Creation of Owners Association by the Developer. The Developer agrees to cause the Owners Association to be created as a Texas nonprofit corporation on or before the date the first subdivided lot within the District is sold to a third-party purchaser. This agreement of the Developer will constitute a covenant running with the Land, and will be binding upon the Developer and its successors and assigns until such time as the Owners Association is duly incorporated and notice of the creation is provided to the City and recorded in the Official Public Records of Travis County, Texas.

Section 9.04 Membership in and Duties of the Owners Association. The owners of all developed lots within the District (other than the Owners Association, the District and/or Limited District, and any other public utility or public entity owning property within the District, including the City and/or Travis County), will be required to be members of the Owners Association under the terms of the Restrictive Covenants. The Owners Association will be granted assessment powers and lien rights under the Restrictive Covenants. The Owners Association will be obligated, among other duties, to enforce the Restrictive Covenants in order to maintain property values in the District and to accept all OA Amenities constructed by the Developer within the District for ownership, operation, and maintenance. The Owners Association will be required, under the terms of the Restrictive Covenants, to levy assessments sufficient to pay all capital, operations and maintenance expenses associated with the OA Amenities.

ARTICLE X. FINANCIAL AND BONDS

Section 10.01 Tax Rate. The District agrees that, unless otherwise approved in writing by the City Council, the District's total annual ad valorem tax rate must equal or exceed the City's annual ad valorem tax rate. The District agrees to adopt its annual tax rate in compliance with the legal requirements applicable to municipal utility districts, to report the tax rate set by the District each year to the District's tax assessor/collector and to perform all acts required by law for its tax rate to be effective.

Section 10.02 District Fees. The District agrees that the City will be exempt from, and will not be assessed, any District fees.

Section 10.03 Authority to Issue Bonds. The District will have the authority to issue Bonds:

(a) for the purchase, construction, acquisition, repair, extension, and improvement of land, easements, works, improvements, facilities, plants, equipment, and appliances, undivided interests in facilities, and/or contract rights, necessary to:

- (1) provide a water supply for municipal uses, domestic uses, and commercial purposes;
- (2) collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes whether in fluid,

solid, or composite state (other than solid waste, as defined in Chapter 15-6 of the City Code); and

- (3) gather, conduct, divert, and control local storm water or other local harmful excesses of water in the District;
- (b) to pay expenses authorized by Section 49.155, Texas Water Code, as amended;
- (c) to develop and maintain Parks and Recreational Facilities as authorized by Subchapter N of Chapter 49 (Sections 49.461, et seq.), Texas Water Code, as amended;
- (d) to pay its prorata share of the cost of any Shared Facilities;
- (e) in accordance with the Enabling Legislation, to design, acquire, construct, and finance Road Improvements; and
- (f) to finance any fire protection plan approved in accordance with Section 49.351, Texas Water Code, and this Agreement.

The District must issue its Bonds for the purpose of financing reimbursable expenses under Section 49.155, Texas Water Code, and the cost of purchasing, acquiring or constructing water, wastewater, and drainage facilities, interests in facilities, and/or contract rights prior to or simultaneously with issuance of Bonds for any other purpose. The City agrees that the District may issue its Bonds to finance, pay or reimburse 100% of all costs and expenses that it is authorized to finance, pay or reimburse under applicable rules of the Commission, and any conflicting, inconsistent or limiting provisions of Ordinance No. 810819-E, other City ordinances, or any other Applicable Rules are hereby waived.

Section 10.04 Maximum Amount of New Money Bonds. The District agrees that the total principal amount of new money Bonds that may be authorized for issuance by the District and the Other Pilot Knob Districts for capital improvements, on a cumulative basis, may not exceed \$895,000,000 without City Council approval. This total principal amount of Bonds will be exclusive of the principal amount of any authorized refunding Bonds and Bonds authorized to finance any fire plan approved by the District and the Other Pilot Knob Districts as contemplated by Section 5.06. At such time as the District canvasses the results of its bond election, it will provide a copy of the Board's order canvassing the returns of such election to the City.

Section 10.05 Timing of Issuance; Amortization Period; Maturities. The District proposes to issue Bonds substantially in accordance with the finance plan attached as Exhibit Q. In order to provide the City with some assurance as to the timing of the District's issuance and retirement of its debt, the District will use good faith efforts, subject to market conditions and sufficient tax base existing, to sell its last issue of Bonds on or before December 30, 2037. If the District fails or is unable to do so, the City will have the authority to revoke the District's authority to issue its remaining authorized but unissued Bonds and to proceed with annexation of the District for full purposes. All Bonds must be amortized over a period that does not exceed 25 years from the date of issuance, each issue of Bonds must be structured so that substantially level debt service requirements will be maintained throughout the amortization period of the issue, and each Bond issue must include an optional redemption date no later than 10 years after the date of issuance. These requirements may only be modified if the modification is approved in writing by the Finance Director following receipt of a written

application from the District, setting forth the justification for the requested modification. The Finance Director will have no obligation to approve any such application.

Section 10.06 Notification for Bond Reviews. The District agrees to include, in each application for the approval of the issuance of Bonds, the terms and conditions of this Agreement related to bond issuance. The Developer and the District each agree that it will not request reimbursement or authorization to reimburse any expenses not authorized by this Agreement.

Section 10.07 Notice to City. The District agrees to give notice to the City of its intention to issue Bonds by filing the information described in this Section with the Finance Director.

Section 10.08 Bonds Requiring Commission Approval. The District must give written notice to the Finance Director at the time the District submits any application to the Commission for approval of the issuance of Bonds.

Section 10.09 Refunding Bonds. In connection with: (a) an advance refunding which (i) has a final maturity no longer than the final maturity on the obligations refunded, (ii) will achieve a net present value savings in an amount consistent with the City's financial policies for City refundings, and (iii) has savings that are substantially or fairly uniform over each maturity being refunded; or (b) a current refunding which (i) has a final maturity no longer than the final maturity on the refunded obligations, (ii) will achieve a net present value savings, and (iii) has savings that are substantially or fairly uniform over each maturity of obligations being refunded, no prior notice to or City review or approval will be required; however, the District must deliver a certificate from its financial advisor that demonstrates that the proposed refunding will comply with this Section at least three business days before execution of the purchase agreement for the refunding and must deliver evidence of its compliance with the requirements of this Section to the City within three business days after the execution of the purchase agreement for the refunding.

Section 10.10 City Review and Approval. Upon Commission approval of any issuance of Bonds, the District must submit a copy of its application to the Commission, including the engineering report and projected debt service schedule; a copy of the Commission order approving the issuance of the Bonds; and any other information reasonably required by the PDRD Director to the City for review. The City's approval of any District Bond issue will not be unreasonably withheld, conditioned or delayed. The City will have the right to disapprove any proposed Bond issue only if the District or the Developer is not in compliance with any material term of this Agreement or the SPA. The District may be required to provide evidence of compliance with this Section 10.10 at the time of the sale of its Bonds; therefore, the City agrees that the PDRD Director will be authorized to and will provide written confirmation of City approval to the District promptly upon the District's request.

Section 10.11 Other Funds. The District may use funds obtained from any available, lawful source to acquire, own, operate, and maintain its facilities, as well as to accomplish any purpose or to exercise any function, act, power, or right authorized by law and not prohibited by this Agreement. Such funds may include revenues from any of the systems, facilities, properties, and assets of the District that are not otherwise committed for the payment of indebtedness of the District; maintenance taxes; loans, gifts, grants, and donations from public or private sources; and revenues from any other lawfully available source.

Section 10.12 Expenses Not Eligible for Reimbursement. A District Bond issue may include not more than two years of capitalized interest. Proceeds from a District

Bond issue may not be used to reimburse a developer for more than two years of developer interest or land costs for the following:

- (a) Easements for water and wastewater facilities within the boundary of the District that are granted to the City;
- (b) Sites for lift stations, pump stations, and other above-ground water and wastewater infrastructure located within the boundary of the District that are conveyed to the City, except for sites for Major Water and Wastewater Facilities that are eligible for reimbursement under the rules of the Commission; and
- (c) Sites for fire and emergency services stations, and library buildings.

Section 10.13 District Debt Service Tax. The District agrees to levy a tax to pay debt service on the District's Bonds in accordance with the terms of each resolution or order approving the issuance of its Bonds in each year while such Bonds are outstanding until the full purpose annexation of the District. All debt service tax revenues will be maintained in a separate account or accounts from the District's general operating funds. The District will require that its bookkeeper provide an accounting allocation of the debt service fund among the various categories of bonded facilities in order to simplify the City's internal allocation of the debt service fund following the full purpose annexation of the District and transfer of the fund to the City.

Section 10.14 Assumption of the District's Outstanding Obligations, Liabilities, and Assets Upon Full Purpose Annexation. Upon the City's full purpose annexation of the District, the District's outstanding obligations, indebtedness, other liabilities, and assets will be transferred and assumed as provided in the SPA.

Section 10.15 Reimbursement Agreements; Payment to Developer Following Full Purpose Annexation. The District agrees that all Reimbursement Agreements that it enters into with any developer within the District will include the following provision relating to any sums payable by the City upon full purpose annexation of the District under Section 43.0715, Texas Local Government Code:

If, at the time of full purpose annexation of the District, the developer has completed the construction of or financed any facilities or undivided interests in facilities on behalf of the District in accordance with the terms of this agreement, but the District has not issued Bonds to reimburse the developer for the cost of the facilities or undivided interests in facilities, the developer agrees that it will convey the facilities or undivided interests in question to the City, free and clear of any liens, claims or encumbrances, subject to the developer's right to reimbursement under Section 43.0715, Texas Local Government Code, modified as provided in this section. The developer agrees that the amount payable by the City will be determined based on costs and expenses that are eligible for reimbursement under Commission rules, without any waivers or variances, but will be payable to the developer in three equal annual installments, with the first payment being made within 30 days of the date of the City's full purpose annexation.

ARTICLE XI.
TERM, EFFECTIVENESS; ASSIGNMENT AND REMEDIES

Section 11.01 Term. The term of this Agreement will commence on the Effective Date and will end upon the City's full purpose annexation of the entire District, which will occur as provided in the SPA, unless this Agreement is sooner terminated under the provisions hereof.

Section 11.02 Effectiveness. The District acknowledges that this Agreement relates to the City's consent to the creation of the District and, as provided in the Enabling Legislation, the provisions of this Agreement are valid and enforceable.

Section 11.03 Termination and Amendment by Agreement. This Agreement may be terminated or amended as to all of the Land at any time by mutual written agreement of the City, the Developer and, after its creation, the District, or may be terminated or amended only as to a portion of the Land by the mutual written agreement of the City, the owners of a majority of the portion of the Land affected by the amendment or termination and, after its creation, the District. At such time as the Developer no longer owns land within the District, this Agreement may be amended by mutual written agreement of the District and the City, and the joinder of the Developer will not be required.

Section 11.04 Agreement Running with the Land; Assignment.

(a) The terms of this Agreement run with the Land and be binding upon the Developer and its successors and assigns. This Agreement, and the rights of the Developer hereunder, may be assigned by the Developer to a purchaser of all or a portion of the Land. Any assignment must be in writing, specifically set forth the assigned rights and obligations without modification, hypothecation, or amendment, and be executed by the proposed assignee and a copy of the assignment must be provided to the City.

(b) If the Developer assigns its rights and obligations hereunder as to a portion of the Land, then the rights and obligations of any assignee and the Developer will be severable, and the Developer will not be liable for the nonperformance of the assignee and vice versa. In the case of nonperformance by one developer, the City may pursue all remedies against that nonperforming developer, but will not impede development activities of any performing developer as a result of that nonperformance.

(c) This Agreement is not intended to and will not be binding upon, or create any encumbrance to title as to, any ultimate consumer who purchases a fully developed and improved lot within the Land.

Section 11.05 Cooperation; Agreement Not to Contest or Support Negative Legislation.

(a) The City, the District, and the Developer each agree to execute such further documents or instruments as may be necessary to evidence their agreements hereunder and provide to the other parties any other documents necessary to effectuate the terms of this Agreement.

(b) The City agrees to cooperate with the Developer in connection with any waivers or approvals the Developer may desire from Travis County in order to avoid the duplication of processes or services in connection with the development of the Land.

(c) Neither the Developer nor the District will engage in any litigation or legislative processes to challenge the terms of this Agreement, or to resolve any disputes related to the annexation process established by this Agreement or any related service plan. If any future legislation would have the effect of prohibiting the annexation of the District or requiring further approval of the District's residents to the annexation of the District as contemplated by this Agreement, it is the intent of the parties that annexation of the District be governed by the provisions of this Agreement notwithstanding such legislation. Neither the Developer nor District will seek or support legislation to incorporate all or any part of the District as a municipality. Neither the Developer nor the District will contest any efforts of the City to assure that future legislation does not prohibit or impose additional requirements on the City's right and ability to annex the District in accordance with this Agreement.

(d) In the event of any third party lawsuit or other claim relating to the validity of this Agreement or any actions taken hereunder, the Developer, the District, and the City agree to cooperate in the defense of such suit or claim, and to use their respective best efforts to resolve the suit or claim without diminution of their respective rights and obligations under this Agreement.

Section 11.06 Default and Remedies.

(a) **Notice of Default; Opportunity to Cure.** If a party defaults in the performance of any obligation under this Agreement, the nondefaulting party may give written notice to the other parties to this Agreement, specifying the alleged event of default and extending to the defaulting party 30 days from the date of the notice in order to cure the default complained of or, if the curative action cannot reasonably be completed within 30 days, 30 days to commence the curative action and a reasonable additional period to diligently pursue the curative action to completion.

(b) **Dispute Resolution.** If any default is not cured within the curative period specified above, the parties agree to use good faith, reasonable efforts to resolve any dispute among them by agreement, including engaging in mediation or other non-binding alternative dispute resolution methods, before initiating any lawsuit to enforce their respective rights under this Agreement. The parties will share the costs of any mediation or arbitration equally. The parties further agree that the City is not obligated to resolve any dispute based on an arbitration decision under this Agreement if the arbitration decision compromises the City's sovereign immunity.

(c) **Other Legal or Equitable Remedies.** If the parties are unable to resolve their dispute through mediation or arbitration, the nondefaulting party will have the right to enforce the terms and provisions of this Agreement by a suit seeking specific performance or such other legal or equitable relief as to which the nondefaulting party may be entitled. Any remedy or relief described in this Agreement will be cumulative of, and in addition to, any other remedies and relief available to such party. The parties acknowledge that the City's remedies will include the right, in the City's sole discretion, to terminate this Agreement and proceed with full purpose annexation of the District. No additional procedural or substantive requirements of State or local annexation law will apply to such annexation, or to the annexation ordinance.

(d) **Waiver of District Sovereign Immunity upon Issuance of Bonds.** In accordance with the Enabling Legislation, upon the issuance of Bonds by the District, the District waives sovereign immunity to suit by the City for purposes of adjudicating a claim by the City for the District's breach of this Agreement.

Section 11.07 Notices to Purchasers. In addition to the notice to purchasers required by Section 49.452, Texas Water Code, the District will promulgate and record in the Official Public Records of Travis County, Texas, and the Restrictive Covenants will require that each seller of land within the District provide to each purchaser of land within the District, a supplemental “plain speak” notice in the form attached as **Exhibit R**, which summarizes and gives notice of certain terms of this Agreement. This notice, with appropriate modifications, will also be included in the notice to purchasers included in the District's Information Form required to be recorded in the Official Public Records of Travis County, Texas, pursuant to Section 49.455 of the Texas Water Code, as amended from time to time.

Section 11.08 Dissolution of the District. If the District is dissolved without the prior written approval of the City, this Agreement will automatically terminate and the City will have the right to annex all of the territory within the District for full purposes without restriction. No additional procedural or substantive requirements of State or local annexation law will apply to such annexation and dissolution, or to the annexation and dissolution ordinance. If the District is dissolved, the City, as the successor to the District, will have the authority to execute any documents and to do any and all acts or things necessary to transfer the District's assets, obligations, indebtedness, and liabilities to the City.

ARTICLE XII. MISCELLANEOUS PROVISIONS

Section 12.01 Notice. Any notice given under this Agreement must be in writing and may be given: (i) by depositing it in the United States mail, certified, with return receipt requested, addressed to the party to be notified and with all charges prepaid; or (ii) by depositing it with Federal Express or another service guaranteeing “next day delivery”, addressed to the party to be notified and with all charges prepaid; (iii) by personally delivering it to the party, or any agent of the party listed in this Agreement; or (iv) by facsimile or email with confirming copy sent by one of the other described methods of notice set forth above. Notice by United States mail will be effective on the earlier of the date of receipt or three days after the date of mailing. Notice given in any other manner will be effective only when received. For purposes of notice, the addresses of the parties will, until changed as provided below, be as follows:

The City:	City of Austin P.O. Box 1088 Austin, Texas 78767-1088 Attn: City Manager
With Required Copy to:	City of Austin P.O. Box 1088 Austin, Texas 78767-1088 Attn: City Attorney

The Developer:	Carma Easton LLC 9737 Great Hills Trail, Suite 260 Austin, Texas 78759 Attn: Shaun E. Cranston, P.Eng.
With Required Copy to:	Brookfield Residential Properties, Inc. Attn: Secretary 4906 Richard Road SW Calgary, Alberta T3E 6L1 Canada
With Required Copy to:	E. Scott Lineberry DuBois, Bryant & Campbell, LLP 700 Lavaca, Suite 1300 Austin, Texas 78701
With Required Copy to:	Richard Suttle Armbrust & Brown, PLLC 100 Congress Avenue, Suite 1300 Austin, Texas 78701
The District:	Pilot Knob Municipal Utility District No. 3 c/o Armbrust & Brown, PLLC Attn: Sue Brooks Littlefield 100 Congress Ave., Ste. 1300 Austin, Texas 78701

Each of the parties may change its respective address to any other address within the United States of America by giving at least five days' written notice to the other parties. The Developer may, by giving at least five days' written notice to the City, designate additional parties to receive copies of notices under this Agreement. At such time as the Developer no longer owns land within the District, no further notice to the Developer under this Agreement will be required.

Section 12.02 Severability. If any part of this Agreement or its application to any person or circumstance is held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the parties agree that they will amend or revise this Agreement to accomplish to the greatest degree practical the same purpose as the part determined to be invalid or unconstitutional, including, without limitation, amendments or revisions to the terms and conditions of this Agreement pertaining to or affecting the rights and authority of the parties in areas of the District annexed by the City pursuant to this Agreement, whether for limited or full purposes. If the parties cannot agree on any such amendment or revision within 90 days of the final judgment of the trial court or any state appellate court that reviews the matter, then either party may proceed in accordance with the procedures specified in this Agreement.

Section 12.03 Frustration of Purpose. If any part of this Agreement is modified as a result of amendments to the underlying State law and statutory authority for this Agreement, the parties agree that such modification may frustrate the purpose of this Agreement. The parties agree that, in such event, they will attempt to amend or revise this Agreement to accomplish to the greatest degree practical (i) the same purpose and objective of the part of this Agreement affected by the modification of the underlying State law and statutory authority and (ii) the original intent and purpose of this Agreement. If the parties cannot agree

on any such amendment or revision within 90 days from the effective date of amendment of the State law and statutory authority for this Agreement, then this Agreement will terminate, unless the parties agree to an extension of time for negotiation of the modification.

If this Agreement is to be terminated as a result of the operation of this Section, the City will have the right, for a 90 day period prior to the effective date of termination, in its sole discretion, to annex the District for full purposes and dissolve the District. No additional procedural or substantive requirements of State or local annexation law will apply to such annexation and dissolution, or to the annexation and dissolution ordinance.

Section 12.04 Non-Waiver. Any failure by a party to insist upon strict performance by another party of any material provision of this Agreement will not be deemed a waiver thereof 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 12.05 Applicable Law and Venue. The interpretation, performance, enforcement and validity of this Agreement is governed by the laws of the State of Texas. Venue will be in a court of appropriate jurisdiction in Travis County, Texas.

Section 12.06 Entire Agreement. This Agreement contains the entire agreement of the parties. There are no other agreements or promises, oral or written, between the parties regarding the subject matter of this Agreement. This Agreement supersedes all other agreements between the parties concerning the subject matter.

Section 12.07 Exhibits, Headings, Construction and Counterparts. All schedules and exhibits referred to in or attached to this Agreement are incorporated into and made a part of this Agreement for all purposes. The paragraph headings contained in this Agreement are for convenience only and do not enlarge or limit the scope or meaning of the paragraphs. Wherever appropriate, words of the masculine gender include the feminine or neuter, and the singular includes the plural, and vice-versa. The parties acknowledge that each of them have been actively and equally involved in the negotiation and drafting of this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting party will not be employed in interpreting this Agreement or any exhibits hereto. If there is any conflict or inconsistency between the provisions of this Agreement and any otherwise applicable City ordinances, the terms of this Agreement will control. 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 12.08 Time. Time is of the essence of this Agreement. 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 12.09 Authority for Execution. The City certifies, represents, and warrants that the execution of this Agreement has been duly authorized in conformity with its City Charter and City ordinances. The Developer certifies, represents, and warrants that the execution of this Agreement has been duly authorized in conformity with the articles of incorporation and bylaws or partnership agreement of each entity executing on its behalf. The District certifies, represents and warrants that this Agreement has been duly authorized in conformity with all applicable laws and regulations.

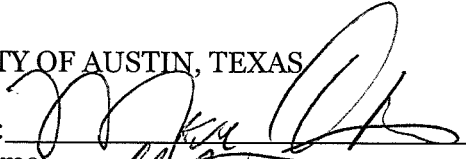
Section 12.10 Exhibits. The following exhibits are attached to this Agreement, and made a part hereof for all purposes:

Exhibit A	-	The Land
Exhibit B	-	Land Plan
Exhibit C	-	Project Area
Exhibit D	-	Post-Annexation Surcharge Formula
Exhibit E	-	Civic Uses and Civic Reserve
Exhibit F	-	Stormwater, Drainage, Water Quality and Environmental Protection Requirements
Exhibit F-1	-	Typical Modified Channel Cross-section
Exhibit F-2	-	Waterway Setback scenario
Exhibit G	-	Tree and Landscaping Requirements
Exhibit H -	-	Terms of Proposed Fire Protection Plan
Exhibit I	-	Transportation Requirements
Exhibit J	-	Building and Urban Design Standards
Exhibit K	-	Art in Public Places Participation
Exhibit L	-	Affordable Housing Participation
Exhibit M	-	Conceptual Water and Wastewater Plan
Exhibit M-1	-	Conceptual Major Water Facilities
Exhibit M-2	-	Conceptual Major Wastewater Facilities
Exhibit M-3	-	Lift Station Conceptual Plan
Exhibit M-4	-	Conceptual Easement Locations
Exhibit N	-	Terms of Cost Reimbursement and Participation
Exhibit O	-	Form of Covenant Requiring Dedication of Easements
Exhibit P	-	Park and Open Space Requirements
Exhibit Q	-	Finance Plan
Exhibit R	-	"Plain Speak" Notice Form

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the dates indicated below.

CITY:

CITY OF AUSTIN, TEXAS

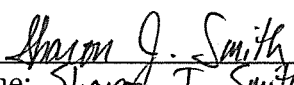
By: 

Name: Myra S. [unclear]

Title: City Manager

Date: 4/17/12

APPROVED AS TO FORM:

By: 

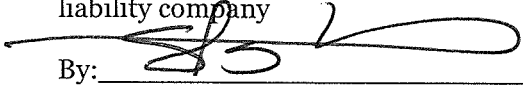
Name: Sharon J. Smith

Title: Assistant City Attorney

Date: 4/16/12

DEVELOPER:

CARMA EASTON LLC, a Texas limited
liability company

By:  _____

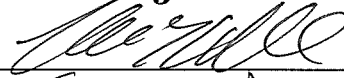
Name: Shaun E. Cranston, P.Eng.

Title: Vice President

Date: _____

DISTRICT:

**PILOT KNOB MUNICIPAL UTILITY
DISTRICT NO: 3**

By: 

Name: THOMAS E PHEDDES

Title: President, Board of Directors

Date: 05/11/2012

ATTEST:

By: 

Name: Shelley Rowton

Title: Secretary, Board of Directors

Date: 5/11/2012

CARMA EASTON LLC

Pilot Knob MUD No. 3 Consent Agreement

Index of Exhibits

A	Land
B	Land Plan
C	Project Area
D	Post-Annexation Surcharge Formula
E	Civic Uses and Civic Reserve
F	Stormwater, Drainage, Water Quality and Environmental Protection Requirements
G	Tree and Landscaping Requirements
H	Proposed Terms of Fire Protection Plan
I	Transportation Requirements
J	Building and Urban Design Standards
K	Art in Public Places Participation
L	Affordable Housing Participation
M	Conceptual Water and Wastewater Plan
N	Terms of Cost Reimbursement and Participation
O	Form of Covenant Requiring Dedication of Easements
P	Park and Open Space Requirements
Q	Finance Plan
R	"Plain Speak" Notice Form

EXHIBIT A

Land



Professional Land Surveying, Inc.
Surveying and Mapping

Office: 512-443-1724
Fax: 512-389-0943

3500 McCall Lane
Austin, Texas 78744

644.135 ACRES (DISTRICT THREE)

**OVERALL 648.268 ACRES
SAVE AND EXCEPT 4.133 ACRES**

A DESCRIPTION OF 648.268 ACRES IN THE SANTIAGO DEL VALLE GRANT IN TRAVIS COUNTY, TEXAS, BEING ALL OF AN 18.810 ACRE TRACT AND A REMAINDER OF A 37.306 ACRE TRACT BOTH DESCRIBED IN A SPECIAL WARRANTY DEED TO JONA ACQUISITION INC., DATED OCTOBER 26, 2006 AND RECORDED IN DOCUMENT NO. 2006209327 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, ALL OF A 2820 SQUARE FOOT TRACT DESCRIBED IN A DEED WITHOUT WARRANTY TO CARMA EASTON INC., DATED DECEMBER 22, 2009 AND RECORDED IN DOCUMENT NO. 2009210291 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, A REMAINDER OF A 2.6891 ACRE TRACT DESCRIBED IN A STREET DEDICATION TO THE PUBLIC, DATED JUNE 24, 1986 AND RECORDED IN VOLUME 9769, PAGE 505 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, ALL OF A 6.934 ACRE TRACT DESCRIBED IN A SPECIAL WARRANTY DEED TO JONA ACQUISITION INC., DATED OCTOBER 26, 2006 AND RECORDED IN DOCUMENT NO. 2006209330 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, ALL OF AN 82.844 ACRE TRACT AND A 25.735 ACRE TRACT BOTH DESCRIBED IN A SPECIAL WARRANTY DEED TO JONA ACQUISITION INC., DATED JANUARY 3, 2007 AND RECORDED IN DOCUMENT NO. 2007003159 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, ALL OF AN 89.256 ACRE TRACT AND A 2.731 ACRE TRACT BOTH DESCRIBED IN A SPECIAL WARRANTY DEED TO JONA ACQUISITION INC., DATED JULY 9, 2007 AND RECORDED IN DOCUMENT NO. 2007126375 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, REMAINDERS OF A 61.071 ACRE TRACT DESCRIBED IN A SPECIAL WARRANTY DEED TO JONA ACQUISITION INC., DATED NOVEMBER 7, 2007 AND RECORDED IN DOCUMENT NO. 2007204509 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, A PORTION OF A 138.540 ACRE TRACT DESCRIBED IN A GENERAL WARRANTY DEED TO JONA ACQUISITION INC., DATED MARCH 2, 2007 AND RECORDED IN DOCUMENT NO. 2007038642 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, A PORTION OF A 198.302 ACRE TRACT DESCRIBED IN A GENERAL WARRANTY DEED TO JONA ACQUISITION INC., DATED DECEMBER 20, 2006 AND RECORDED IN DOCUMENT NO. 2006244772 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, A PORTION OF A 232.233 ACRE TRACT DESCRIBED IN A SPECIAL WARRANTY DEED WITH VENDOR'S LIEN TO JONA ACQUISITION INC., DATED JANUARY 8, 2009 AND RECORDED IN DOCUMENT NO. 2009003190 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, ALL OF AN 8.282 ACRE TRACT DESCRIBED IN A

SPECIAL WARRANTY DEED WITH VENDOR'S LIEN TO JONA ACQUISITION INC., DATED JANUARY 8, 2009 AND RECORDED IN DOCUMENT NO. 2009003078 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, A PORTION OF A 42.558 ACRE TRACT DESCRIBED IN A GENERAL WARRANTY DEED TO JONA ACQUISITION INC., DATED MAY 16, 2008 AND RECORDED IN DOCUMENT NO. 2008083861 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, A PORTION OF A 20.005 ACRE TRACT DESCRIBED IN A WARRANTY DEED WITH VENDOR'S LIEN TO JOHN T. HALDENSTEIN AND JOSHUA N. HALDENSTEIN, DATED DECEMBER 14, 2000 AND RECORDED IN DOCUMENT NO. 2000203669 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, A PORTION OF LOT A HARRY REININGER SUBDIVISION, A SUBDIVISION OF RECORD IN VOLUME 65, PAGE 47 OF THE PLAT RECORDS OF TRAVIS COUNTY TEXAS, CONVEYED TO JOHN HALDENSTEIN & RUTH HALDENSTEIN IN WARRANTY DEED WITH VENDOR'S LIEN, DATED SEPTEMBER 29, 2000 AND RECORDED IN DOCUMENT NO. 2000161977 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY TEXAS, A PORTION OF A 37.390 ACRE TRACT DESCRIBED IN A GENERAL WARRANTY DEED TO JONA ACQUISITION INC., DATED OCTOBER 30, 2008 AND RECORDED IN DOCUMENT NO. 2008179828 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, AND A PORTION OF COLTON BLUFF SPRINGS ROAD (APPARENT RIGHT-OF-WAY WIDTH VARIES); SAID 648.268 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" rebar found for the northwest corner of said 89.256 acre tract, same being the east corner of a 6.997 acre tract described in a deed to Fleming Brothers Holding, recorded in Document No. 2006063521 of the Official Public Records of Travis County, Texas, also being in the southwest line of Myrtle – 29 Ac., D. G. Collins Estate, a subdivision of record in Volume 3, Page 220 of the Plat Records of Travis County, Texas;

THENCE South 48°06'08" East, with the northeast line of said 89.256 acre tract, same being the southwest line of said Myrtle – 29 Ac., and the southwest line of said John B. 18 Ac., D. G. Collins Estate, a distance of 1231.54 feet to a 1/2" rebar found in the south line of said John B. 18 Ac., for the northeast corner of said 89.256 acre tract, same being the northwest corner of said 82.844 acre tract;

THENCE South 48°20'11" East, with the northeast line of said 82.844 acre tract, same being the southwest line of said John B. 18 Ac., the southwest line of John B. 11.50 Ac., D. G. Collins Estate, and the southwest line of a 52.418 acre tract described in a deed to Ernest B. Collins and Floretta F. Collins, recorded in Document No. 2004080843 of the Official Public Records of Travis County, Texas, a distance of 1354.84 feet to a 1/2" rebar found in the southwest line of said 52.418 acre tract, for the northeast corner of said 82.844 acre tract, same being the northwest corner of a 2.899 acre tract described in a deed to Ernest B. Collins and Floretta F. Collins, recorded in Document No. 2004080843 of the Official Public Records of Travis County, Texas;

THENCE with the east line of said 82.844 acre tract, same being the west line of said 2.899 acre tract, the following four (4) courses and distances:

1. South 27°02'48" West, a distance of 87.42 feet to a 1/2" rebar with Chaparral cap found;
2. South 28°05'48" West, a distance of 57.15 feet to a 1/2" rebar with Chaparral cap found;
3. South 26°28'48" West, a distance of 262.67 feet to a 1/2" rebar with Chaparral cap found;
4. South 26°58'48" West, a distance of 2126.73 feet to a 1/2" rebar found in the north right-of-way line of Colton Bluff Springs Road, for the southeast corner of said 82.844 acre tract, same being the southwest corner of said 2.899 acre tract;

THENCE South 63°34'23" East, with the north right-of-way line of Colton Bluff Springs Road, same being the southwest line of said 2.899 acre tract, a distance of 49.99 feet to a 1/2" rebar found for the southeast corner of said 2.899 acre tract, same being the southwest corner of said 61.071 acre tract;

THENCE with the west line of said 61.071 acre tract, same being the east line of said 2.899 acre tract, the following four (4) courses and distances:

1. North 26°59'53" East, a distance of 2127.41 feet to a calculated point;
2. North 26°29'46" East, a distance of 262.27 feet to a calculated point;
3. North 28°06'46" East, a distance of 56.92 feet to a calculated point;
4. North 27°03'46" East, a distance of 74.01 feet to a 1/2" rebar found for the northwest corner of said 61.071 acre tract, same being the northeast corner of said 2.899 acre tract, also being in the southwest line of said 52.418 acre tract;

THENCE South 47°55'49" East, with the northeast line of said 61.071 acre tract, same being the southwest line of said 52.418 acre tract, a distance of 467.09 feet to a 1/2" rebar found for the southeast corner of said 52.418 acre tract, same being the southwest corner of a 26.57 acre tract described in a deed to Talfred Collins and Ella Lee Collins, recorded in Volume 2814, Page 127 of the Deed Records of Travis County, Texas;

THENCE South 46°39'23" East, continuing with the northeast line of said 61.071 acre tract, same being the southwest line of said 26.57 acre tract and the southwest line of a 29.02 acre tract described in a deed to Ernest B. Collins and Floretta F. Collins, recorded in Volume 7967, Page 611 of the Deed Records of Travis County, Texas, a distance of 600.09 feet to a 5/8" rebar found for the southeast corner of said 29.02 acre

tract, same being the northwest corner of a 0.264 acre tract described in a deed to the City of Austin, recorded in Document No. 2010005414 of the Official Public Records of Travis County, Texas, also being an angle point in the west line of a 380.080 acre tract described in a deed to Ernest Collins and Floretta Collins, recorded in Volume 12791, Page 11 of the Real Property Records of Travis County, Texas;

THENCE South 27°09'17" West, crossing said 61.071 acre tract, with the west line of said 0.264 acre tract, a distance of 204.33 feet to a 1/2" rebar with Landmark cap found for the southwest corner of said 0.264 acre tract, same being the northwest corner of a 0.392 acre tract described in a deed to the City of Austin, recorded in Document No. 2010005414 of the Official Public Records of Travis County, Texas;

THENCE continuing across said 61.071 acre tract, with the west and south lines of said 0.392 acre tract, the following three (3) courses and distances:

1. South 27°11'22" West, a distance of 105.60 feet to a 1/2" rebar with Landmark cap found;
2. South 26°45'07" West, a distance of 50.71 feet to a 1/2" rebar with Landmark cap found for the southwest corner of said 0.392 acre tract;
3. South 71°13'40" East, a distance of 81.26 feet to a 1/2" rebar with Landmark cap found in the south line of said 0.392 acre tract, for the northwest corner of a 0.624 acre tract described in a deed to the City of Austin, recorded in Document No. 2010005416 of the Official Public Records of Travis County, Texas;

THENCE continuing across said 61.071 acre tract, the following two (2) courses and distances:

1. South 26°39'03" West, with the west line of said 0.624 acre tract, a distance of 899.06 feet to a calculated point for the southwest corner of said 0.624 acre tract;
2. South 47°54'58" East, with the south line of said 0.624 acre tract, a distance of 31.12 feet to a calculated point in the west right-of-way line of Colton Bluff Springs Road, same being the east line of said 61.071 acre tract;

THENCE North 26°38'45" East, with the east line of said 61.071 acre tract, same being the west right-of-way line of Colton Bluff Springs Road, the west line of said 138.540 acre tract, the east line of said 0.624 acre tract and the east line of said 0.392 acre tract, a distance of 1066.13 feet to a 1/2" rebar with Landmark cap found for the northeast corner of said 0.392 acre tract;

THENCE North 70°26'53" West, crossing said 61.071 acre tract, with the north line of said 0.392 acre tract, a distance of 49.62 feet to a calculated point for the southeast corner of said 0.264 acre tract;

THENCE North 27°05'31" East, continuing across said 61.071 acre tract, with the east line of said 0.264 acre tract, a distance of 178.95 feet to a calculated point for the northeast corner of said 0.264 acre tract, same being in the northeast line of said 61.071 acre tract, also being the southwest line of said 380.080 acre tract;

THENCE South 46°39'23" East, with the northeast line of said 61.071 acre tract, same being the southwest line of said 380.080 acre tract, a distance of 49.95 feet to a calculated point for the northeast corner of said 61.071 acre tract, same being an angle point in the southwest line of said 380.080 acre tract;

THENCE South 26°38'45" West, with the east line of said 61.071 acre tract, same being the southwest line of said 380.080 acre tract, a distance of 120.93 feet to a 3/4" iron pipe found for the northwest corner of said 138.540 acre tract;

THENCE with the northeast line of said 138.540 acre tract, same being the southwest line of said 380.080 acre tract, the following two (2) courses and distances:

1. South 47°44'05" East, a distance of 309.95 feet to a 3/4" iron pipe found;
2. South 47°34'32" East, a distance of 1131.25 feet to a calculated point;

THENCE crossing said 138.540 acre tract, Colton Bluff Springs Road, said 198.302 acre tract, said 232.233 acre tract, said 37.390 acre tract, said 42.558 acre tract, said 20.005 acre tract, and said Lot A, the following fourteen (14) courses and distances:

1. South 42°25'28" West, a distance of 130.83 feet to a calculated point;
2. With a curve to the left, having a radius of 750.00 feet, a delta angle of 16°27'44", an arc length of 215.49 feet, and a chord which bears South 34°11'36" West, a distance of 214.75 feet to a calculated point;
3. South 25°57'45" West, a distance of 891.49 feet to a calculated point;
4. With a curve to the left, having a radius of 428.50 feet, a delta angle of 57°46'46", an arc length of 432.12 feet, and a chord which bears South 02°55'38" East, a distance of 414.04 feet to a calculated point;
5. South 70°11'14" West, a distance of 260.49 feet to a calculated point;
6. With a curve to the right, having a radius of 606.85 feet, a delta angle of 50°15'23", an arc length of 532.29 feet, and a chord which bears North 88°11'02" West, a distance of 515.39 feet to a calculated point;
7. North 62°55'18" West, a distance of 292.66 feet to a calculated point;

8. With a curve to the left, having a radius of 1466.51 feet, a delta angle of $180^{\circ}00'00''$, an arc length of 4607.18 feet, and a chord which bears South $27^{\circ}04'42''$ West, a distance of 2933.02 feet to a calculated point;
9. South $62^{\circ}55'18''$ East, a distance of 292.66 feet to a calculated point;
10. With a curve to the right, having a radius of 606.85 feet, a delta angle of $50^{\circ}15'23''$, an arc length of 532.29 feet, and a chord which bears South $37^{\circ}39'34''$ East, a distance of 515.39 feet to a calculated point;
11. South $16^{\circ}01'51''$ East, a distance of 256.62 feet to a calculated point;
12. With a curve to the left, having a radius of 431.98 feet, a delta angle of $53^{\circ}14'32''$, an arc length of 401.42 feet, and a chord which bears South $58^{\circ}50'30''$ West, a distance of 387.13 feet to a calculated point;
13. South $28^{\circ}11'39''$ West, a distance of 910.01 feet to a calculated point;
14. North $61^{\circ}48'21''$ West, a distance of 672.64 feet to a calculated point in the west line of said 20.005 acre tract, same being the east line of a 20.022 acre tract conveyed in a deed to Janie Díaz, recorded in Document No. 2006101103, and described in a deed recorded in Document No. 2001200503, both of the Official Public Records of Travis County, Texas;

THENCE North $27^{\circ}07'27''$ East, with the west line of said 20.005 acre tract, same being the east line of said 20.022 acre tract, a distance of 1099.13 feet to a 1/2" rebar found for the northwest corner of said 20.005 acre tract, same being the northeast corner of said 20.022 acre tract, also being in the southwest line of said 198.302 acre tract;

THENCE North $63^{\circ}21'03''$ West, with the southwest line of said 198.302 acre tract, same being the northeast line of said 20.022 acre tract, a distance of 626.61 feet to a 1/2" rebar found for the southwest corner of said 198.302 acre tract, same being the northwest corner of said 20.022 acre tract, also being in the east line of said 232.233 acre tract;

THENCE South $26^{\circ}53'42''$ West, with the east line of said 232.233 acre tract, same being the west line of said 20.022 acre tract, a distance of 1085.47 feet to a calculated point;

THENCE crossing said 232.233 acre tract, the following two (2) courses and distances:

1. With a curve to the right, having a radius of 1490.63 feet, a delta angle of $26^{\circ}48'48''$, an arc length of 697.59 feet, and a chord which bears North $52^{\circ}29'28''$ West, a distance of 691.24 feet to a calculated point;

2. North 36°26'06" West, a distance of 1284.36 feet to a calculated point in the southwest line of said 232.233 acre tract, same being the northeast line of a 174.4 acre tract described in a deed to Edward J. Gillen and wife, Mildred Gillen, recorded in Volume 1549, Page 268 of the Deed Records of Travis County, Texas;

THENCE with the southwest line of said 232.233 acre tract, same being the northeast line of said 174.4 acre tract, the following four (4) courses and distances:

1. North 27°21'05" East, a distance of 684.48 feet to a 1/2" rebar with Chaparral cap found;
2. North 62°42'32" West, a distance of 500.00 feet to a 4" iron pipe found;
3. North 27°21'05" East, a distance of 784.20 feet to a 1/2" rebar with Chaparral cap found;
4. North 62°42'32" West, a distance of 999.32 feet to a 1/2" rebar with cap stamped 4453 for the west corner of said 232.233 acre tract, same being the southeast corner of a 120.321 acre tract described in a deed to Noble Capital Servicing, LLC, et al., recorded in Document No. 2009151330 of the Official Public Records of Travis County, Texas;

THENCE North 26°58'58" East, with the west line of said 232.233 acre tract, same being the east line of said 120.321 acre tract, a distance of 1437.81 feet to a calculated point for the northwest corner of said 232.233 acre tract, same being the southwest corner of Lot 1, Pittman Addition, a subdivision of record in Volume 76, Page 228 of the Plat Records of Travis County, Texas;

THENCE South 62°59'36" East, with the north line of said 232.233 acre tract, same being the south line of said Lot 1 and the south line of an 11.000 acre tract described in a deed to O. D. McMarion and Ann Sibley, recorded in Document No. 1999100812 of the Official Public Records of Travis County, Texas, a distance of 857.50 feet to a 1/2" iron pipe found for the southeast corner of said 11.000 acre tract, same being the southwest corner of said 8.282 acre tract;

THENCE North 26°58'15" East, with the west line of said 8.282 acre tract, same being the east line of said 11.000 acre tract and the east line of a 5.014 acre tract described in a deed to O. D. McMarion and wife, Ann McMarion, recorded in Document No. 2007145976 of the Official Public Records of Travis County, Texas, a distance of 653.18 feet to a 1/2" rebar with Chaparral cap found in the east line of said 5.014 acre tract, for the northwest corner of said 8.282 acre tract, same being the southwest corner of a remainder of 13.93 acres conveyed in a deed to Tom Stephens and wife, Janice Stephens, recorded in Volume 7496, Page 513, and described in a deed of record in Volume 3329, Page 1038, both of the Deed Records of Travis County, Texas;

THENCE South 63°15'05" East, with the north line of said 8.282 acre tract, same being the south line of said remainder of 13.93 acres, a distance of 648.24 feet to a 1/2" rebar with Chaparral cap found for the northeast corner of said 8.282 acre tract, same being the west line of said 232.233 acre tract, also being the southeast corner of said remainder of 13.93 acres;

THENCE North 43°26'02" East, with the west line of said 232.233 acre tract, same being the east line of said remainder of 13.93 acres, a distance of 538.67 feet to a 1/2" rebar with Chaparral cap found in the south right-of-way line of Colton Bluff Springs Road, for the northwest corner of said 232.233 acre tract, same being the northeast corner of said remainder of 13.93 acres;

THENCE North 32°24'14" East, crossing Colton Bluff Springs Road, a distance of 70.31 feet to a calculated point in the north right-of-way line of Colton Bluff Springs Road, same being the south line of said 82.844 acre tract;

THENCE with the north right-of-way line of Colton Bluff Springs Road, same being the south line of said 82.844 acre tract, the following two (2) courses and distances:

1. North 63°13'10" West, a distance of 197.14 feet to a 1/2" rebar found;
2. North 63°18'06" West, a distance of 703.08 feet to a bolt in concrete found for the southwest corner of said 82.844 acre tract, same being the southeast corner of a 1.0 acre tract described in a deed to Donny Mack Cowan, recorded in Volume 12371, Page 662 of the Real Property Records of Travis County, Texas;

THENCE North 27°09'21" East, with the west line of said 82.844 acre tract, same being the east line of said 1.0 acre tract, a distance of 290.52 feet to a 1/2" rebar found for the northeast corner of said 1.0 acre tract, same being the southeast corner of said 89.256 acre tract;

THENCE with the south line of said 89.256 acre tract, the following eight (8) courses and distances:

1. North 63°01'00" West, with the north line of said 1.0 acre tract, a distance of 150.08 feet to a 1/2" rebar with cap found;
2. South 27°11'15" West, with the west line of said 1.0 acre tract, a distance of 291.18 feet to a 1/2" rebar found in the north right-of-way line of Colton Bluff Springs Road;
3. North 63°15'07" West, with the north right-of-way line of Colton Bluff Springs Road a distance of 508.93 feet to a calculated point;
4. North 62°31'18" West, with the north right-of-way line of Colton Bluff Springs Road, a distance of 175.38 feet to a calculated point for the southeast corner of a

0.18 acre tract conveyed in a deed to Rosemary Elizabeth Schweitzer, recorded in Volume 13011 Page 32 of the Real Property Records of Travis County, Texas, and described as Lot No. 2 in a deed of record in Volume 6057, Page 415 of the Deed Records of Travis County, Texas;

5. North 26°26'47" East, with the east line of said 0.18 acre tract, a distance of 130.76 feet to a calculated point for the northeast corner of said 0.18 acre tract;
6. North 63°01'34" West, with the north line of said 0.18 acre tract and the north line of another 0.18 acre tract conveyed in said deed to Rosemary Elizabeth Schweitzer, recorded in Volume 13011 Page 32 of the Real Property Records of Travis County, Texas, and described as Lot No. 1 in a deed of record in Volume 6057, Page 415 of the Deed Records of Travis County, Texas, a distance of 120.03 feet to a calculated point for the northwest corner of said 0.18 acre tract described as Lot No. 1;
7. South 26°58'40" West, with the west line of said 0.18 acre tract described as Lot No. 1, a distance of 129.50 feet to a calculated point in the north right-of-way line of Colton Bluff Springs Road, for the southwest corner of said 0.18 acre tract described as Lot No. 1;
8. North 62°29'29" West, with the north right-of-way line of Colton Bluff Springs Road, a distance of 564.31 feet to a 1/2" rebar found for the southwest corner of said 89.256 acre tract, same being the southeast corner of said 25.735 acre tract;

THENCE continuing with the north right-of-way line of Colton Bluff Springs Road, the following three (3) courses and distances:

1. North 62°29'18" West, with the south line of said 25.735 acre tract, a distance of 64.03 feet to a 1/2" rebar found for the southwest corner of said 25.735 acre tract, same being the southeast corner of said 2.731 acre tract;
2. North 62°29'18" West, with the south line of said 2.731 acre tract, a distance of 237.84 feet to a 1/2" rebar found for the southwest corner of said 2.731 acre tract, same being the southeast corner of said 37.306 acre tract
3. North 63°23'43" West, with the south line of said 37.306 acre tract, a distance of 420.32 feet to a calculated point;

THENCE crossing said 37.306 acre tract, with the north right-of-way line of Colton Bluff Springs Road, the following two (2) courses and distances:

1. North 27°10'53" East, a distance of 6.63 feet to a calculated point;

2. North $62^{\circ}49'07''$ West, a distance of 507.44 feet to a calculated point in the east right-of-way line of McKinney Falls Parkway (right-of-way width varies);

THENCE continuing across said 37.306 acre tract, with the east right-of-way line of McKinney Falls Parkway, the following three (3) courses and distances:

1. North $27^{\circ}10'53''$ East, a distance of 424.86 feet to a calculated point;
2. With a curve to the right, having a radius of 11942.50 feet, a delta angle of $00^{\circ}21'16''$, an arc length of 73.90 feet, and a chord which bears North $27^{\circ}21'31''$ East, a distance of 73.90 feet to a calculated point;
3. North $27^{\circ}31'58''$ East, a distance of 771.23 feet to a calculated point in the west line of said 37.306 acre tract, for the south corner of said 2820 square foot tract;

THENCE continuing with the east right-of-way line of McKinney Falls Parkway, the following seven (7) courses and distances:

1. North $28^{\circ}03'14''$ East, with the west line of said 2820 square foot tract, a distance of 254.40 feet to a 1/2" rebar with Chaparral cap found for the north corner of said 2820 square foot tract, same being an angle point in the west line of said 37.306 acre tract;
2. North $27^{\circ}30'59''$ East, with the west line of said 37.306 acre tract, a distance of 144.75 feet to a 1/2" rebar with Chaparral cap found for the northwest corner of said 37.306 acre tract, same being the southwest corner of said remainder of 2.6891 acres;
3. North $32^{\circ}40'32''$ East, with the west line of said remainder of 2.6891 acres, a distance of 159.65 feet to a 1/2" rebar with Chaparral cap found for the northwest corner of said remainder of 2.6891 acres, same being the southwest corner of said 18.810 acres;
4. North $27^{\circ}32'48''$ East, with the west line of said 18.810 acre tract, a distance of 696.37 feet to a 1/2" rebar with Chaparral cap found;
5. North $25^{\circ}38'36''$ East, continuing with the west line of said 18.810 acre tract, a distance of 302.02 feet to a 1/2" rebar with Chaparral cap found for the northwest corner of said 18.810 acre tract, same being in the southwest line of said 6.934 acre tract;
6. North $48^{\circ}13'16''$ West, with the south line of said 6.934 acre tract, a distance of 15.47 feet to a 1/2" rebar with Chaparral cap found for the southwest corner of said 6.924 acre tract;

7. North 27°31'46" East, with the west line of said 6.934 acre tract, a distance of 192.99 feet to a calculated point for the northwest corner of said 6.934 acre tract, same being the southwest corner of a 6.924 acre tract described in a deed to Jose A. Espinosa and Luz A. Espinosa, recorded in Volume 12861, Page 391 of the Real Property Records of Travis County, Texas;

THENCE South 48°13'04" East, with the north line of said 6.934 acre tract, same being the south line of said 6.924 acre tract, a distance of 1617.68 feet to a 1/2" rebar found for the northeast corner of said 6.934 acre tract, same being the southeast corner of said 6.924 acre tract, also being in the west line of said 89.256 acre tract;

THENCE North 28°09'13" East, with the west line of said 89.256 acre tract, same being the east line of said 6.924 acre tract, the east line of a 2 acre tract described in a deed to Erland Burklund, recorded in Volume 6757, Page 601 of the Deed Records of Travis County, Texas, and the east line of said 6.997 acre tract, a distance of 576.68 feet to the **POINT OF BEGINNING**, containing 648.268 acres of land, more or less.

SAVE AND EXCEPT 4.133 ACRES:

BEING ALL OF A 4.132 ACRE TRACT DESCRIBED IN A WARRANTY DEED TO CHERYL LYNNE AND KIEKE BARRON, DATED JANUARY 1, 1985 AND RECORDED IN VOLUME 8971, PAGE 137 OF REAL PROPERTY RECORDS OF TRAVIS COUNTY TEXAS; SAID 4.133 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 5/8" rebar found in the south right-of-way line of Colton Bluff Springs Road, for the northeast corner of said 4.132 acre tract, same being an angle point in the north line of said 232.233 acre tract;

THENCE with the common line of said 4.132 acre tract and said 232.233 acre tract, the following three (3) courses and distances:

1. South 26°46'51" West, a distance of 450.30 feet to a 5/8" rebar found;
2. North 63°15'05" West, a distance of 399.80 feet to a 1/2" rebar with Chaparral cap found;
3. North 26°46'51" East, a distance of 450.30 feet to a calculated point in the south right-of-way line of Colton Bluff Springs Road, for the northwest corner of said 4.132 acre tract, same being an angle point in the north line of said 232.233 acre tract;

THENCE South 63°15'05" East, with the south right-of-way line of Colton Bluff Springs Road, same being the north line of said 4.132 acre tract, a distance of 399.80 feet to the **POINT OF BEGINNING**, containing 4.133 acres of land, more or less.

Based on surveys made on the ground by Chaparral from June 2006 through September 10, 2010. Bearing Basis: Grid Azimuth for Texas Central Zone, 1983/93 HARN values from LCRA control network. Attachments: Drawing 500-001-BD-EX3.

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

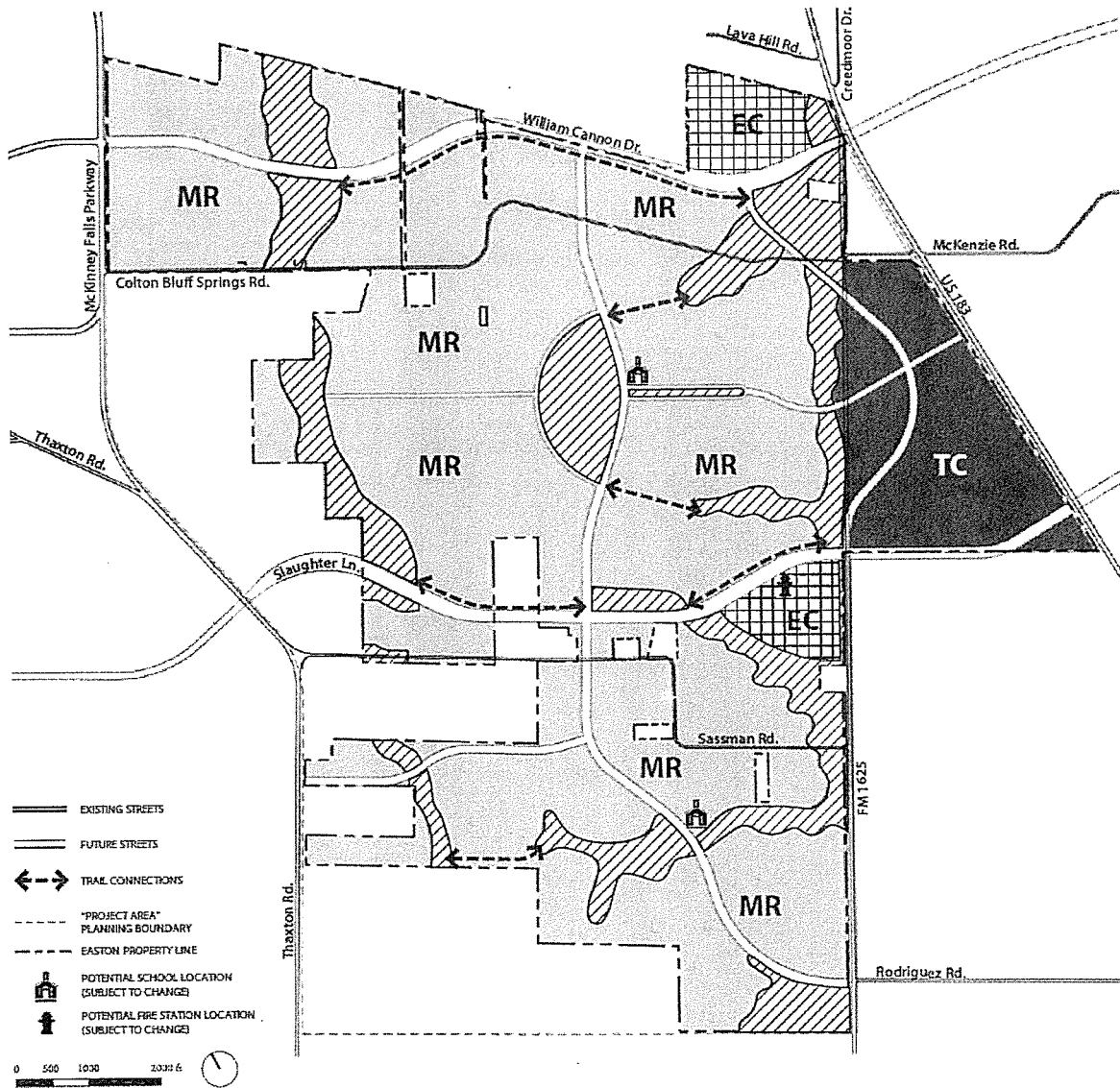
EJ 9/17/2010

Eric J. Dannheim
Registered Professional Land Surveyor
State of Texas No. 6075



EXHIBIT B

Land Plan



PROPOSED LAND USE AREAS	APPROXIMATE ACREAGE	PROPOSED MAXIMUM DENSITY *	PROPOSED PERMITTED USES
MR - MIXED RESIDENTIAL	~ 1,400 AC	Up to: 9,300 DUs; 550,000 SF Civic/Commercial	MIX OF SINGLE FAMILY RESIDENTIAL (DETACHED & ATTACHED), MULTI-FAMILY RESIDENTIAL, NEIGHBORHOOD SERVING COMMERCIAL AND CIVIC USES
EC - EMPLOYMENT CENTER	~ 80 AC	Up to: 1,500 DUs; 750,000 SF Civic/Commercial/Industrial	MIX OF EMPLOYMENT, CIVIC, COMMERCIAL AND MULTI-FAMILY RESIDENTIAL USES, LIGHT INDUSTRIAL, HOTEL
TC - TOWN CENTER	~ 200 AC	Up to: 3,500 DUs; 4,000,000 SF Civic/Commercial	MIX OF COMMERCIAL, CIVIC, MULTI-FAMILY AND ATTACHED SINGLE FAMILY RESIDENTIAL USES AT AN URBAN DENSITY, HOTEL
OS - OPEN SPACE	~ 360 AC	Up to: 50,000 SF Civic/Commercial	GREENWAYS, TRAILS, PARKS AND RECREATIONAL AREAS, WITH CIVIC AND LIMITED COMMERCIAL USES PERMITTED

NOTES: * Final densities will be determined as part of the PUD.

A fire station site will be donated to the City of Austin within the districts of the Plan as described in Exhibit E of the MUD Consent Agreement.
The only existing roads within the Project Area are Colton Bluff Springs Road, Sassman Road and FM 1625.



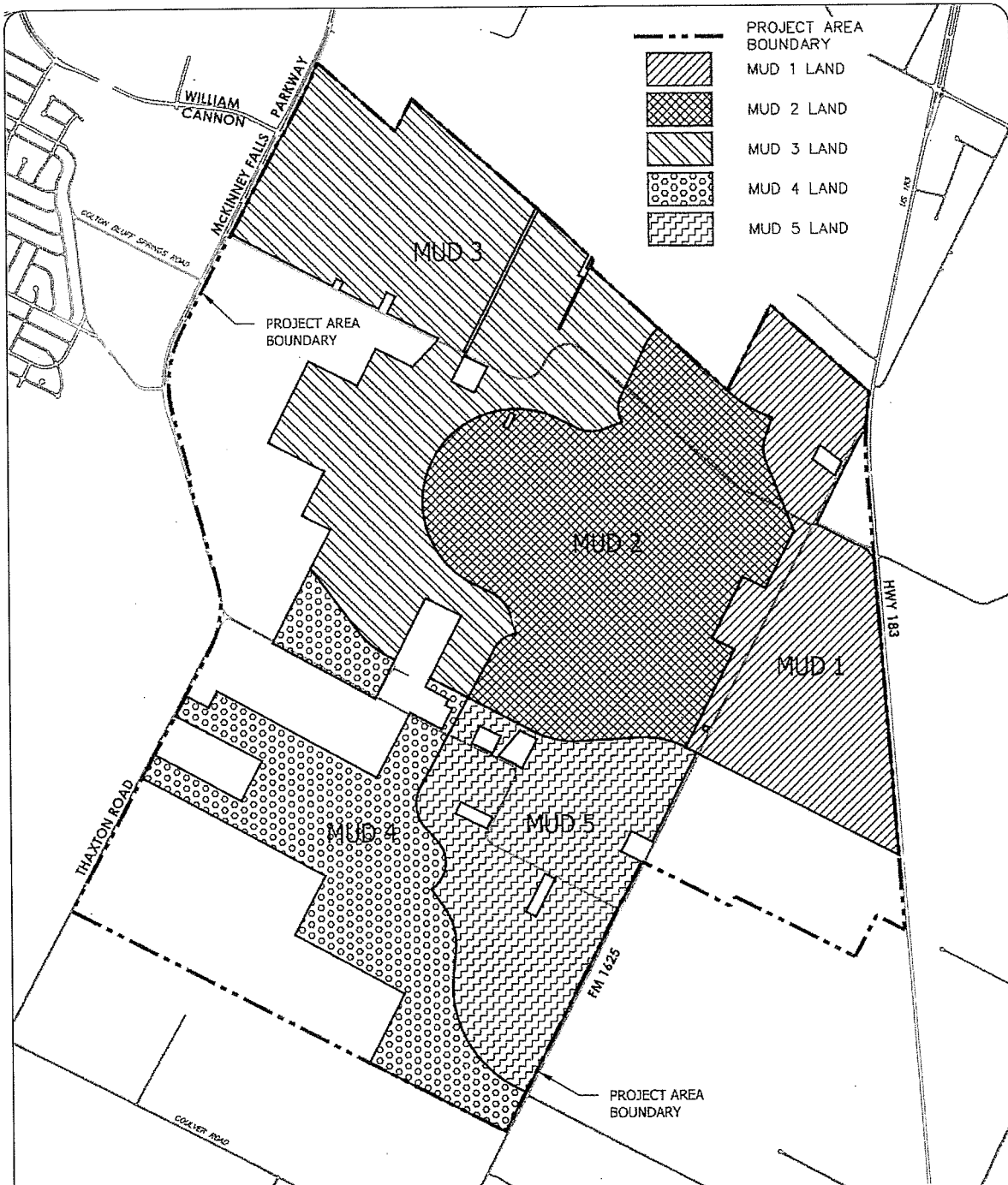
meccann adams studio

CONCEPTUAL LAND PLAN

January 30, 2012

EXHIBIT C

Project Area



JACOBS

TBPE Registration #F-2966
2705 Bee Cave Road, Suite 300
Austin, Texas 78746
(512) 314-3100 Fax (512) 314-3135

PROJECT AREA

PILOT KNOB MUNICIPAL
UTILITY DISTRICTS

BROOKFIELD RESIDENTIAL

PRINT DATE: 11/10/2011

SCALE: 1"=2000'

LAST SAVED BY: RandallW

LAST SAVED: 11/10/2011

PROJECT No.: WJXK2203

L:\WJXK2203 Eastern MUD Creation\700 CADD\Exhibits\Project Area Exhibit

EXHIBIT D

Post Annexation Surcharge Formula

The following calculation is intended to allow the City to collect sufficient funds for payment of the debt service remaining on the District's Bonds at the time of annexation, as authorized by Section 54.016(h), Texas Water Code. After annexation, the rates charged to customers receiving water and sewer services at properties that were within the territorial boundary of the District at the time of annexation may vary from the rates charged to customers receiving services at other properties within the City in order to compensate the City for the assumption of the debt on the District's Bonds. These rates will be reflected as a post annexation surcharge on the customers' monthly utility bills and will be stated as a percentage of the water and sewer rates of the City. The amount of the post-annexation surcharge and the percentage of the City's rates will vary as the City's rates are amended, but in no event will the rates of customers charged the post annexation surcharge exceed 125% of the rates charged to other customers within the City who are not otherwise subject to a post-annexation surcharge.

FORMULA FOR SURCHARGE CALCULATION:

1.	$A = \frac{P \times I}{1 - [(1 + I)^{-n}]}$
2.	$S = \frac{A}{12 \times \text{ESFCs}}$

where:

A =	total annual post annexation surcharge
P =	principal outstanding on the District's Bonds, less any reduction provided for by Note 1, below
I =	average annual effective interest rate on the District's outstanding Bonds
n =	years remaining in debt retirement period
ESFCs =	total number of equivalent single family customer connections within the territorial boundary of the District
S =	monthly post annexation surcharge per equivalent single family connection, but in no event will S exceed 125% of the water and sewer rates charged to other customers within the City

Note 1: P will be reduced by the amount of District funds transferred to the City at the time of annexation or received by the City after annexation, including any debt service taxes paid to the City for the year of annexation as provided in this Agreement.

Note 2: For purposes of illustration, the following are examples of the application of the formula set forth above and the calculation of the post annexation surcharge under this Exhibit based on certain assumptions:

Example 1:

Principal Remaining: \$3,000,000

Interest Rate: 4.5 %

Remaining Term of bonds: 15 years

Equivalent Single Family Connections: 1,183

Monthly Surcharge: \$19.68

Example 2:

Principal Remaining: \$5,000,000

Interest Rate: 6.25 %

Remaining Term of bonds: 15 years

Equivalent Single Family Connections: 2,500

Monthly Surcharge: \$17.44

Example 3:

Principal Remaining: \$1,000,000

Interest Rate: 6.25 %

Remaining Term of bonds: 5 years

Equivalent Single Family Connections: 3,168

Monthly Surcharge: \$6.29

EXHIBIT E

Civic Reserve and Civic Uses

1. The Developer agrees to donate up to two school sites within the Project for the Del Valle Independent School District (the "School District") in such locations and upon such terms and subject to such conditions as may be mutually agreed between the Developer and the School District. The Developer agrees to negotiate in good faith with the School District during the PUD process to address the number and types of other schools within the Project. The Developer will extend water, wastewater and streets to each school site at no cost to the School District.
2. The Developer agrees to donate up to a net buildable two-acre tract to the City, at no cost to the City, for a fire/EMS site, on the terms and conditions provided in Exhibit H (Proposed Terms of Fire Protection Plan).

EXHIBIT F

Stormwater, Drainage and Water Quality and Environmental Protection Requirements

The District and the Developer agree that the District will own, operate, and maintain the District's drainage infrastructure until full-purpose annexation of the District by the City. The District and the Developer agree that each water quality or detention pond which contains all or a portion of runoff water from industrial, commercial, or mixed-use development (as defined by the City) will be owned, operated, and maintained by the District or property owner on which the pond is located. The Developer and the District each agree to fully comply with the City's ordinances, regulations, and procedures related to drainage, as defined by the City Code. The Developer's construction plans will be consistent with this commitment.

The District and the Developer each agree to be good stewards of the environment relating to air quality, water quality, trees, buffer zones and greenbelt areas, critical environmental features, soils, waterways, topography, and the natural and traditional character of the land located within the District.

Unless otherwise specified herein or as modified by the PUD, the District and Developer each agree to fully comply with the City's ordinances, regulations, and procedures related to water quality and environmental preservation and protection, as defined by the City Code, as to the portion of the Land owned by it. All water quality and flood detention controls shall be designed to standards for City maintenance unless otherwise modified in the PUD or agreed to by the City.

In all phases of development, the Developer agrees to:

1. restore floodplains including the use of native prairie grass species and riparian trees species, in order to provide an enhanced public amenity, minimize impacts of urbanization, and reduce costs of future, long-term maintenance of the floodplain. The Watershed Protection Department can approve an alternate restoration plan when conditions and/or use warrant;
2. design modified channels based on geomorphic stability for full build-out hydrology. Such design requires a series of nested channels (e.g. Figure F-1) that includes a bankfull (1 yr. return interval) channel within the floodplain (100 yr) channel with distinct connections to an inset floodplain terrace. The top width to depth ratio of the bankfull channel shall be designed per accepted geomorphic principles (e.g., Osterkamp et al. 1983 or Osborn and Stypula 1987). The channel longitudinal profile (slope) shall be designed and demonstrated by calculation to be non-erosive via permissible shear or velocity calculations that consider the particle size of the native soil comprising the channel. If topographic and/or development constraints make the design of a non-erosive natural channel infeasible, the use of armoring (such as with geotextiles) will be allowed;
3. provide water quality controls superior to those otherwise required by Austin City Code by providing innovative controls listed in ECM Section 1.6.7 or others as approved by the Watershed Protection Department;
4. provide volumetric flood control detention if feasible. The critical time period used for the design will be provided by the Watershed Engineering Division. The Developer may also evaluate a scenario somewhere in between full volumetric control flood detention and standard peak discharge matching detention. As an alternative, the Developer will perform floodplain hydrologic and hydraulic modeling of downstream impacts and mitigate for any adverse

impacts; the model will evaluate to SH 130 for the North and South Fork watersheds and to US 183 for the Cottonmouth watershed;

5. for waterways having a contributing drainage area of less than 320 acres but more than 64 acres, provide a setback of 50' minimum from the centerline of the waterway. In cases where the provision of this setback causes hardship on the development of the property, a one-for-one credit based on linear foot of waterway will be given for each of the following:
 - a. providing a 50' setback from the centerline of waterways having a contributing drainage area of less than 64 acres, and/or
 - b. increasing the buffer width established by the 50' centerline setback (total width of 100' centered on the waterway) to an average total width of 200' for waterways having a contributing drainage area of less than 320 acres. The added buffer width does not need to be centered on the waterway centerline.
 - c. Refer to Figure F-2 for a scenario in which the project satisfies the requirement of waterway setbacks for waterways having a drainage area of less than 320 acres but more than 64 acres utilizing both subsection 5A and 5B of this item.
 - d. Additional mitigation methodologies may be presented to and reviewed for approval by the Watershed Protection Department, which may include but not be limited to such factors as the preservation of existing riparian zones or other features having superior environmental value.

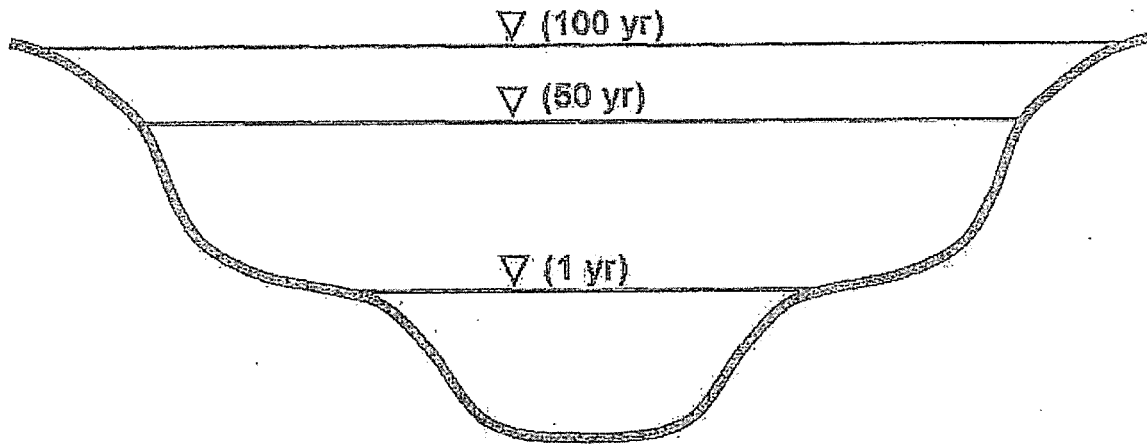
Unless otherwise stipulated in the PUD, permitted activity within the buffers created under this section shall be as follows:

- A. A fence that does not obstruct flood flows is permitted.
- B. A public or private park, golf course, sports field or similar recreational facility, or open spaces, other than a parking lot, is permitted if a program of fertilizer, pesticide, and herbicide use is approved by the Watershed Protection Department.
- C. A utility line may cross the buffer.
- D. A utility line may run within the buffer, parallel to the waterway, provided it is demonstrated that the utility line lies outside the erosion hazard zone.
- E. Roadways, including residential, may cross the buffer at a spacing of 900 feet. This minimum spacing may be administratively waived by the Watershed Protection Department as conditions and/or use warrant.
- F. Innovative water quality controls as listed in ECM 1.6.7 or as otherwise approved by the Watershed Protection Department may be placed within the buffer provided that no part of the control lies within the half of the buffer closest to the waterway.
- G. Detention basins and floodplain alterations are permitted within the buffer subject to the limitations in items 1 and 2 of this Exhibit.

6. prohibit through zoning ordinances uses that may contribute to air or water quality pollutants in the Land such as drilling for oil, gas or other hydrocarbons;
7. provide a Critical Water Quality Zone for all classified waterways as required by applicable code or as provided by the Consent Agreement or PUD. No Water Quality Transition Zone is required for classified waterways;
8. calculate impervious cover based on gross site area rather than net site area; and
9. develop a comprehensive pest management plan for commercial, residential and open space areas and educate residential property owners regarding integrated pest management and "Grow Green Earth-Wise" requirements.

Due to the size and scale of the project, the Developer has proposed an overall regional storm water quality and detention system, along with watershed restoration and enhancements that cannot be quantified at this time by staff, but the Developer will continue to pursue details and approvals during the PUD process.

Figure F-1



Typical modified channel cross-section. Designer shall ensure longitudinal slope meets non-erosive permissible shear requirements.

Figure F-2

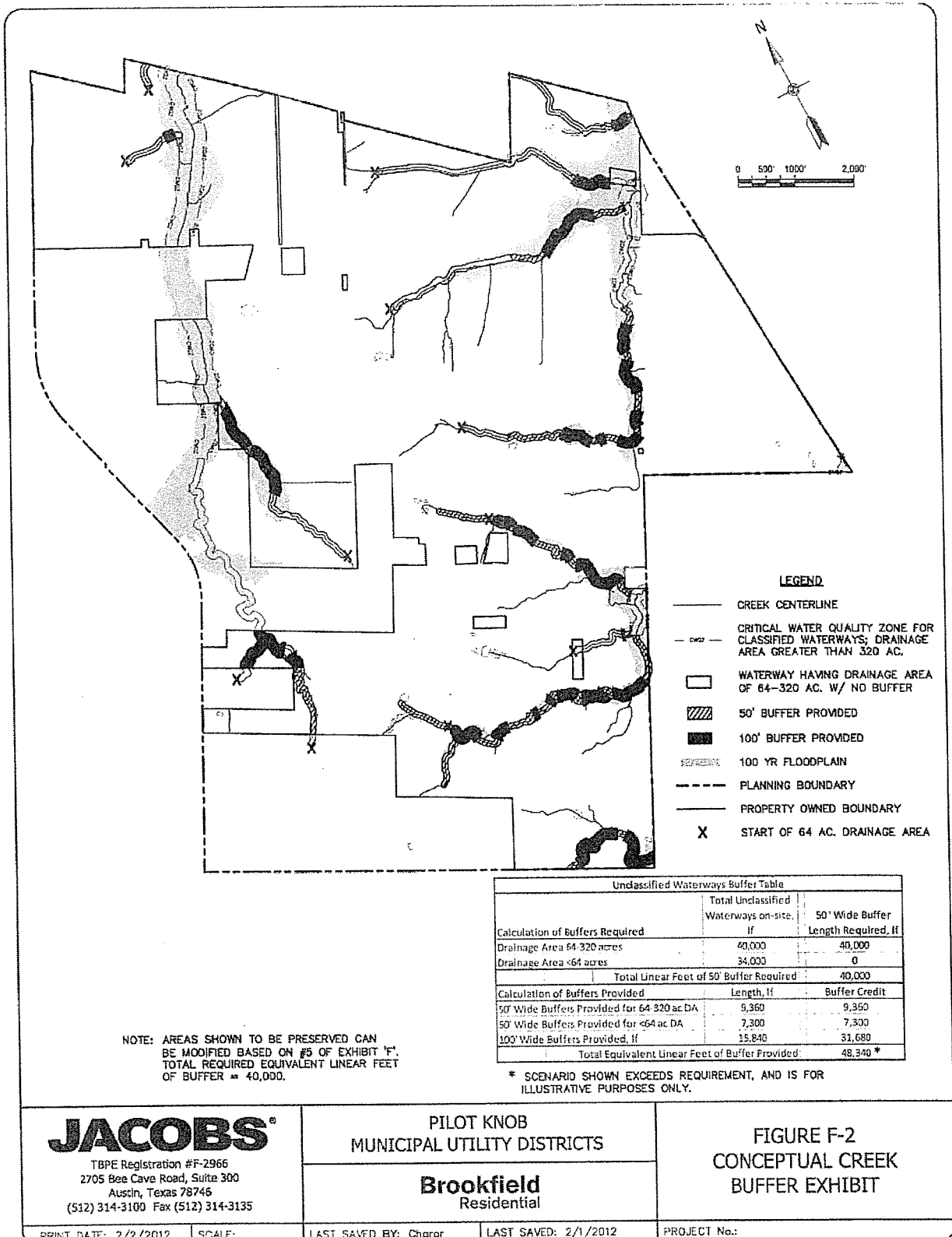


EXHIBIT G

Tree and Landscaping Requirements

A. Developer Agreements. The Developer (with respect to the portion of the Land owned by the Developer) agrees to exceed the tree preservation ordinance, Protected and Heritage Tree, and the minimum landscaping requirements in Chapter 25 of the Land Development Code by doing the following:

1. A tree preservation plan will be developed with the City's arborist during the PUD process that, at minimum, will satisfy the requirements of the tree preservation ordinance, Protected and Heritage Tree;
2. All preserved or planted trees for landscape requirements will come from the Environmental Criteria Manual, Appendix F; and
3. A tree care plan, prepared by a certified arborist, will be provided for construction-related impacts within the critical root zone of all trees which are required to be preserved.

B. District Agreements. The District (with respect to the portion of the Land owned by the District) agrees to exceed the minimum landscaping requirements of the City Code by doing the following:

1. Properly maintaining its property, subject to any applicable water use or other restrictions imposed by the City, or natural drought conditions; and
2. Upon Reclaimed Water being brought to the Project, to use Reclaimed Water for irrigation in open space areas where such use is economically feasible, subject to any applicable water use restrictions imposed by the City

EXHIBIT H

Proposed Terms of Fire Protection Plan

The City will coordinate negotiations between the City, the District, the Developer, and the Emergency Services District No. 11 (ESD) on a fire protection plan which includes the components identified below. The City and the District acknowledge and agree that any fire protection plan will be subject to approval by the Commission and the voters within the District.

Regardless, the Developer agrees to donate up to a net buildable two-acre tract to the City, at no cost to the City, for a fire/EMS site at a location within the Project to be mutually agreed upon by the Developer and the City (with a preferred location along future William Cannon or Slaughter Lane) (the "Site"). The deed for conveyance of title to the Site will be delivered by the Developer to the City within ten (10) years after the Effective Date of the Consent Agreement and will (i) contain requirements that the City or ESD commence construction of the fire/EMS station on the Site within ten (10) years after conveyance of the Site to the City (and, if construction does not commence within such time period, then the ownership of the Site will revert back to the Developer), and (ii) grant to the Developer the right to relocate the site to another location within the Project with the consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

An agreement acceptable to the City and the Districts would include, but not limited to, the following provisions:

- A portion of the ESD tax revenue will fund the construction of a fire station which could accommodate both AFD and ESD units.
- The fire facility would be built by ESD or the District(s) after 50% of the combined area of the Districts is developed or the call volume in the area warrants a station.
- A four bay station design would be approved by the Austin Fire Department and the ESD.
- Fire protection would be provided by both Austin Fire Department and the ESD.

If an agreement is not reached by ESD, City, and District:

- Fire protection will be provided by the ESD.

EXHIBIT I

Transportation Requirements

The Developer agrees to provide for appropriate transportation and mass transit connections to areas adjacent to the Project, and for mitigation of adverse cumulative transportation impacts with sidewalks, trails, and roadways. The Developer also agrees to do the following within the Project:

1. dedicate rights-of-way (ROWs) for arterial street alignments and improvements in accordance with the Capital Area Metropolitan Planning Organization (CAMPO) 2035 Transportation Plan or its successor plan;
2. fund construction of arterial streets and other transportation improvements identified in the traffic impact analysis finalized during the PUD process (as the same is modified and updated from time to time thereafter), based upon a pro-rata share calculated by City and County staff;
3. designate in the PUD process a site of approximately ten acres for a future intermodal transfer station and related public transportation facilities within the Project, for market price sale to City/Capital Metro within a specified number of years after designation, and on such other terms and conditions as the parties may agree;
4. provide access for pedestrians and bicyclists to schools, parks and other destinations;
5. provide street cross-sections for all arterials and major collectors that include sidewalks, bicycle lanes, or other bicycle facilities. A determination as to which collectors are major collectors will be agreed upon during the PUD process. Other bicycle facilities will be as described in the Austin Bicycle Master Plan and agreed upon during the PUD process. Design specifications will comply with the City of Austin Transportation Criteria Manual, or other alternative street cross section standards as developed in the PUD, and the Developer will consider complying with the National Association of City Transportation Officials ("NACTO") and American Association of State Highway and Transportation Officials ("AASHTO") guidelines, including signage and markings, but not including signalization. Compliance with design specifications will be determined by Travis County-City of Austin Review;
6. provide connectivity with other City amenities such as multi-use hike and bike trails, sidewalks and pedestrian walkways through the District constructed to meet applicable provisions of federal, state and City accessibility requirements;
7. where the rear property lines of single-family residential lots are adjacent to William Cannon, Slaughter Lane, McKinney Falls Parkway and 1625 (south of Slaughter Lane), fund and construct durable, aesthetically-pleasing walls, subject to the review and approval of the City; and
8. collaborate with TxDOT to reconfigure or eliminate FM 1625 from Slaughter Lane to William Cannon Drive; and
9. during the development of the Project, maintain an on-going dialogue with Capital Metropolitan Transit Authority and any other mass transit service provider regarding mass transit service options and transportation issues.

All such requirements will be shown on construction plans, which are subject to the City's approval.

EXHIBIT J

Building and Urban Design Standards

Developer will comply with Subchapter E of the Land Development Code, with exceptions related to specific project conditions. These exceptions will be determined during the PUD process. The to-be-developed transportation framework plan for the PUD will designate certain roads with the same terms that are used in Subchapter E, such as "urban roadway", "suburban roadway", "core transit corridor", etc., and development along such roadway types will comply with the corresponding Subchapter E regulations. This will be done to facilitate the development review and administration of the PUD by the City. All roadways in the Project will be classified as "suburban roadways" unless otherwise designated in a different classification during the PUD process. An interconnected network of streets, pedestrian, and bicycle facilities that provide multiple routes, reduce travel distances, and provide a high level of "connectivity" are the foundation for an efficient, multi-modal transportation system. Connectivity can be measured by maximum block size, number or density of street intersections, pedestrian and bicycle connections, and number of dead-end or cul-de-sac streets. The District and the Other Pilot Knob Districts will incorporate a high level of connectivity whether development is permitted under interim single-family or Planned Unit Development (PUD) zoning. The Developer will consider the City's list of special use infill options to promote affordability and to preserve public space during the PUD process.

EXHIBIT K

Art in Public Places Participation

The Developer will prepare a Public Art Master Plan, which will identify opportunities, guiding principles and locations within the Project for outdoor art installations to be implemented and managed by the Developer. All subsequent operations and maintenance of the artwork will be the responsibility of the Developer or the Owners Association.

EXHIBIT L

Affordable Housing Participation

In order to meet the City's affordable housing goals, the Developer agrees as follows:

1. Ten percent of the rental units within the Project will be set aside for households with an income level of 60% or less of the median family income in the Austin metropolitan statistical area for a period of 40 years from the Effective Date of this Agreement.
2. Ten percent of the owner-occupied units within the Project will be priced, at the time of their initial offering for sale, at a price that is affordable to a household with an income level of 80% of the median family income in the Austin metropolitan statistical area.
3. The Developer will make a financial contribution to the City's affordable housing program equal to two percent of the total "hard" construction cost reimbursements actually received by the Developer out of the proceeds of bonds issued by the District and the Other Pilot Knob Districts, up to a maximum total contribution of \$8.0 Million. This contribution will be calculated as follows:

Total District Bond Issue Amount: \$ _____

Less:

Non-Construction Costs, including:

Legal and Financial Advisory Fees: \$ _____

Interest Costs, including
Capitalized and
Developer Interest \$ _____

Bond Discount \$ _____

Administrative and Organizational
(including creation costs and operating
advances) \$ _____

Bond Application Engineering Report,
Market Study \$ _____

Bond Issuance Expenses, including
TCEQ Bond Issuance Fee, Attorney
General Review Fee, Rating Agency Fees,
Bond Insurance \$ _____

Application, Review and Inspection Fees \$ _____

Site Costs \$ _____

Offsite Costs \$ _____

Engineering and Geotechnical: \$ _____

Total Non-construction Costs: \$ _____

NET ELIGIBLE MUD BOND ISSUE AMOUNT

\$ _____

AFFORDABLE HOUSING CONTRIBUTION
PERCENTAGE:

X 2%

AFFORDABLE HOUSING CONTRIBUTION:

\$ _____

4. Each contribution will be calculated based upon costs approved for reimbursement under applicable Commission rules and a report on reimbursable costs prepared by a certified professional accountant on behalf of the District at the time of each Bond issue. Each contribution, along with a copy of the report on reimbursable costs, will be delivered to the City Controller until the maximum contribution of \$8.0 Million has been paid. A copy of each report on reimbursable costs will be submitted to the Finance Director concurrently with the delivery of the contribution and report to the Controller.

EXHIBIT M

Conceptual Water and Wastewater Plan

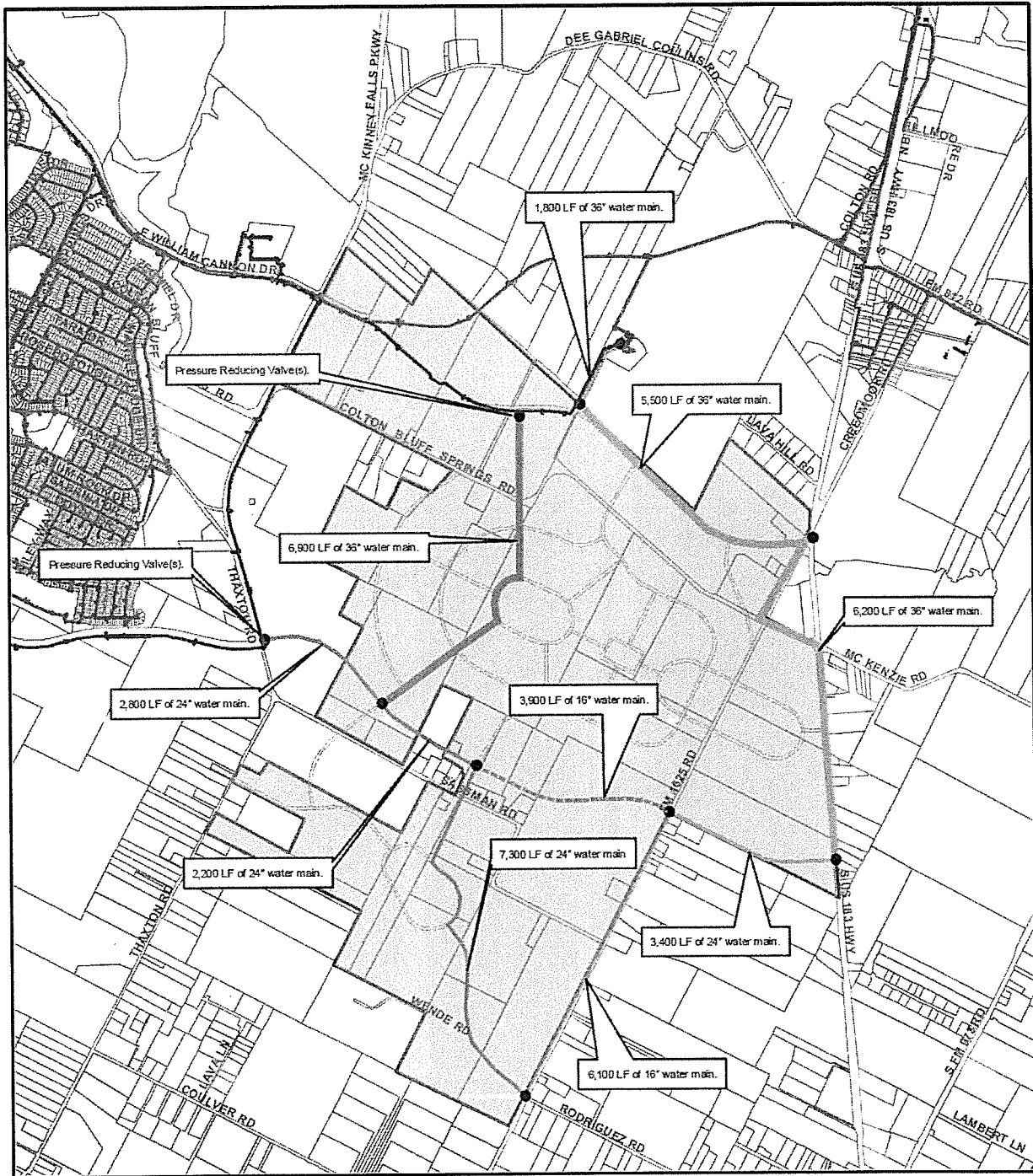
See the following attachments:

Exhibit M-1: Pilot Knob MUDs 1-5 Conceptual Major Water Facilities

Exhibit M-2: Pilot Knob MUDs 1-5 Conceptual Major Wastewater Facilities

Exhibit M-3: Pilot Knob MUD Lift Station Conceptual Plan

Exhibit M-4: Pilot Knob MUDs 1-5 Conceptual Easement Locations

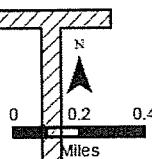


Conceptual Streets

Pilot Knob MUDs 1-5

DRAFT

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City of Austin
Austin Water Utility



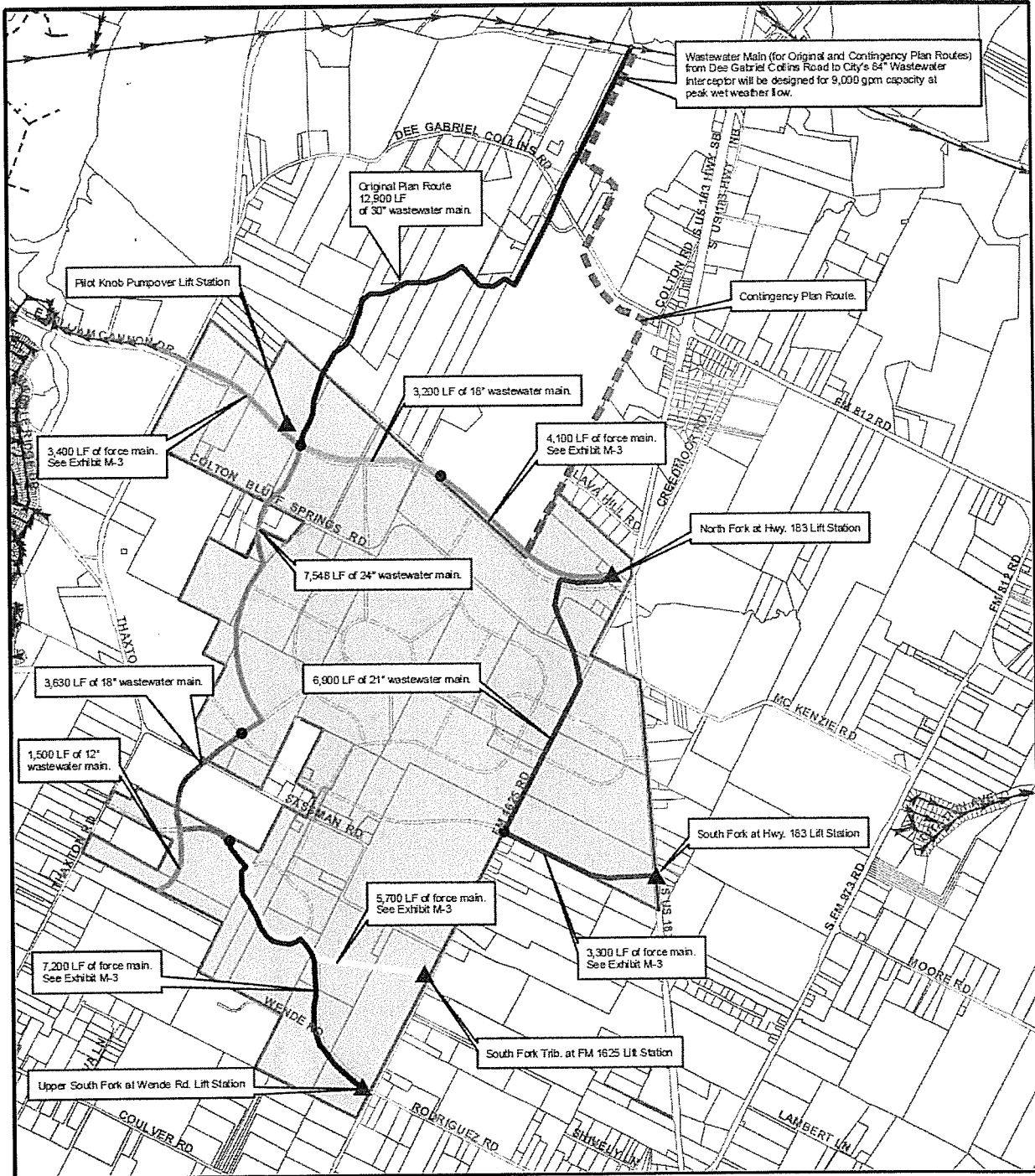
1/18/2012

Exhibit M-1

Pilot Knob MUDs 1-5

Conceptual Major Water Facilities

Produced by GIS Services



Conceptual Streets
Pilot Knob MUDs 1-5

DRAFT

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City of Austin
Austin Water Utility
1/19/2012



Exhibit M-2
Pilot Knob MUDs 1-5

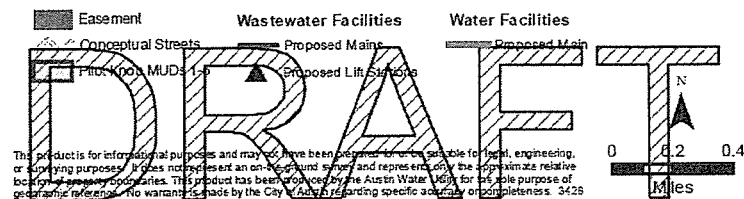
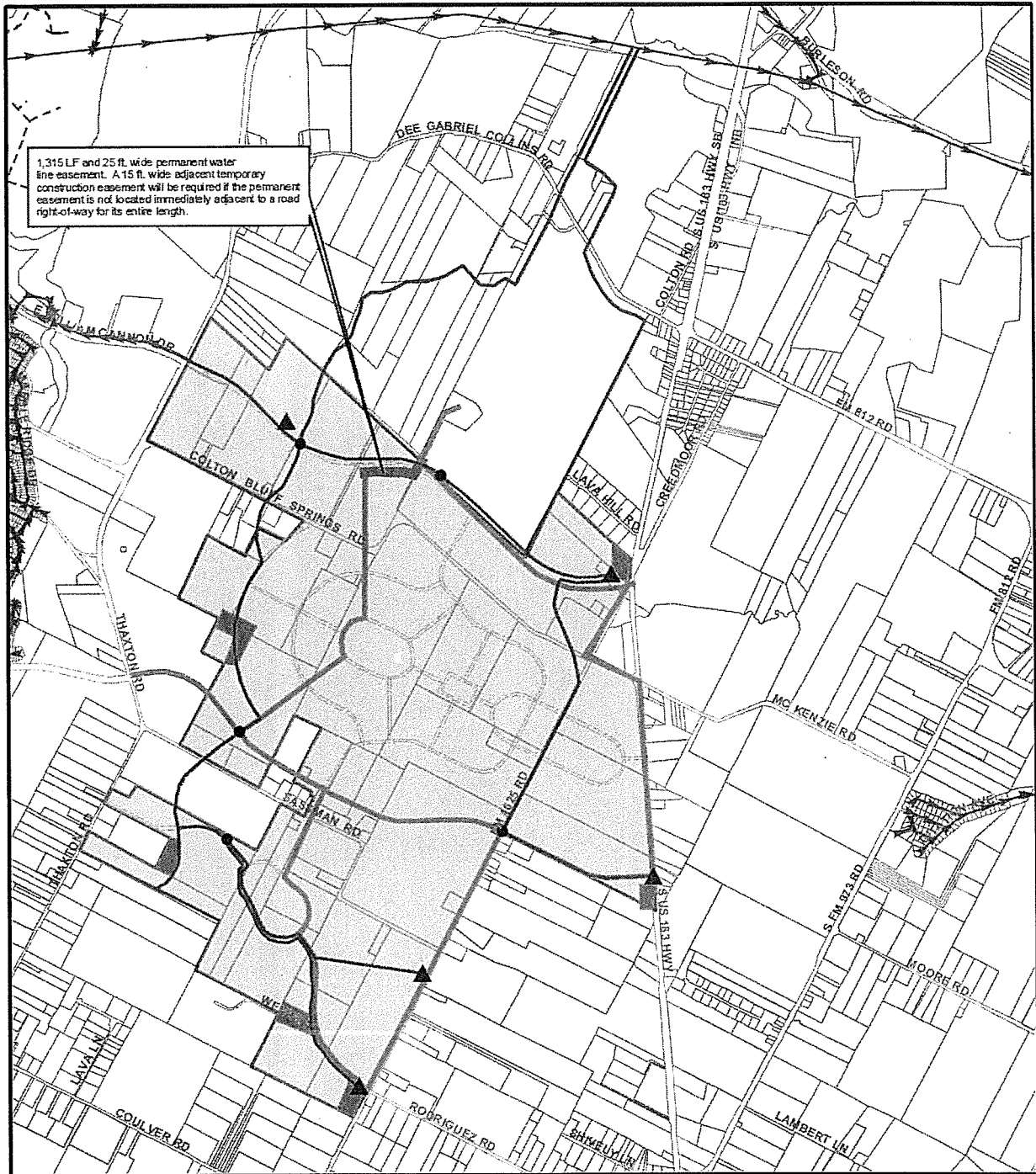
Conceptual Major Wastewater Facilities
Produced by GIS Services

DRAFT
1/18/2012
Exhibit M-3
Pilot Knob MUD Lift Station Conceptual Plan

Lift Station Name (proposed)	Phase	Peak flow loading			FM sizes	Calc velocity fps	Nominal LS size Range for FM Performance			FM length ft	Site Area	See Notes
		MUD Load gpm	non-MUD Load gpm	Total Load gpm			FM#3 gpm	FM#1#5 gpm	FM#1#5 gpm			
1 Pilot Knob Pumpover	Single	520	200	720	8"	4.5	480	950(2)	3400	3400	2 acre	1,2,3,7,10
2 Upper South Fork at Wende Rd	Single	145	70	215	4"	5.4	118	240	7200	7200	1 acre	4,7,10
3 North Fork at Hwy 183	Initial 22%	870	218	1088	10"	4.4	740	1500	4100	4100	2 acre	3,5,6,8,10
	Ultimate	3913	978	4891	18"	6.2	2400	4800	4100	4100		3,5,6,8,10
4 South Fork at Hwy 183	Initial 22%	187	187	374	6"	4.3	265	530	3300	3300	1 acre	5,8,9,10
	Ultimate	842	842	1684	12"	4.7	1080	2150	3300	3300		5,8,9,10
5 South Fork Trib at FM 1625	Initial 22%	452	180	632	8"	4.0	480	950	5700	5700	1 acre	5,8,10
	Ultimate	2035	180	2216	12"	6.2	1080	2150	5700	5700		5,8,10

Notes

- 1 Key on 300 gpm average daily flow at Springfield LS as trigger to switch to Cottonmouth interceptor. Existing $\approx$ 170 gpm. See Exhibit N.
Note 520 gpm LS MUD peak flow allocation calculated by $(300-170) \times 4 = 520$
Note capacity management limit of 1000 gpm available capacity in gravity 8" in William Cannon.
Note AWU to establish 2400 gpm nominal firm capacity at Springfield LS, keying on commissioning 2nd FM.
Nominal non-MUD capacity available during pumpover, using existing PF=5: 2400 - $(170 \times 6) - 520 \approx 860$ gpm.
- 2 MUD 520 gpm allocation plus Non-MUD 200 gpm = 720 gpm peak flow design basis and Exhibit N limit. Initial impeller trim approximately 480 gpm.
- 3 Site area is 2 acres for contingency plan.
- 4 Build parallel 8" FM for future non-MUD service at time of initial FM construction, per Exhibit N.
- 5 Initial design to show layout of ultimate size.
- 6 City may require size above 2000 gpm to be wet pit - dry pit configuration, not submersible.
- 7 Duplex lift station
- 8 Design concept is to start with 2 pumps initially and make impeller changes and add 3rd and 4th pumps as needed to reach ultimate capacity.
- 9 Design concept is wet well depth to serve both sides of creek by gravity.
- 10 Refer to Exhibit N for capacity allocation and flow monitoring on an average daily flow basis



City of Austin
Austin Water Utility
1/19/2012



Exhibit M-4
Pilot Knob MUDs 1-5
Conceptual Easement Locations
Produced by GIS Services

DRAFT

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EXHIBIT N

Terms of Cost Reimbursement and Participation

Description	Terms of Cost Reimbursement and Participation
1. Exhibits	Exhibits M-1, M-2, M-3 and M-4 are conceptual in nature, and the alignments and lengths of pipe shown thereon may increase or decrease as appropriate while maintaining the integrity of the overall distribution/collection systems. The size and capacity of Major Water and Wastewater Facilities may be decreased, at the City's sole discretion, if it is determined later that demands within the Districts on particular facilities will be less than originally estimated. The identified Major Water and Wastewater Facilities in the exhibits are based upon the report by the Developer's engineer (Jacobs Engineering Group, Inc.) dated October 2010 and sealed October 15, 2010. The sizing for the Districts' development and the City's oversizing is based upon that report.
2. Easements in General	With the exception of the Pilot Knob Pumpover Lift Station, all easements related to lift stations will extend to the edge of the District's outer boundary so that the City may send wastewater flows to each of the lift stations. All easements will be exclusive for water and wastewater and not for other utilities' or entities' use.
3. Easement (temporary and permanent) for Internal Water and Wastewater Facilities, and Major Water and Wastewater Facilities	The Developer and the District will convey easements to the City at no cost to the City. Width and length of the easements will be determined by the City in accordance with City design criteria, specifications, and policies. The Developer and the District, at its cost, are responsible for providing additional easements, if determined by the City, as a result of the Developer or the District increasing the capacity or to reach the ultimate capacity of any of the Major Water and Wastewater Facilities.
4. Easement (temporary and permanent) for future extension of infrastructure by the City (see Exhibit M-4)	The Developer and the District will convey to City, at no cost to City, (i) the easements required for the Major Water and Wastewater Facilities as indicated on Exhibits M-1, M-2, M-3, and M-4, and (ii) easements that are located on property owned by the Developer or the District. The Developer and the District will work cooperatively with the City to identify a utility alignment on property at the submittal of the UIR. Width and length of the easements will be determined by the City in accordance with City design criteria, specifications, and policies. Because the size and depth of the future infrastructure cannot be determined at this time, the Developer and the District agree that the easements will be sufficient to meet the City's future needs and will be conveyed to the City prior to the earlier to occur of City approval of construction plans or final plat for that portion of any District that will be affected by such easement. These easements are in addition to the easements described above for any infrastructure that will be conveyed to the City such as Internal Water and Wastewater Facilities, and Major Water and Wastewater Facilities.

EXHIBIT N

Terms of Cost Reimbursement and Participation

Description	Terms of Cost Reimbursement and Participation
5. Internal Water and Wastewater Facilities, and Major Water and Wastewater Facilities	City's cost reimbursement ordinances and policies (where the City would pay more than just for its proportional share of costs for oversizing) will not be applied or used in any manner for any water, Reclaimed Water, and wastewater infrastructure (Austin City Code Chapter 25-9). For those Major Water and Wastewater Facilities identified on Exhibit M-1 and Exhibit M-2 which have been oversized at the request of the City, the Developer will pay 100% of all costs associated with the oversizing without reimbursement by the City or the District, but only up to the extent of the pipe diameters expressly set forth on Exhibit M-1 and Exhibit M-2. The Developer may seek reimbursement by the District for all infrastructure required to provide utility service to the development within the District.
6. Easements (temporary and permanent) or land for Major Water and Wastewater Facilities oversized by the City in the future	If the City requests oversizing for Major Water and Wastewater Facilities that (i) results in facility sizing that is in excess of the sizing identified in Exhibit M-1 and Exhibit M-2, and quantified in Exhibit M-3, or (ii) have <u>not</u> been identified in Exhibit M-1, Exhibit M-2 or Exhibit M-4 and quantified in Exhibit M-3, the City will pay its proportionate share of costs based upon the increased amount of easement/land necessary, if any, to accommodate the City's increase in size of the Major Water and Wastewater Facilities. Width and length of the easement/land will be determined by the City in accordance with City design criteria, specifications, and policies.
7. Major Water and Wastewater Facilities oversized by the City in the future	If the City requests oversizing for Major Water and Wastewater Facilities that (i) results in facility sizing that is in excess of the sizing identified in Exhibit M-1 or Exhibit M-2, and quantified in Exhibit M-3, or (ii) have <u>not</u> been identified in Exhibit M-1 or Exhibit M-2, and quantified in Exhibit M-3, the City will pay its proportionate share of costs for the City's oversizing in accordance with City ordinances.
8. All Lift Stations	The Developer and the District agree to provide lawn maintenance, at its cost and discretion, for that portion of all lift stations that is located outside of the fencing of the lift station. Lift station sizing will be based on peak wet-weather flow consistent with the conceptual plan presented in Exhibit M-3. The Developer or the District will donate a one-acre developable easement for each lift station, except the Pilot Knob Pumpover and North Fork at Hwy. 183 lift stations, prior to any City approval of construction plans for any District that would require such lift station to be constructed. The Developer or the District will donate a two-acre developable easement for the Pilot Knob Pumpover lift station and for the North Fork at Hwy. 183 lift station prior to any City approval of construction plans for any District that would require such lift

EXHIBIT N

Terms of Cost Reimbursement and Participation

Description	Terms of Cost Reimbursement and Participation
	stations to be constructed; provided, however, the easement for the Pilot Knob Pumpover Lift Station will contain a provision for vacation of a portion of such easement (up to one acre) in the event that the Original Plan Route is ultimately utilized by the Developer or the District. The City, at its sole discretion, can agree to reduce the acreage for the easements if it determines that a smaller easement is sufficient in light of the use of adjacent property. Portions of the easements may be located within the 100-year floodplain, subject to the City's approval, which approval will not be unreasonably withheld, conditioned or delayed; however, all mechanical and electrical components of the lift stations and access to such lift stations must be elevated out of the floodplain. Developable acreage calculations shall include portions of the floodplain to the extent that the lift station buffer area and facilities can be located therein. The Developer will design and construct, at its sole cost, all lift stations required for the Districts. The Developer or the District will donate to the City any additional easements if the Developer designs and constructs a lift station in phases and in such a manner that does not provide, in the City's reasonable determination, the same buffer as would be provided by a single lift station designed for the ultimate build-out wastewater flows for that lift station. Except as otherwise identified in Exhibits M and N, the City will design and construct, at its sole cost, any infrastructure required to convey waste generated outside of the Districts to the lift stations. For each lift station, the Developer, at its sole cost, will also design and construct additional capacity designated for the City's sole use for areas outside of the Districts as described for each lift station herein, but only to the extent quantified in Exhibit M-3. The City's capacity as quantified in Exhibit M-3 will not be used by the Developer or the Districts at any time unless approved in writing by the Director. If the Developer or the District exceeds its capacity for a lift station as provided in Exhibit M-3 for three consecutive 30-day periods, the Developer will design and construct, at its sole cost, an expansion sufficient to replace the capacity used by the Developer or the District in a timely manner. After the period of curing such default has expired and the City's capacity is still being used by the Developer or the District, the City may choose to not approve any further construction plans and final plats for any areas within the Districts that contribute wastewater flows to the lift station until such expansion is completed (in addition to any other remedies available to the City). If the City exceeds its capacity as provided in this Exhibit N for a lift station for three consecutive 30-day periods, the City will construct and design, at the City's sole cost, an expansion to such lift station sufficient to replace the capacity used by the City in a timely manner. After the period of curing such default has expired and the District's capacity is still being

EXHIBIT N

Terms of Cost Reimbursement and Participation

Description	Terms of Cost Reimbursement and Participation
	used by the City, the District or the Developer may pursue all remedies available to them under this Agreement. Capacity usage will be measured as an average daily flow (Average Daily Flow) using flow meters, where feasible, and pump run times. The Average Daily Flow will be calculated over a 30-day period by taking all of the meter readings for the 30-day period and averaging all of the individual reading (recorded minimally every minute). The City will use its flow meters to measure District and non-District flows. If a flow meter cannot be used to measure flow due to the system configuration or flow characteristics, then the City and the District will calculate the flows using sound engineering principles. The initial design of each lift station will include the conceptual plan and layout for phasing the station and force mains to reach the ultimate capacity shown on Exhibit M-3. The City will work cooperatively with the Developer to prepare an annual report ("Five-Year Facility Plan") and submit such report to the Developer by September 31st of each year. The report will address issues such as: 1. Existing District Average Daily Flow 2. Existing and projected non-District Average Daily Flow (information provided by the City) 3. District flow projections for a five year period 4. Peak wet weather flows 5. Five-year Facility Plan for lift station expansion 6. Total Average Daily Flows from District and non-District sources as indicated by lift station run time for the prior 12 months Lift station expansion construction shall be underway when Average Daily Flow, for three consecutive months, reaches one-fourth of station firm capacity, at that time, as determined by drawdown testing, unless the Five-Year Facility Plan has determined that earlier or later construction is appropriate to address observed peak wet weather flows and projected future flows. To the extent capital improvements related to repair and replacement of existing lift station facilities are reasonably necessary elements of a lift station expansion required hereunder, whether such expansion is to be performed by the Developer or the City, such capital improvements shall be considered to be part of such an expansion. The City's wastewater service to the Project through all of the wastewater facilities identified in Exhibits M and N will be provided to the Project regardless of whether the City provides wastewater service to other properties outside of the Project through such facilities.

EXHIBIT N

Terms of Cost Reimbursement and Participation

Description	Terms of Cost Reimbursement and Participation
9. Pilot Knob Pumpover Lift Station	(a) The Developer will design and construct the lift station to initially include 50 gpm Average Daily Flow designated for the City's use outside of the Districts. Per Exhibit M-3 it is anticipated that this station will be built to ultimate capacity in a single phase, with the District share being 130 gpm Average Daily Flow. If the City requires, for its sole use, additional capacity above the 50 gpm Average Daily Flow, then the City will be responsible for associated expansion costs for its additional capacity. (b) Upon the date that the District exceeds its capacity of 130 gpm Average Daily Flow for the Pilot Knob Pumpover Lift Station for three consecutive 30-day periods, the City may require that the Developer and Districts divert wastewater flows going to the Pilot Knob Pumpover Lift Station instead to the City's 84" wastewater interceptor (using the Original Plan Route or Contingency Plan Route as shown on Exhibit M-1 in accordance with the terms of this Agreement) at no cost to the City by delivery of a notice of such event (the "PKPLS Notice") to the Developer. Upon receipt of the PKPLS Notice, the Developer shall have 180 days to divert wastewater flows going to the Pilot Knob Pumpover Lift Station instead to the City's 84" wastewater interceptor. All facilities, including but not limited to the lift station and wastewater mains, required to redirect flows to the City's 84" wastewater interceptor (whether using the Original Plan Route or Contingency Plan Route) will be built by the Developer at no cost to the City. If the wastewater flows going to the Pilot Knob Pumpover Lift Station from the District have not been diverted to the City's 84" wastewater interceptor within 180 days after receipt of the PKPLS Notice, Developer will be subject to the restrictions set forth in paragraphs (c and d) below. In addition, within 30 days after receipt by Developer of an annual Five-Year Facility Plan that shows that the Average Daily Flow for the Pilot Knob Pumpover Lift Station is anticipated to reach 130 gpm of District-generated flow for a thirty-day period within the one-year period following the date of delivery to Developer of such Five-Year Facility Plan, the Developer will deliver to the City evidence that (i) the Developer has obtained easements as necessary to redirect flows to the City's 84" wastewater interceptor through the Original Plan Route or the Contingency Plan Route (whichever is then applicable), and (ii) Developer has begun the design work necessary for redirection of flows to such 84" wastewater interceptor. (c) If the Original Plan Route will be utilized and the wastewater flows going to the Pilot Knob Pumpover Lift Station from the District have not been diverted to the City's 84" wastewater interceptor within 180 days after receipt of the PKPLS Notice, the Developer and the District agree that the City, at its discretion, will not approve any further preliminary

EXHIBIT N

Terms of Cost Reimbursement and Participation

Description	Terms of Cost Reimbursement and Participation
	plans, construction plans, and final plats until the Pilot Knob Pumpover Lift Station is decommissioned and those associated wastewater flows are permanently transported to the City's 84" wastewater interceptor through the Original Plan Route. If by necessity the Contingency Plan Route will be utilized and the wastewater flows going to the Pilot Knob Pumpover Lift Station from the District have not been diverted to the City's 84" wastewater interceptor within 180 days after receipt of the PKPLS Notice, the Developer and the District agree that the City, at its discretion, will not approve any further preliminary plans, construction plans, and final plats until the Pilot Knob Pumpover Lift Station is decommissioned and those associated wastewater flows are permanently transported to the North Fork at Hwy. 183 Lift Station and thence to the Contingency Plan Route gravity line. (d) Regardless of the above, unless by necessity the Contingency Plan Route is used, the Pilot Knob Pumpover Lift Station itself will be limited to a maximum of 180 gpm for Average Daily Flow, which may be increased at the City's sole discretion.
10. Upper South Fork at Wende Rd. Lift Station	The Developer will design and construct the lift station to initially include 18 gpm Average Daily Flow designated for the City's use outside of the Districts. Per Exhibit M-3 it is anticipated that this station will be built to ultimate capacity in a single phase. If the City requires, for its sole use, additional capacity above the 18 gpm Average Daily Flow, then the City will be responsible for associated expansion costs for its additional capacity. At the City's discretion, the Developer, at its cost, will also construct a parallel 8" force main in addition to the force main required for the lift station. The parallel force main will be capped at both ends of the pipe at the District's boundary and will only be used by the City for wastewater flows outside of the District's boundaries.
11. North Fork at Hwy. 183 Lift Station	The Developer will design and construct each phase of the lift station to include an additional 25% of the total amount of Average Daily Flow of capacity constructed for use by the Developer and the Districts. The added capacity will result in the City always having 20% of the lift station capacity assigned to the City for its use outside of the Districts, up to the ultimate loads identified in Exhibit M-3. The Developer will be responsible for lift station expansion unless the City requires additional capacity beyond the City's designated capacity available at that time. The City may require the station to be built in the dry pump pit configuration beyond a 2,000 gpm capacity.
12. South Fork at Hwy. 183 Lift Station	The Developer will design and construct each phase of the lift station to include an additional 100% of the total amount of Average Daily Flow of capacity constructed for use by the Developer and the Districts. The added capacity will result in the City always having 50% of the lift station capacity assigned to the City for its use outside of the Districts, up to the

EXHIBIT N

Terms of Cost Reimbursement and Participation

Description	Terms of Cost Reimbursement and Participation
	ultimate loads identified in Exhibit M-3. The Developer will be responsible for lift station expansion unless the City requires additional capacity beyond the City's designated capacity available at that time. The station will be designed to serve both sides of South Fork Creek by gravity; provided, however, Developer will only be required to construct a well to the depth of 40 feet and, if the well depth necessary to serve both sides of South Fork Creek by gravity exceeds 40 feet, then the City will be responsible for the associated costs to increase the well depth beyond 40 feet.
13. South Fork Trib. at FM 1625 Lift Station	The Developer will design and construct the lift station to initially include 45 gpm Average Daily Flow designated for the City's use outside of the Districts. If the City requires, for its sole use, additional capacity above the 45 gpm Average Daily Flow, then the City will be responsible for associated expansion costs for its additional capacity.
14. Original Plan Route	If the Developer is unsuccessful after a good faith effort, as determined by the City, to obtain easements for the Original Plan Route by agreement, the City agrees, upon request, to promptly request City Council approval to acquire the acquisition of the easement in question utilizing the City's power of eminent domain and, upon such approval, to promptly initiate and diligently pursue the condemnation of the easement in question. If the City Council does not approve proceeding with condemnation of any required easement for the Original Plan Route within 120 days of being formally requested to do so in writing, then the Developer or the District, at its discretion, may use the Contingency Plan Route to provide wastewater service.

EXHIBIT O

Form of Covenant Requiring Dedication of Easements

RESTRICTIVE COVENANT

OWNER: CARMA EASTON LLC, a Texas limited liability company (the "Owner")

ADDRESS: _____

CONSIDERATION: Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged

PROPERTY: _____ (the "Property")

- A. Owner, the City of Austin, Texas (the "City"), and Pilot Knob Municipal Utility District No. ____ (the "District") previously entered into the Consent Agreement for Pilot Knob Municipal Utility District No. ____, dated as of _____, 2012 (the "Consent Agreement").
- B. Section 6.08 of the Consent Agreement requires that, if the easements necessary to extend the Major Water and Wastewater Facilities (as defined in the Consent Agreement) across any portion of the Land (as defined in the Consent Agreement) have not been dedicated or conveyed to the City prior to sale by Owner, that portion of the Land must be impressed with a restrictive covenant requiring the purchaser to donate the easements in question to the City.
- C. Owner desires to sell the Property, and all easements across the Property required by Section 6.08 of the Consent Agreement have not yet been dedicated or conveyed to the City.

THEREFORE, for good and valuable consideration, and in compliance with Section 6.08 of the Consent Agreement, Owner hereby declares that the Property will be subject to the following covenants and restrictions, which will run with the land, and be binding upon Owner, and its successors and assigns:

1. Capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Consent Agreement, a copy of which is on file with the City.
2. Land and easements within the Property that are required for the Major Water and Wastewater Facilities must be conveyed to the City, in lengths and widths which are consistent with the City's Utility Design Criteria and the Consent Agreement, on forms approved by the City and at no cost to the City, at the earlier of the City's approval of construction plans or a final plat for the land within which the facilities will be constructed.
3. If any person or entity shall violate or attempt to violate this agreement and covenant, it shall be lawful for the City to prosecute proceedings at law or in equity against such person or entity violating or attempting to violate such agreement or covenant, to prevent the person or entity from such actions, and to collect damages for such actions.

4. If any part of this agreement or covenant is declared invalid, by judgment or court order, the same shall in no way affect any of the other provisions of this agreement, and such remaining portion of this agreement shall remain in full effect.
5. If at any time the City fails to enforce this agreement, whether or not any violations of it are known, such failure shall not constitute a waiver or estoppels of the right to enforce it.
6. This agreement may be modified, amended or terminated only by joint action of both (a) the Director of the Austin Water Utility, or his successor, and (b) the owner(s) of the Property subject to the modification, amendment or termination at the time of such modification, amendment or termination.
7. This agreement will automatically terminate and be of no force or effect as to any of the Property for which the City has approved construction plans or for which a final plat, approved by the City, has been recorded.

EXECUTED this the ____ day of _____, 20__.

OWNER:

CARMA EASTON LLC,
a Texas limited liability company
By: Brookfield Residential (Texas) LLC,
its sole member

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Assistant City Attorney
City of Austin

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this ____ day of _____, 20__, by _____, the _____ of Brookfield Residential (Texas) LLC, a Delaware limited liability company and the sole member of Carma Easton LLC, a Texas limited liability company, on behalf of such limited liability company.

Notary Public
State of T E X A S

EXHIBIT P

Park and Open Space Requirements

Within the Project, the Developer agrees to provide at least 300 acres of open space (including regional detention and parkland and trails) as conceptually illustrated on the Land Plan, and, in addition, at least 100 acres of improved parkland with amenities. This proposed acreage of parks and open space exceeds PUD Tier I requirements by more than ten percent (10%).

Other than gated areas owned and operated by the Owners Association (which would not collectively exceed 40 acres throughout the Project), the park and open space areas in the Project will be open to the public.

Parks and publicly accessible open space will be dispersed throughout the Project, and located within ¼ mile of each residence where feasible/practical, and accessible by pedestrians and cyclists in all Project neighborhoods.

EXHIBIT Q

Finance Plan

Bond Plan for Entire Project

For the entire Project, the Developer presently contemplates that the District and the Other Pilot Knob Districts (collectively, the "Pilot Knob Districts" and each a "Pilot Knob District") will collectively issue Bonds according to the following schedule:

- Pilot Knob Municipal Utility District No. 3 will begin to issue Bonds within ten (10) years after the Effective Date;
- Pilot Knob Municipal Utility District No. 2 will begin to issue Bonds within fifteen (15) years after the Effective Date;
- The other three Pilot Knob Districts will each begin to issue Bonds within twenty (20) years after the Effective Date;
- The last Bond for each Pilot Knob District shall be issued on or before fifteen (15) years of the date of issuance of the first Bonds by such Pilot Knob District; and
- Once Bonds are issued by a Pilot Knob District, it is contemplated that additional Bonds will be issued every one to three years thereafter as assessed value is created within such district.

EXHIBIT R

"Plain Speak" Notice Form

The property that you are about to purchase is located within Pilot Knob Municipal Utility District No. __ (the "District"). The District is a governmental entity with taxing powers that was created by the Texas Legislature with the consent of the City of Austin (the "City"). The District and the City have entered into a Consent Agreement (the "Consent Agreement") that contains provisions that may affect you as a property owner. The following summary describes certain important provisions of the Consent Agreement, but does not include every provision of the Consent Agreement which may affect you or the property you are purchasing. You may obtain a full and complete copy of the Consent Agreement from the District upon your request.

1. **Governance.** The District is governed by a five-member Board of Directors. The City is authorized to appoint one member of the Board. The other four Board members are elected by the residents of the District to serve four-year, staggered terms. No Board member may serve more than two four-year terms of office. No Board member may receive fees of office for more than 16 days of service in any District fiscal year.
2. **City Services.** The City provides retail water and wastewater service and residential solid waste and recycling services within the District. Neither the District nor any other utility or service provider may provide these services. If any areas of the District are located within the CCN of any water and/or wastewater utility provider other than the City, no development may occur within those areas and no water and/or wastewater services may be provided to those areas until they are excluded from the service area of the other water and/or wastewater utility provider. The City will only provide City services provided for by the Consent Agreement, and any other services with the City may agree to provide under a separate contract, to areas within the District prior to the City's full purpose annexation of the District.
3. **District Tax Rate.** The Consent Agreement requires that the District's tax rate be no less than the City's tax rate.
4. **Annexation; Creation of Limited District.** The City has annexed all of the land in the District for the limited purposes of planning and zoning; therefore, development within the District is subject to City regulation, including the City's zoning ordinances. When the District is annexed by the City for full purposes, the District will be converted to a "limited district" that will continue to own and operate certain park and open space land, and related facilities. This limited district will levy and collect a tax, which will be in addition to the City's ad valorem tax, to provide the limited district with funds for operation and maintenance.
5. **Restrictive Covenants.** The District does not have the power to enforce restrictive covenants. All restrictive covenants will be enforced by the owners association for the development.
6. **Park Facilities.** The District is not authorized to own, finance, construct, or maintain swimming pools, splash pads, and community centers, or related improvements, land and infrastructure. These improvements may only be owned, operated and maintained by the owners association for the development.
7. **Assessments by Owners Association.** All property owners in the District are required to become members of the owners association, which will levy assessments on the property in the District and has

the power to place liens on property to enforce the payment of the assessments. The owners association's assessments are in addition to the taxes levied and collected by the District (or, after full purpose annexation, limited district and the City).

8. Post Annexation Surcharge. After full purpose annexation of the District, the Consent Agreement authorizes the City to charge and collect water and wastewater rates to customers within the territorial boundary of the District at the time of annexation which vary from the City's standard rates in order to compensate the City for the assumption of the debt on the District's Bonds. These rates will be reflected as a post annexation surcharge on the customers' monthly utility bills and will be stated as a percentage of the water and sewer rates of the City.