Amendment No. 1
To
Contract No. NA100000141
For
Robert Mueller Development
Between
Mueller Master Community
and the
City of Austin

1.0 The City hereby exercises this extension option for the subject contract. This extension option will be October 1, 2019 through September 30, 2029. No options will remain.

2.0 The total contract amount is increased by $1,115,000.00 by this extension period. The total contract authorization is recapped below:

Action	Action Amount	Total Contract Amount
Initial Term: 10/01/2009 – 09/30/2019	$1,115,000.00	$1,115,000.00
Amendment No. 1: Option 1 – Extension 10/01/2019 – 09/30/2029	$1,115,000.00	$2,230,000.00

3.0 MBE/WBE goals do not apply to this contract.

4.0 By signing this Amendment the Contractor certifies that the vendor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.

5.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this amendment is hereby incorporated into and made a part of the above-referenced contract.

Sign/Date: Patricia L Thoms

Printed Name: Patricia L. Thoms
Authorized Representative
agent for Mueller Master

Mueller Master Community
115 Wild Basin Road, Suite 308
Austin, Texas 78746
(512) 328-6100
~~mickeyd@alliance3pline.net~~ patricia.thoms@cassecia.us

Sign/Date: 9-23-19

Matthew Duree
Procurement Manager

City of Austin
Purchasing Office
124 W. 8th Street, Ste. 310
Austin, Texas 78701

Financial and Administrative Service Department
Purchasing Office
PO Box 1088, Austin, Texas, 78767

October 10, 2009

Mueller Master Community
115 Wild Basin Rd. #308
Austin, Texas 78746

The City has awarded a contract to your association for the PARK MAINTENANCE AT ROBERT MUELLER DEVELOPMENT for the City of Austin, Parks and Recreation Department, in accordance with the referenced documents.

Responsible Department:	PARD
Department Contact Person:	Trish Kormanik
Department Contact Email Address:	Trish Kormanik@ci.austin.tx.us
Department Contact Telephone:	512-974-6753
Project Name:	Robert Mueller Development
Contractor Name:	Mueller Master Community
Contract Number:	MA – 8600-NA10000141
Contract Period:	October 1, 2009 through September 30, 2019
Contract Amount:	**$$111,500**
Extension Options:	Evergreen Contract
Extension Amount Per Option:	Contingent Upon Available Funds from the Department
Requisition Number:	RQS 8600-10080200563
Solicitation Number:	Acquired through another Contract
Agenda Item Number:	No.55
Council Approval Date:	December 2, 2004

A copy of the contract/purchase order will be forwarded by mail.

Thank you for your interest in doing business with the City of Austin. If you have any questions regarding this contract, please contact the person referenced under Department Contact Person.

Sincerely,

Cruz Banda, Buyer II
Purchasing Office
Finance and Administrative Service Department

cc:

MASTER DEVELOPMENT AGREEMENT

BETWEEN

THE CITY OF AUSTIN

AND

CATELLUS AUSTIN, LLC

CONCERNING THE MUELLER PROPERTY

FORMERLY KNOWN AS THE ROBERT MUELLER MUNICIPAL AIRPORT

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MASTER DEVELOPMENT AGREEMENT

This Master Development Agreement (this "Agreement") is made to be effective as of the 2nd day of December, 2004 (the "Effective Date"), between THE CITY OF AUSTIN, a Texas home rule city and municipal corporation (the "City"), and CATELLUS AUSTIN, LLC, a Delaware limited liability company ("Catellus").

RECITALS

A. On May 22, 1999, aviation operations ceased at the Robert Mueller Municipal Airport ("Mueller").

B. On November 20, 2000, the City Council accepted the Robert Mueller Municipal Airport Redevelopment and Reuse Plan dated July 2000 prepared by ROMA Design Group, Inc. relating to the redevelopment of Mueller (the "Master Plan").

C. On September 20, 2001, the City distributed a Request for Business Proposals for an entity to develop Mueller in accordance with the Master Plan.

D. In April 2002, Catellus Development Corporation ("CDC") was selected by the City Council from a pool of bidders as the master developer for Mueller in satisfaction of Texas law requiring competitive bidding for certain sales or conveyances of public property.

E. The City and CDC entered into an Exclusive Negotiation Agreement (as amended and extended, the "ENA") dated effective November 1, 2002 as amended by that certain First Amendment to Exclusive Negotiation Agreement between the City and COLP (as defined in Recital F below) dated as of April 5, 2004, pursuant to which CDC/COLP had certain rights to negotiate the terms of this Agreement for the redevelopment of the Property (as defined below) formerly known as Mueller.

F. Effective December 1, 2003, CDC merged into Catellus Operating Limited Partnership, a Delaware limited partnership ("COLP").

G. Catellus is an indirect wholly owned subsidiary of COLP.

H. During the negotiation of this Agreement and in response to an urgent public need, on March 24, 2004, the City sold the Hospital Property (as defined below) to Catellus and Catellus sold the Hospital Property to the Daughters of Charity Health Services of Austin d/b/a Seton Healthcare Network ("Seton") for construction of the Dell Children's Medical Center of Central Texas.

I. The City desires to provide for the redevelopment of the Property in accordance with the elements of the Master Plan, and minimize its financial risk and maximize its long term financial benefit in connection with such redevelopment.

J. The elements of the Master Plan have been expanded into this Agreement, the Current Zoning, the Community Covenants and the Design Guidelines.

K. COLP elected to have Catellus enter into this Agreement and certain other property related agreements and documents pertaining to the redevelopment of the Property. Notwithstanding such election, no other economic terms, including, without limitation, the sales price, have been changed as a result of such election.

L. Catellus desires to acquire the Property in phases, deconstruct the existing improvements, construct infrastructure (e.g., utilities and roads), redevelop the Property and sell portions of the Property to parties who will construct the vertical improvement (i.e., buildings) on the Property.

M. The purpose of this Agreement is to set forth the terms and conditions of the purchase, sale and redevelopment of the Property.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the City and Catellus agree as follows:

ARTICLE I.
DEFINED TERMS

1.1 Defined Terms. As used in this Agreement, the following terms will have the meanings indicated:

Ad Valorem Taxes means

(a) with respect to the initial issuance of Ad Valorem Tax Debt under Section 5.2(b), 100% of the City's portion of the ad valorem tax revenues generated within the boundaries of the Property at the time of Ad Valorem Tax Debt issuance, and

(b) with respect to subsequent issuances of Ad Valorem Tax Debt under Section 5.2(c), up to 100% (i.e., to the extent necessary to meet the City's obligations under Section 5.2(c)) of the City's portion of the ad valorem tax revenues generated within the boundaries of the Property at the time of Ad Valorem Tax Debt issuance.

Ad Valorem Tax Debt means either an original debt issuance or a refunding debt issuance by a Local Government Corporation (or by the City under the circumstances described in Section 5.2(f)), in which the net additional proceeds thereof are at least $2,000,000 (except as otherwise provided in Section 5.2(b)(iii)), and where the size of the debt issuance is based on an assumption that the sole source of repayment is the Ad Valorem Taxes. If the Ad Valorem Tax Debt is issued by the Local Government

Corporation and no TIRZ is formed, the City will contract with the Local Government Corporation to provide an annual payment to the Local Government Corporation, subject to annual appropriation by the City, from the City's general revenues in an amount equal to the annual Ad Valorem Tax Debt service payment. Catellus acknowledges that, following the initial Ad Valorem Tax Debt issuance, the City will receive and retain any incremental Ad Valorem Tax revenues generated within the boundaries of the Property in excess of those needed to support the then outstanding Ad Valorem Tax debt service payments. The City will not be required to issue Ad Valorem Tax Debt more than once per year.

Affiliate means any Person controlling, controlled by or under common control with any other Person. For the purposes of this definition, the term "control" when used with respect to any Person means the power to direct the management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by law, regulation, contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Affordable Housing means, as applicable, rental or ownership housing units which meet the following parameters:

(a) With respect to housing which is owned by the occupant, affordable for households with incomes less than or equal to 80% of the MFI. Additionally, monthly payments for housing, including loan principal, interest, real estate taxes and homeowner's insurance cannot exceed 30% of the family's gross monthly income. Calculations regarding affordability of ownership housing will be based on:

(i) a 30-year mortgage with 5% as a down payment and an interest rate equal to then applicable national average 30-year fixed residential mortgage interest rate as published in the Wall Street Journal, or in the event such figure is no longer published, a similar comparable figure, and

(ii) homeowner's insurance insuring only value of the improvements (based on then current ad valorem tax valuations) and assuming a deductible not more than 1% of the insured value.

(b) With respect to housing which is rented by the owner to a third party, rents no greater than the "Fair Market Rent" as defined by the U.S. Department of Housing and Urban Development, based on the number of bedrooms and adjusted for tenant-paid utilities. By way of illustration and not of limitation, the 2004 monthly "Fair Market Rent" calculations for the Austin MSA as published in the Federal Register Volume 68, Number 190 found at http://www.huduser.org/datasets/fmr.html.

Affordable Housing Report means a report indicating:

(a) the total (expressed as an actual number and a percentage of all housing) Affordable Housing units completed for sale and rental on the Property during the applicable reporting period and the percentage of Affordable Housing units actually sold and rented on the Property during the applicable reporting period,

(b) a cumulative total (expressed as an actual number and a percentage of all housing) of Affordable Housing units completed for sale and rental on the Property, broken down by prior reporting periods, including the percentage of Affordable Housing units actually sold and rented on the Property broken down by prior reporting periods and

(c) a brief summary of Catellus' efforts working with AHFC to exceed the Affordable Housing Requirement.

Affordable Housing Requirement as defined in Section 8.1(e) hereof.

Affordable Housing Resolution means the resolution approved by the City Council as Resolution No. 041202-59, a copy of which is attached as Exhibit N.

Agreement means this Master Development Agreement.

AHFC means the Austin Housing Finance Corporation, or any successor City entity which administers the affordable housing programs of the City.

Applicable Bankruptcy Law as defined in Section 10.1(h) hereof.

Applicable Condemnation Property as defined in Section 3.5(c) hereof.

Applicable Dedication Property as defined in Section 8.8(c) hereof.

Applicable Laws mean the Current Zoning and all applicable restrictive covenants, service extension requests, zoning ordinances, and building codes; access, health, safety, environmental, and natural resource protection laws and regulations; public finance laws (i.e., relevant Texas statutes dealing with public finance, and the provisions of the Internal Revenue Code pertaining to the issuance of tax-exempt obligations); and all other applicable federal, state, and local laws, statutes, ordinances, rules, design criteria, regulations, orders, determinations and court decisions.

Applicable Takedown Property means that portion of the Property (except as expressly provided herein) which is the subject of the Takedown to which a particular provision applies. Each Applicable Takedown Property will include that portion of the Property necessary to locate the Park Infrastructure tied to such Applicable Takedown Property and the Backbone Infrastructure necessary to service such portion of the Property, unless, with respect to the Backbone Infrastructure, such Backbone Infrastructure is constructed in a portion of the Property covered by a license or

temporary easement agreement. The relationship between an Applicable Takedown Property and the related necessary Park Infrastructure and Backbone Infrastructure is illustrated on the Takedown Relationship Exhibit.

Application for Backbone Infrastructure means, with respect to each Applicable Takedown Property, all requisite applications, construction drawings, documents, instruments, fees, and other submissions in compliance with this Agreement and Applicable Laws necessary to satisfy the City's "completeness check" for a permit allowing construction of the Backbone Infrastructure to support the eventual permitted use and maximum density for the Applicable Takedown Property. In the event the foregoing submission process changes (i.e., the process requires applicants evidence their good faith and diligent efforts to obtain regulatory approval to commence construction of improvements), the replacement process will control.

Architectural Master Plan means the "architectural master plan" as described in the Design Guidelines, which may be modified with the consent of Catellus or the City, which consent will not be unreasonably withheld, conditioned or delayed. The Architectural Master Plan for the Town Center will include the anticipated location of any sidewalk cafés or similar amenities.

Austin MSA means the Austin-San Marcos Metropolitan Statistical Area as designated by the U.S. Census Bureau and each successor designation which includes the City of Austin.

Backbone Infrastructure means the infrastructure shown and described on Exhibit G hereto. Backbone Infrastructure will only include the (a) portion of the road extending from the Southwestern corner of the Hospital Property towards IH-35 when the High Occupancy Vehicle lane on such road begins construction, and (b) National Guard Connector Right of Way when such property becomes available under Section 3.6.

Base Developer Return means the greater nominal value of (a) Catellus' return through the Land Sales Method, or (b) a 15% IRR to Catellus.

Base Developer Return Shortfall as defined in Section 5.5(f) hereof.

Books and Records as defined in Section 2.6(b) hereof.

Bow-Trussed Hangar means the land and improvements designated as the "Bow-Trussed Hangar" on the Illustrative Property Plan.

Business Day means any day other than a Saturday, Sunday, federally-mandated bank holiday, or the day after Thanksgiving. If the last day for performance of an act falls upon a day that is not a Business Day, then the last day for performance will automatically be extended until the next-following regular Business Day.

Catellus as defined in the first paragraph of this Agreement.

Catellus Caused Delay means any actual delay caused solely by Catellus' failure to meet the specific timeframes for action set forth herein.

Catellus Project Administration Fee as defined in Section 6.3(a) hereof.

Catellus Takedown Party means Catellus, a Catellus Affiliate or a tax exchange accommodator for the benefit of Catellus or a Catellus Affiliate.

Catellus Toll Period means a period of three months in which, with prior written notice to the City, Catellus may, in its sole and absolute discretion, toll its takedown obligations as set forth in Section 3.3(b)(i). Catellus may exercise a maximum of two Catellus Toll Periods.

CDC as defined in the Recitals hereof.

Certificate of Occupancy means a Certificate of Occupancy (or its equivalent) permitting the lawful occupancy of the applicable improvements from the appropriate Governmental Authority having jurisdiction over the applicable portion of the Property.

City as defined in the first paragraph of this Agreement.

City Caused Delay means any actual delay caused solely by the City (a) with respect to its obligations which *are not specified* hereunder in its capacity as a governmental entity (such as building permit issuance or plat approval), by its unlawful action or inaction; provided however, if Catellus is obligated under this Agreement to perform an action within a specified time period, and that time period is shorter than the specific time frame established by Applicable Laws for a related regulatory action by the City acting in its governmental capacity, then the time for Catellus' performance will be extended beyond the contractual time period at least to the date of the related City regulatory action, (b) with respect to its obligations which *are specified* hereunder in its capacity as a governmental entity (such as providing a dedicated review team for Site Development Permits), by its unreasonable delay in such action or inaction, or (c) in its capacity as a landowner (such as design approval, financial approvals and construction of offsite infrastructure), by its failure to meet the specific timeframes for action set forth herein.

City Project Administration Fee as defined in Section 6.3(b) hereof.

City Return as defined in Section 5.5(d) hereof.

City's Actual Knowledge, or similar language, means the actual, current, conscious knowledge of (a) the current or any future Director of the City's Economic Growth & Redevelopment Services Office as to knowledge of that person while he/she serves as Director, (b) the current or any future internal legal counsel specifically assigned to the Property as to knowledge of that person while he/she serves as such counsel, (c) the principal planner of the City's Economic Growth & Redevelopment

Services Office specifically assigned to the Property from time to time as to knowledge of that person while he/she serves in such capacity, and (d) following the hiring of the Project Manager, the Project Manager serving from time to time as to knowledge of that person while he/she serves as Project Manager, without any duty of inquiry or investigation, and does not include constructive, imputed or inquiry knowledge.

City's Park Maintenance Contribution as defined in Section 8.2(h) hereof.

City's Pond Maintenance Contribution as defined in Section 8.2(i) hereof.

Claim as defined in Section 9.2(a) hereof.

Closure means certification by the TCEQ that no further action is required to address environmental conditions in the form of a final Certificate (or Certificates) of Completion (appropriate as to the anticipated use of the applicable portion of the Property as contemplated by the Design Guidelines) or a Conditional Certificate (or Certificates) of Completion under the TCEQ's Voluntary Cleanup Program, provided that any such Conditional Certificate must be approved by Catellus in its sole discretion.

Code means the Austin City Code of Ordinances as of the Effective Date and as amended from time to time.

COLP as defined in the Recitals hereof.

Commence Construction, Commenced Construction and Commencement of Construction mean, with respect to the applicable portion of Infrastructure, the day on which the bona-fide deconstruction, grading or excavation for the good faith construction of such Infrastructure begins and with respect to any vertical improvements (such as on the Proposed Academic Health Center Property) the commencement of bona-fide pouring of concrete footings for construction of the proposed "build out" of the improvements on the applicable portion of the Property.

Commercial Property means that portion of the Property which is not Open Space, the Lake Park or Residential Property.

Community Covenants mean, collectively, the Master Community Covenant, the EC/TC Community Covenant and the Mixed-Use Community Covenant.

Complete Construction and Completion of Construction mean, with respect to the applicable portion of the Infrastructure, the day on which all of the following have been satisfied:

(a) the applicable Infrastructure has been completed in accordance with the applicable plans and specifications therefor,

(b) all Governmental Authorities have issued applicable certificates of completion or certificates of occupancy, as applicable, of the Infrastructure, and

(c) all bills for such Infrastructure have been paid or, if in a good faith dispute, appropriate reserves for such bills have been made to the reasonable satisfaction of the City.

Completion Agreement means the Completion Agreement dated March 24, 2004 between the City, Catellus, and Seton.

Construction Area as defined in Section 8.1(r) hereof.

Construction Management Fee means a construction management fee to Catellus in the amount of 4% of the actual "Non-Hospital Infrastructure and Site Preparation" Project Costs, as delineated by the Proforma, which will be deemed due and payable upon payment of the Project Costs to which the Construction Management Fee relates.

Contingency Fund as defined in Section 5.7(a) hereof.

Control Tower means the land and improvements designated as the "Control Tower" as shown on the Illustrative Property Plan.

Cure Period as defined in Section 3.4(c) hereof.

Current Zoning means the PUD zoning ordinance approved by the City on August 26, 2004 as Ordinance No. 040826-61, attached hereto as Exhibit M.

Deed means, with respect to an Applicable Takedown Property other than a Perimeter Park or the Lake Park, the Special Warranty Deed substantially in the form attached hereto as Exhibit S and, with respect to an Applicable Takedown Property which is a Perimeter Park or the Lake Park, the Special Warranty Deed substantially in the form attached hereto as Exhibit T.

Design Guidelines mean the Design Guidelines attached hereto as Exhibit W.

Developer Return as defined in Section 5.5(d) hereof.

Development Rights means all applications, licenses, permits, approvals, exemptions, waivers, variances, submittals, zoning rights, plat rights or any other similar entitlements, rights or benefits, and all utility service commitments, rights, allocations, taps, connections, and living unit equivalents, including, without limitation, rights under the Current Zoning (including those relating to zoning uses, site development standards, density, parks, street cross-sections, parking, vehicle trips, and signage), all preliminary plans, plats, traffic phasing agreements, service extension requests, site development permits, building permits and other development approvals, entitlements, rights, benefits,

exemptions, waivers, variances and interests of any kind or nature whatsoever associated with the Property.

Disclosure Notice as defined in Section 2.3 hereof.

Distribution means the Project Revenues, following the payment of Project Costs, distributed to the City and Catellus.

EC/TC Community Covenant means the EC/TC Community Covenant substantially in the form attached hereto as Exhibit Y. The EC/TC Community Covenant will burden all of the portions of the Property depicted therein. The term "EC/TC Community Covenant" includes any supplemental community covenant approved by the City and Catellus to further implement the design principles of the Master Plan, including, without limitation, that certain Supplemental Declaration of Conditions, Covenants and Restrictions (Hospital Property) dated March 24, 2004 recorded as Document Number 2004055402, Official Public Records, Travis County, Texas.

Effective Date as defined in the first paragraph of this Agreement.

ENA as defined in the Recitals hereof.

Environmental Site Assessments mean final written reports relating to the environmental condition of the Property and any response action (including removal and remediation), including those reports generated by Geomatrix Consultants, Inc. (the City's environmental consultant with respect to the Property) or prior environmental consultants for the City and delivered to the City. As of the Effective Date, the Environmental Site Assessments include (a) Phase I Environmental Site Assessment (Camp, Dresser and McKee, Inc., April 1996), (b) Site Investigation Report, Robert Mueller Municipal Airport (Geomatrix Consultants, Inc., 1999), (c) Response Action Completion Report (3 volumes, the "RACR"), Robert Mueller Municipal Airport (Geomatrix Consultants, Inc., 2003), (d) all reports and documents referenced in the June 4, 2004, reliance letter from Mr. Mark Hemmingway of Geomatrix to Mr. Greg Weaver of Catellus, and (e) all final written reports referred to in the RACR and/or submitted to the TCEQ.

Escrow Agreements mean, collectively, the Hospital Escrow Agreement, the Public Finance Escrow Agreement and the Project Revenue Escrow Agreement.

Event of Default means any happening or occurrence described in Sections 10.1 or 10.3 hereof following the expiration of any applicable grace, notice or cure period.

Fair Market Value means the cash purchase price that a willing buyer would pay to a willing seller at the time of the sale, neither being under a compulsion to buy or sell, and both being fully aware of relevant facts, and without linking the cash price to any other consideration. The Fair Market Value will consider the applicable portion of the Property as a finished and fully entitled lot (but not including approval of a building

permit or Site Development Permit), located in a master planned community in an urban center and improved with extensive public and private infrastructure as contemplated hereby. Fair Market Value will be determined as provided in Section 5.6 hereof.

Fair Market Value Sale means a sale to a Catellus Takedown Party under Section 5.6 hereof.

Film Society Property means the "Film Society Property" as shown on the Illustrative Property Plan.

Final Lookback as defined in Section 5.5(c) hereof.

Fire Station Property means the approximate 1.5 acre parcel of property on which a fire station is currently located as shown on the Illustrative Property Plan. The Fire Station is excluded from the definition of "Property."

Fiscal Posting Credit Bank as defined in Section 8.5 hereof.

Force Majeure means acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States, the State of Texas, Travis County, Texas, City of Austin (but only for orders which are not covered by the definition of City Caused Delay [e.g., building moratoriums, homeland security powers, etc.]), or any other civil or military authority, insurrections, riots, epidemics, landslides, earthquakes, lightning, fires, hurricanes, storms, floods, washouts, other natural disasters, a party not receiving a governmental permit, license, approval or inspection in time to meet a contractual time period imposed hereunder provided that party, in good faith, was diligent in the application or request for and prosecution of the process to obtain that permit, license, approval or inspection, restraint of government and people, civil disturbances, explosions, acts or omissions of either party to this Agreement (or an Affiliate of such party) or other causes not reasonably within the control of the party claiming such inability (except financial inability to perform unless such event, act or cause results primarily from the occurrence of a Force Majeure event described above). Notwithstanding the foregoing, neither City Caused Delays (except as specifically noted above) nor Catellus Caused Delays are "Force Majeure" delays.

FPCB Deposit as defined in Section 8.5 hereof.

FPCB Request as defined in Section 8.5 hereof.

GAAP means generally accepted accounting principles, consistently applied, as promulgated by the Financial Accounting Standards Board.

Governmental Authority means any and all courts, boards, agencies, commissions, offices or authorities of any nature whatsoever for any governmental unit

(federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

Grocery Store Property means the Grocery Store Property shown on the Illustrative Property Plan. The Grocery Store Property includes land for associated parking areas.

Hospital Chiller Design Costs as defined in Section 6.5.

Hospital Escrow Agreement means the Construction Escrow Agreement dated March 24, 2004 between the City, Catellus and Heritage Title Company of Austin, Inc., as amended from time to time including by the First Amendment to Construction Escrow Agreement dated as of July 31, 2004.

Hospital Fund means the "Fund" created under the Hospital Escrow Agreement.

Hospital Property means the 32.212 acre property sold to Catellus pursuant to that certain Agreement to Purchase and Sell (Hospital Property) between the City and Catellus dated as of December 9, 2003, which property is more particularly described on Exhibit B attached hereto, and which Hospital Property was sold to Seton by Catellus.

Hospital Property Repurchase Right means the Repurchase Right set forth in that certain Special Warranty Deed dated March 24, 2004 recorded as Document Number 2004055401, Official Public Records, Travis County, Texas.

HSDA means the Hospital Site Development Agreement dated as of December 9, 2003 between the City and Catellus relating to the redevelopment of the Pre-MDA Phase, as amended from time to time including by First Amendment to Hospital Site Development Agreement dated as of March 24, 2004, Second Amendment to Hospital Site Development Agreement dated as of June 29, 2004 and Third Amendment to Hospital Site Development Agreement dated as of July 31, 2004.

Illustrative Property Plan means the plan attached hereto as Exhibit D. The Illustrative Property Plan may be revised by Catellus with the City's consent which consent will not be unreasonably withheld, conditioned or delayed if the modified configuration of applicable property in the Illustrative Property Plan does not increase or decrease by more than 5% of its original size and it is located in the same general area.

Infrastructure means the Backbone Infrastructure, the Intract Infrastructure and the Park Infrastructure.

Initial Lookback Proforma as defined in Section 5.5(a) hereof.

Intract Infrastructure means "intract" improvements (as opposed to Backbone Infrastructure) to facilitate the local distribution, collection, and service facilities which are commonly provided by developers of individual (as opposed to multiple) land

parcels. The Intract Infrastructure creates the link between the Backbone Infrastructure and the ability to develop each individual lot in accordance with this Agreement, the Community Covenants, the Design Guidelines and Applicable Laws. Intract Infrastructure is generally as follows:

(a) collector and local roads and alleys,

(b) water distribution lines smaller than 12 inches,

(c) sewer collection lines smaller than 12 inches,

(d) sidewalks,

(e) street lighting,

(f) street landscaping,

(g) clearing, grubbing and over lot grading, and

(h) local stormwater collection, telephone, gas, electricity and cable lines, collectors and related equipment to and from the platted lot boundary lines to provide such services.

IRR or Internal Rate of Return means a compounded return calculated monthly on a cumulative basis using the amount and duration of Catellus' contribution of equity to the payment of Project Costs as contemplated by Section 5.4 hereof, but limited by Section 5.3(b) hereof. The IRR will be calculated pursuant to the applicable percentage rate indicated herein; provided however, the applicable IRR percentage rate for 50% of the amount of the "Negotiation Expenses" as defined in the ENA (i.e., the City's predevelopment expenses prior to the execution of this Agreement which were subject to reduced risk under the ENA) will be equal to a per annum interest rate equal to the "Prime Rate" as set forth in the Wall Street Journal plus 2% as of the date of the calculation during the time period elapsed between April 11, 2002 and the Effective Date.

Lack of Market Toll Period as defined in Section 3.3(b)(ii) hereof.

Lake Park means the "Lake Park" as shown on the Illustrative Property Plan. The Lake Park is not a Perimeter Park.

Land Sales Method means the method of calculating returns to Catellus and the City allocating 15% of the Land Sales Proceeds to Catellus and the remainder of any Land Sales Proceeds, following payment of Project Costs, to the City.

Land Sales Net Proceeds mean Land Sales Proceeds less the customary and reasonable amounts of the following expenses to the extent actually incurred in connection with the sale:

(a) owner's title insurance policy premiums (in the amount of the gross purchase price of the sale) and available owner's title policy endorsements,

(b) costs of providing the purchaser with an ALTA/ACSM Land Title Survey of the applicable portion of the Property,

(c) broker's commissions (but only to the extent allowable as a Project Cost),

(d) prorated ad valorem taxes for the then current year (if any), and

(e) seller's portion of escrow fees, recording fees, tax certificate, and courier fees.

Land Sales Proceeds mean, (i) with respect to the sale of a portion of the Property from Catellus to a third party (except under Section 3.7 [to the developer of the School Property]and Section 3.8 [to the developer of the Proposed Academic Health Center Property]), the gross consideration received by Catellus for such sale (excluding any lost Ad Valorem Tax Debt financing capacity payments under Section 8.1(p)), (ii) with respect to a sale of a portion of the Property from the City to Catellus under Section 5.6 hereof, the Fair Market Value of such portion of the Property as determined under Section 5.6(d), and (iii) with respect to the Proposed Academic Health Center Property, at the time, if any, that such property is sold or leased as provided in Section 3.8 an amount for such property agreed to by the City and Catellus or otherwise determined as the Fair Market Value under Section 5.6(d) at the time of such agreement or determination (cumulatively increased by 4% on each anniversary of the date of such agreement or determination until the sale or lease), provided such amount may have no relationship to the amount of consideration received or to be received in connection with the sale or lease to such third party and is solely for purposes of providing some measure of equivalent value for that property if it is not part of the developable portions of the Property as contemplated in the ENA.

License Agreements means the executed versions of the license agreements substantially in the form attached hereto as Exhibit P.

Limited Remedy Event of Default means *(a)* a Catellus Event of Default under Sections 3.3(a), 3.3(c)(i), 3.3(c)(ii), 8.1(c), 11.15(c)(i)-(iii), *(b)* Section 8.1(e)(i), (ii) and (iv) but only prior to expiration of this Agreement, or *(c)* with respect to Catellus' failure to deconstruct existing improvements, subdivide the Property, design the Infrastructure, pursue permits to construct new Infrastructure, construct new Backbone Infrastructure or Intract Infrastructure or, to the extent and only to the extent of Section 8.6, perform environmental remediation (including without limitation, under Sections 3.2(a)(iv) and (v), 7.1(a), 7.2(a), 7.2(b), 7.2(c), 8.1(a), 8.1(b), 8.1(m), 8.4(c), 8.6, 8.8(a), 8.9(a), and 8.9(b)), such failure will constitute a Limited Remedy Event of Default. However, a failure to complete any deconstruction, environmental remediation (to the extent and only to the extent of Section 8.6), or portion of the Infrastructure which has Commenced

Construction (as opposed to just being designed and permitted), or a failure to provide, or cause, necessary development personnel to complete any such deconstruction/construction/remediation will constitute an Event of Default with respect to such failure. The parties intend that, while the City may have limited remedies for predeconstruction/ preconstruction/preremediation activities, upon commencement of deconstruction/ construction/remediation thereof, the City's remedies contained in this Agreement will not be limited with respect to Catellus' failure to complete such deconstruction/construction/remediation.

Liquid Assets means (a) cash on hand or on deposit in banks, (b) readily marketable securities issued by the United States, (c) readily marketable commercial paper rated A-1 by Standard & Poor's Corporation (or a similar rating by any similar organization that rates commercial paper), (d) certificates of deposit issued by commercial banks operating in the United States with maturities of one year or less, (e) money market mutual funds, (f) the uncommitted amount of any available line(s) of credit, and (g) in the case of a real estate investment trust or fund, the aggregate written commitments of the shareholders of the fund to provide capital contributions to that fund which have not yet been contributed provided the sources of the written commitments are subject to the approval of the City, which approval will not be unreasonably withheld.

Local Government Corporation means a nonprofit corporation created by the City, pursuant to authority granted to the City by Subchapter D, Chapter 431, Texas Transportation Code or any other authority as appropriate under Applicable Laws, to enable the City to effect the provisions of this Agreement, the implementation of any project and financing plan of the TIRZ, or any other purposes as described in the organizational documents of the Local Government Corporation.

Local Businesses as defined in Section 8.1(f).

Master Community Covenant means the Mueller Master Community Covenant substantially in the form attached hereto as Exhibit Z. The Master Community Covenant will burden the entire Property.

Master Plan as defined in the Recitals hereof, as expanded into this Agreement, the Current Zoning, the Community Covenants and the Design Guidelines.

MFI means median family incomes for the Austin MSA, adjusted for family size, and any similar successor designation, which demonstrates median family income and is nationally recognized as a benchmark for determining the affordability of housing.

Minimum Takedown Obligation as defined in Section 3.3(a) hereof.

Mixed-Use Community Covenant means the Mixed-Use Community Covenant substantially in the form attached hereto as Exhibit X. The Mixed-Use Community Covenant will burden all of the portions of the Property depicted therein. The term "Mixed-Use Community Covenant" includes any supplemental community covenant

approved by the City and Catellus to further implement the design principles of the Master Plan.

Mueller as defined in the Recitals hereof.

Mueller House means a structure on one lot designed to appear like a large single family residence, but that is divided into four to six units, each with an individual entry.

M/WBE Report means a report showing, (a) on a percentage basis, the number of minority and women owned businesses employed concerning the Property which were hired by, or on behalf of, Catellus, (b) a brief summary of Catellus' efforts to implement the M/WBE Resolution, and (c) a brief summary of any change to the Catellus Minority/Women Business Enterprise Program concerning the Property since the last M/WBE Report, if any.

M/WBE Resolution means the resolution approved by the City Council as Resolution No. 041202-58, a copy of which is attached as Exhibit N.

National Guard Property means the "National Guard Property" as shown on the Illustrative Property Plan.

National Guard Property Connector Right of Way means the planned right of way in the northeast portion of the Property which connects the School Property to 51st Street and extends through the National Guard Property and through a small "triangle" piece of land owned by the City bordered by the National Guard Property and 51st Street. The National Guard Property Connector Right of Way is illustrated on the Illustrative Property Plan.

Neighborhood Park means the four largest interior parks (as opposed to a Perimeter Park and an Other Park). The locations of the Neighborhood Parks are illustratively shown on the Phasing Plan. The size and locations of each Neighborhood Park may change during final subdivision of the surrounding portions of the Property; provided, however, each Neighborhood Park must be designed and constructed in accordance with the Design Guidelines.

Noncomplying Entity means any entity that is actively constructing or has applied to the City for a pending regulatory approval to construct a Noncomplying Project. Each entity which has agreed in writing to occupy more than 50% of the total floor area of a Noncomplying Project will be deemed a "Noncomplying Entity" even though such entity is not technically constructing or seeking approvals for the Noncomplying Project.

Noncomplying Project means a project that is within the Drinking Water Protection Zone (as defined in Section 25-1-21 (30) of the Code and as then designated by the City) in the Austin City Limits or Austin Extraterritorial Jurisdiction and that is not then in compliance with the City's water quality ordinance under Chapter 25-8, Subchapter A of the Code which is applicable or which would be applicable if the project

were not "grandfathered" from compliance as a result of superseding state law. Projects in compliance with the water quality provisions of a valid development agreement with the City and projects which are subject to modified water quality provisions validly approved by ordinance of the City Council of the City will not be deemed "Noncomplying Projects." Issuance of a certificate of occupancy for a project will be conclusive evidence that such project is not a Noncomplying Project and will not be designated a Noncomplying Project unless a new site development permit application subject to this definition is pending for such project at the time of the determination called for in Section 8.11(b).

Objection Period as defined in Section 3.4(c) hereof.

Open Space means the Lake Park, the Perimeter Parks, the Neighborhood Parks and the Other Parks.

Other Parks mean those interior pocket parks and linear block parks which are not Neighborhood Parks. The general location of the Other Parks is illustratively shown on the Phasing Plan. The size and location of each Other Park may change during final subdivision of the surrounding portions of the Property; provided, however, each Other Park must ultimately be designed and constructed in accordance with the Design Guidelines.

Other Proceeds mean (a) any prorata Project Cost contribution concerning the School Property primarily due to the efforts of Catellus, and (b) grants and awards (other than condemnation awards, which are addressed in Section 3.5) not presently contemplated and resulting primarily from the efforts of Catellus which pay all or part of a currently contemplated Project Cost (by way of example and not of limitation, in the event Catellus obtains a landscaping grant which pays for all or a portion of the presently contemplated landscaping along IH-35, such grant would be Other Proceeds; by contrast, if Catellus obtains a grant to pay for all or a portion of the cost of a regional cellular transmission station [which is not presently contemplated], such grant would not constitute Other Proceeds).

Owners' Association means Mueller Master Community, Inc., the master owner's association to be created and that then exists under the Master Community Covenant.

Park Infrastructure means the infrastructure in the Lake Park, Perimeter Parks, Neighborhood Parks and Other Parks designed and constructed in accordance with the Design Guidelines.

Partial Condemnation as defined in Section 3.5(c).

Perimeter Park means the applicable park adjacent to a boundary line of the Property as illustratively shown on the Phasing Plan. The Lake Park is not a Perimeter Park.

Permitted Encumbrances mean, as applicable to each Applicable Takedown Property, (a) general real estate taxes on the Applicable Takedown Property for the year of Takedown, if any, (b) the Community Covenants, (c) the Design Guidelines, (d) the encumbrances accepted by Catellus as provided in Section 3.4(c) hereof, (e) all exceptions to title coverage set forth in the initial Title Binder which do not materially and adversely impair the redevelopment and marketability of the applicable portion of the Property affected thereby as contemplated by this Agreement, (f) all matters shown on the initial Survey which do not materially and adversely impair the redevelopment and marketability of the applicable portion of the Property affected thereby as contemplated by this Agreement, (g) all matters shown on the subdivision plat for the Applicable Takedown Property approved by Catellus, which approval will not be unreasonably withheld, conditional or delayed, (h) as applicable, the Public Easement, and (i) any other encumbrances approved, or caused, by Catellus.

Person means an individual, corporation, partnership, limited liability company, unincorporated organization, association, joint stock company, joint venture, trust, estate, real estate investment trust, government, agency or political subdivision thereof or other entity, whether acting in an individual, fiduciary or other capacity.

Phase XII and Phase III Perimeter Parks mean the Perimeter Parks located in Phases XII and III as illustratively shown on the Phasing Plan.

Phasing Plan means the Phasing Plan attached hereto as Exhibit E. The Phasing Plan is an illustration to define certain potential phases of the Property. The redevelopment of the Property does not have to follow the numerical designations set forth on the Phasing Plan. All references in this Agreement to "Phase ___" refer to the corresponding designation on the Phasing Plan. The Phasing Plan may be revised from time to time by Catellus with the prior written consent of the City, which consent will not be unreasonably withheld, conditioned or delayed.

Predevelopment Expenses means the City's and Catellus' predevelopment expenses incurred prior to the execution of this Agreement, including, without limitation, those incurred as "Negotiation Expenses" as defined in the ENA.

Preliminary Plan means the application for and preliminary plan for Mueller Section 2 submitted by Catellus with the City on March 30, 2004 under Case No. C8-04-0043.

Pre-MDA Phase means the property noted on Exhibit C attached hereto. The Pre-MDA Phase includes the Hospital Property.

Proforma means the Proforma attached hereto as Exhibit J, which is the parties' best estimation as of the Effective Date of the Project Revenues and Project Costs for the Property.

Project Costs mean those fees, costs, expenses and reimbursements listed on Exhibit K attached hereto.

Project Manager means a project manager employed by the City to oversee the redevelopment of the Property on behalf of the City.

Project Revenue Audit as defined in Section 2.6(b)(ii) hereof.

Project Revenues mean all revenue or other consideration generated by the Property from the sale, lease, other transfer or redevelopment of all or a portion of the Property or the current improvements on or under the Property, including, without limitation, Land Sales Net Proceeds, any infrastructure payments in lieu of or that supplement Land Sales Proceeds, any lost Ad Valorem Tax Debt financing capacity payments under Section 8.1(p) and any earnest money or similar deposits under contracts for the sale of portions of the Property forfeited to Catellus as seller thereunder. "Project Revenue" does not include (a) condemnation awards (which are addressed in Section 3.5), (b) following Catellus' payment of Fair Market Value concerning a portion of the Property, revenue from Catellus' sale, lease or other transfer of such portion of the Property if consideration paid by Catellus has already been included as a Project Revenue, or (c) revenue generated by the City's lease of the Property under Section 2.5(d). By way of example and not of limitation, following the transfer of the Regional Retail Property to Catellus as contemplated in Section 5.6 hereof and the payment of the Land Sales Net Proceeds therefrom into the Project Revenue Fund, any funds received by Catellus' subsequent sale or leasing of the Regional Retail Property will not be a "Project Revenue."

Project Revenue Escrow Agreement means the executed version of such agreement attached hereto as Exhibit R.

Project Revenue Fund means the "Fund" created under the Project Revenue Escrow Agreement.

Property means the City owned property commonly known as the Robert Mueller Municipal Airport described on Exhibit A attached hereto; provided however, the Property does not include the Film Society Property, the National Guard Property or the National Guard Property Connector Right of Way unless and until the Film Society Property, the National Guard Property and the National Guard Property Connector Right of Way, as applicable, are available for development as provided herein. The Property does not include the Fire Station Property. Since the HSDA is superseded by this Agreement as provided in Section 8.3, the Property includes the Hospital Property and the ROW Property and those properties should be addressed by this Agreement as already Takendown, but will not count towards the Minimum Takedown Obligation, except under Section 8.3(b). The definition of "Property" may change pursuant to Sections 8.1(o) and 3.6(c). The approximate acreage breakdown of the Property is as follows:

(a)	Original Mueller site acreage	712.738 acres
(b)	Command center [property already developed and not a portion of the Property]	(13.944 acres)
(c)	Film Society Property [only developable as a portion of the Property under Section 3.6]	(21.238 acres)
(d)	National Guard Property [only developable as a portion of the Property under Section 3.6]	(16.839 acres)
(e)	Fire Station Property [property already developed and not a portion of the Property]	(1.5 acres)
(f)	*Subtotal of net developable land [subtotal of (a)-(e) above]*	*659.217 acres*
(g)	Hospital Property [a portion of the Property, but already transferred to Catellus]	(32.212 acres)
(h)	ROW Property [a portion of the Property, already transferred to Catellus and publicly dedicated by final plat]	(19.665 acres)
(i)	*Total developable land that is included in the definition of Property on the Effective Date* *[subtotal of (f)-(i) above]*	*607.34 acres*

Proposed Academic Health Center Property means the approximate 14.1 acre tract of land labeled the "Academic Health Center" on the Illustrative Property Plan.

Proposed Final Lookback Proforma as defined in Section 5.5(c) hereof.

Proposed Initial Lookback Proforma as defined in Section 5.5(a) hereof.

Proposed Subsequent Lookback Proforma as defined in Section 5.5(b) hereof.

Public Art Fee as defined in Section 6.4 hereof.

Public Easement as defined in Section 8.8(b) hereof.

Public Finance and Public Financing mean, as applicable, the Ad Valorem Tax Debt and the Sales Tax Debt.

Public Finance Escrow Agreement means the executed version of such agreement attached hereto as Exhibit Q.

Public Finance Fund means the "Fund" created under the Public Finance Escrow Agreement.

Public Finance Reimbursable Project Costs mean, without duplication, those Project Costs listed on Exhibit L, to the extent allowable by Applicable Laws.

Public Information Act as defined in Section 2.5(e) hereof.

Qualified Superpad Transferee means a Person (or another Person which owns, directly or indirectly, all the interests in such Person) with (a) at least (i) $100,000,000 in Tangible Net Worth (cumulatively increased by 4% on each anniversary of the Effective Date) and (ii) $20,000,000 in Liquid Assets (cumulatively increased by 4% on each anniversary of the Effective Date) which is generally available to fund its obligations under any agreement or contract related to the redevelopment of the applicable Superpad, (b) demonstrated experience and ability to develop all aspects of the mixed use and urban design of the Property contemplated by the Current Zoning, the Community Covenants and the Design Guidelines for the applicable Superpad, (c) demonstrated experience and ability to develop a quality project commensurate with the quality that would have been developed by Catellus on the applicable Superpad, and (d) a dedicated team of redevelopment professionals with the foregoing credentials.

Qualified Transferee means a Person (or another Person which owns, directly or indirectly, all the interests in such Person) with (a) at least (i) $250,000,000 in Tangible Net Worth (cumulatively increased by 4% on each anniversary of the Effective Date) and (ii) $50,000,000 in Liquid Assets (cumulatively increased by 4% on each anniversary of the Effective Date) which is generally available to fund its obligations hereunder and under any other agreement or contract related to the redevelopment of the Property, (b) demonstrated experience and ability to develop all aspects of the mixed use and urban design of the Property, (c) demonstrated experience and ability to develop a quality project commensurate with the quality that would have been developed by Catellus, and (d) a dedicated team of redevelopment professionals with the foregoing credentials.

Regional Retail Completion Surety means a letter of credit (or other form of surety acceptable to the City and the City Attorney) issued by a third party unrelated to Catellus, in a form acceptable to the City and the City Attorney and in compliance with all federal and state securities and tax laws and other Applicable Laws in an amount to be determined upon approval of a Site Development Permit(s) regarding retail improvements on the Regional Retail Property. With respect to the Regional Retail Completion Surety, (a) in the event Completion of Construction of such improvements does not occur on or before the date which is 24 months following Commencement of

Construction thereof, the City may make and retain partial draw(s) on the applicable Regional Retail Completion Surety, for the benefit of the City's general fund, in a monthly amount to be determined upon approval of the Site Development Permit, and (b) in the event Catellus (or its Affiliate) has not Commenced Construction on such improvements on or before the date which is 24 months following the issuance of the applicable Site Development Permit, the City may draw and retain the full amount of the associated Regional Retail Completion Surety for the benefit of the City's general fund. The City may draw down the entire amount of the Regional Retail Completion Surety, with notice to Catellus, at any time on or after a reasonable period of time (not more than 30 days) preceding the expiration date of the Regional Retail Completion Surety if Catellus fails to replace the Regional Retail Completion Surety to the extent the Regional Retail Completion Surety is required to be maintained hereby. In no event will the amount of the aggregate principal amount of the Regional Retail Completion Surety exceed $12,000,000, unless Catellus, in its sole and absolute discretion, agrees to the issuance of Regional Retail Completion Surety in excess of $12,000,000.

Regional Retail Property means those portions of the Property located in Phases IA and XII of the Phasing Plan and generally shown on the Illustrative Property Plan and to be more fully located and configured in the related Architectural Master Plan.

Repurchase Right means a repurchase right substantially in the form attached hereto as Exhibit U.

Residential Property means that portion of the Property which is used, or to be used, as the case may be, for single family residential housing and does not include multifamily property or Mueller Houses, unless otherwise expressly stated to the contrary in a particular context.

Right as defined in Section 7.5 hereof.

Right Assignee as defined in Section 7.5 hereof.

ROW Property means the approximate 19.665 acres of right of way as described and delineated on Exhibit A.

Sales Taxes means

(a) with respect to the initial Sales Tax Debt issuance under Section 5.2(b)(i), 90% of the City's determination of the projected sales taxes to be received by the City generated from the initial permanent improvements on the Regional Retail Property, which projection will be prepared following receipt of an application for a Site Development Permit concerning such permanent improvements which satisfies the City's "completeness check" for such application, and

(b) with respect to subsequent Sale Tax Debt issuances under Section 5.2(c), up to 100% (i.e., to the extent necessary to meet the City's obligations under Section 5.2(c)) of those sales taxes actually received by the City which are readily discernable from other sales tax revenues as reported by the Texas Comptroller of Public Accounts and are generated from permanent improvements on the Property at the time of Sales Tax Debt issuance. Sales taxes received by the City will only constitute Sales Taxes if the City receives information, which is not more than 6 months old, sufficient for the City to discern the Property's sales taxes from the City's total sales taxes. By way of example and not of limitation, in the event the City receives discernable sales tax information for a particular site beginning January 1, 2006, the sales taxes for such site relating to July 2005 are Sales Taxes, but the sales taxes for such site for June 2005 are not Sales Taxes because the sales tax information for June 2005 was more than 6 months old when the City received it. The parties agree to work together to submit such documentation as is necessary to allow the Texas Comptroller of Public Accounts to issue discernable sales tax revenue information.

Sales Tax Debt means either an original debt issuance or a refunding debt issuance by a Local Government Corporation (or by the City under the circumstances described in Section 5.2(f)), in which the net additional proceeds thereof are at least $2,000,000 (except as otherwise provided in Section 5.2(b)(i)), and where the size of the debt issuance is based on an assumption that the sole source of repayment is (a) 100% of the Sales Taxes under Section 5.2(b) and (b) the amount of the Sales Taxes necessary to meet the City's obligations under Section 5.2(c). If the Sales Tax Debt is issued by the Local Government Corporation, the City will contract with the Local Government Corporation to provide an annual payment to the Local Government Corporation, subject to annual appropriation by the City, from the City's general revenues in an amount equal to the annual Sales Tax Debt service payment. In no event will the amount of the initial issuance of Sales Tax Debt be more than $11,500,000, without the City's consent, which consent may be withheld in the City's sole and absolute discretion. Catellus acknowledges that the City will receive and retain any incremental Sales Tax revenues in excess of those needed to support the then outstanding Sales Tax debt service payments. The City will not be required to issue Sales Tax Debt more than once in any 3 year period.

School Property means the "School Property" as shown on the Illustrative Property Plan.

Seton as defined in the Recitals hereof.

Site Development Permit means the City's "site development permit" or successor comparable permit or authorization, issued by the appropriate City department, which Site Development Permit authorizes issuance of building permits for the applicable portion of the Infrastructure, or permanent improvements, as the case may be. The Site Development Permit is not a building permit.

Subsequent Lookback Proforma as defined in Section 5.5(b) hereof.

Substantial Condemnation as defined in Section 3.5(d) hereof.

Superpad means a portion of the Property in which Completion of Construction of the Backbone Infrastructure, but not the Intract Infrastructure, has occurred.

Superpad Disposition as defined in Section 8.7 hereof.

Survey means a survey of the Property performed on behalf of Catellus and reasonably acceptable to the City and the Title Company.

Takedown means the transfer by the City of a portion of the Property to Catellus and Catellus' acceptance of such transfer from the City for redevelopment of the Property in accordance with this Agreement. "Takedowns" or "Takesdown" mean the process of a Takedown. "Takendown" means a prior Takedown process.

Takedown Date means the Business Day on which a Takedown is scheduled to occur. Upon 10 calendar days' written notice, Catellus may delay a scheduled Takedown Date.

Takedown Relationship Exhibit means Exhibit F attached hereto.

Tangible Net Worth means, with respect to a Person, the positive difference between (a) the sum of (i) all assets of the Person, other than intangible net assets (including as intangible assets such assets as patents, copyrights, licenses, franchises, goodwill, trade names, trade secrets, and leases required to be capitalized on the Person's financial statements under GAAP) and (ii) the positive difference, if any, between (A) the fair market value of any real estate owned and (B) the book value of any real estate owned less accumulated depreciation and (b) all indebtedness and other liabilities of the Person and its subsidiaries required to be included in the Person's balance sheet under GAAP, but excluding obligations under capitalized leases.

Tax Exempt Entities as defined in Section 8.1(p).

TCEQ means the Texas Commission on Environmental Quality, including its successors.

Temporary Easement means an easement from the City benefiting the owner of a certain portion of the Property in form and content acceptable to the City including without limitation, limited scope and duration, insurance and indemnification provisions in favor of the City and whereby the City does not assume any liability or maintenance obligations.

TIRZ means a tax increment reinvestment zone created under the TIRZ Act and covering the Property.

TIRZ Act means Chapter 311, Texas Tax Code.

Title Binder means (a) a Commitment for Title Insurance issued by the Title Company, committing to issue an owner's title policy concerning the Property and (b) copies of all documents referred to as exceptions to title in such Commitment for Title Insurance.

Title Company means Heritage Title Company of Austin, Inc., its successors and assigns, or any other title company approved by the City and Catellus. Catellus and the City acknowledge and agree that an agreement has been reached between Heritage Title Company of Austin, Inc. and Stewart Title Guaranty Company with respect to the title insurance work and title insurance policy issuances under this Agreement.

Town Center means the "Town Center" as shown on the Illustrative Property Plan.

Utility Cost Reimbursement Agreement means any Cost Reimbursement Agreements between the City and Catellus relating to utilities serving any portion of the Property.

Waterfall means, with respect to a Distribution, the following:

(a) 100% of the Distribution to Catellus until Catellus achieves a 15% IRR,

(b) then, 60% of the Distribution to Catellus and 40% of the Distribution to the City until Catellus receives a 20% IRR,

(c) then, 30% of the Distribution to Catellus and 70% of the Distribution to the City.

Waterfall Method means the method of calculating return to Catellus and the City by the Distribution of Project Revenues, or anticipated Project Revenues, through the Waterfall.

1.2 Modification of Defined Terms. Unless the context clearly otherwise requires or unless otherwise expressly provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, supplements, modifications, amendments and restatements of such agreement, instrument or document; provided that nothing contained in this Section shall be construed to authorize any such renewal, extension, supplement, modification, amendment or restatement.

1.3 References and Titles. All references in this Agreement to exhibits, articles, paragraph, subparagraph, sections, subsections and other subdivisions refer to the exhibits, articles, paragraphs, subparagraphs, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any

subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this paragraph" and "this subparagraph" and similar phrases refer only to the paragraphs or subparagraphs hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation." Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context clearly otherwise requires. References to any constitutional, statutory or regulatory provision means such provision as it exists on the Effective Date and any future amendments thereto or successor provisions thereof.

1.4 Term of Agreement. The term of this Agreement shall commence on the Effective Date and shall continue until the earliest to occur of: (a) the date which is the 20th anniversary of the Effective Date, (b) all Final Lookback payments have been made pursuant to Section 5.5, and (c) the date this Agreement is earlier terminated pursuant to the terms hereof.

1.5 ENA. The ENA is terminated as of the Effective Date and neither party has any ongoing responsibilities or liabilities thereunder, except Sections 4.2, 4.4, 8.1, 8.2, 11.1, and 15, to the extent they expressly survive termination or expiration. Notwithstanding such termination, any defined term in the ENA specifically referenced herein will be given full force and effect.

ARTICLE II.
REPRESENTATIONS AND GENERAL COVENANTS

2.1 Representations of the City. The City represents to Catellus as follows:

(a) Title. The City presently has and will convey to Catellus good and indefeasible title to each portion of the Property on the applicable Takedown Date, subject to the applicable Permitted Encumbrances.

(b) Parties in Possession. On the applicable Takedown Date, there will not be any party in possession of the Applicable Takedown Property and no party shall have a then current right or any future right to occupy any portion of a structure or improvement on the Applicable Takedown Property.

(c) Proceeding by Governmental Authority. There is no pending or, to the City's Actual Knowledge, threatened condemnation or similar proceeding or special assessment affecting the Property or any part thereof (except as contemplated in the Community Covenants and, except with respect to this representation made as of a Takedown Date, any condemnation legislation filed in the Legislature of the State of Texas).

(d) Litigation or Administrative Proceeding. To the City's Actual Knowledge, the City has received no service of process or other written notification of any litigation or administrative proceedings which would materially and adversely affect title to the Property or the ability of the City to perform any of its obligations hereunder.

(e) Availability of Sales and Ad Valorem Tax Revenues. Prior to the Effective Date, the City has not (i) created a TIRZ district concerning its portion of the Sales Tax or Ad Valorem Tax revenues generated within the Property or (ii) pledged or allocated its Sales Tax or Ad Valorem Tax revenues generated within the Property through an economic development agreement pursuant to Chapter 380 of the Texas Local Government Code or otherwise.

(f) Performance Will Not Result in Breach. Performance of this Agreement pursuant to the terms hereof will not result in any breach of, or constitute any default under, or result in the imposition of any lien or encumbrance upon the Property under, any agreement or other instrument to which the City is a party or by which the City or the Property might be bound.

(g) Execution. The execution and delivery of, and the City's performance under, this Agreement are within the City's powers and have been duly authorized by all requisite municipal action. The Person executing this Agreement on behalf of the City has the authority to do so. This Agreement constitutes the legal, valid and binding obligation of the City enforceable in accordance with its terms, subject to the principles of equity.

(h) Not a Foreign Person. The City is not a "foreign person" within the meaning of the Internal Revenue Code, as amended, Sections 1445 and 7701 or the regulations promulgated thereunder.

(i) Environmental. To the City's Actual Knowledge, the City has delivered copies, or otherwise made available, to Catellus the Environmental Site Assessments.

(j) Broker. The City has not authorized any broker or finder to act on its behalf in connection with the transactions contemplated herein and it has not dealt with any broker or finder purporting to act on behalf of any other party. To the extent allowed by Applicable Laws, the City agrees to indemnify and hold harmless Catellus from and against any and all claims, losses, damages, costs or expenses of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such party or on its behalf with any broker or finder in connection with this Agreement or the transactions contemplated hereby. Notwithstanding anything to the contrary contained herein, this Section will survive the Takedowns and any expiration or termination of this Agreement.

2.2 Representations of Catellus. Catellus represents to the City as follows:

(a) Authorization. Catellus is duly organized and legally existing under the laws of its state of organization. Catellus is duly qualified to do business in the State of Texas.

(b) Performance. Performance of this Agreement will not result in any breach of, or constitute any default under, any agreement or other instrument to which Catellus is a party or by which Catellus might be bound.

(c) Execution. The execution and delivery by Catellus of, and Catellus' performance under, this Agreement are within Catellus' powers and have been duly authorized by all requisite organizational action. The Person executing this Agreement on behalf of Catellus has the authority to do so. This Agreement constitutes the legal, valid and binding obligation of Catellus enforceable in accordance with its terms, subject to the principles of equity.

(d) Broker. Catellus has not authorized any broker or finder to act on its behalf in connection with the transactions contemplated herein and it has not dealt with any broker or finder purporting to act on behalf of any other party. Catellus agrees to indemnify and hold harmless the City from and against any and all claims, losses, damages, costs or expenses of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such party or on its behalf with any broker or finder in connection with this Agreement or the transactions contemplated hereby. Notwithstanding anything to the contrary contained herein, this Section will survive the Takedowns and any expiration or termination of this Agreement.

2.3 Change in Representations. If, after the Effective Date and prior to any applicable Takedown, either party obtains actual knowledge of any fact, matter or circumstance which causes any of its representations made in Sections 2.1 or 2.2 to be inaccurate or untrue in any material respect, such party shall submit written notice thereof to the other party (a "Disclosure Notice") specifying in reasonable detail such fact, matter or circumstance. The disclosure of such fact, matter or circumstance by Disclosure Notice will not be an Event of Default under this Agreement. If, in the Disclosure Notice, the sending party agrees to take such action as is necessary to remedy the fact, matter or circumstance disclosed in the Disclosure Notice and otherwise cause the subject representation to be true and correct as to the particular parcel of property which is the subject of the applicable Takedown, then such party shall be obligated to cause the representation to be true as of the applicable Takedown, and the other party shall have no right to exercise its remedy set forth in this Section. If the sending party does not advise the other party in the Disclosure Notice that it agrees to take such action as is necessary to remedy the fact, matter or circumstance disclosed in the Disclosure Notice and otherwise cause the subject representation to be true and correct as to the particular parcel of property which is the subject of the applicable Takedown, then such other party shall have until the date which is five Business Days after the date of the Disclosure Notice, at its option, to elect, in the case of the City, not to consummate any more Takedowns hereunder, and, in the case of Catellus, not to consummate the sale at the applicable Takedown. The failure to elect not to close within the period described in the preceding sentence will be deemed to be a waiver of the fact, matter or

circumstance disclosed by the Disclosure Notice, in which case the subject representation will be deemed amended to include the information contained in the Disclosure Notice without an obligation to effect any cure or remedy with respect thereto.

2.4 **NO OTHER REPRESENTATIONS OR WARRANTIES**. EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY EXHIBIT ATTACHED HERETO TO THE CONTRARY, IT IS UNDERSTOOD AND AGREED THAT THE PROPERTY IS BEING SOLD AND CONVEYED HEREUNDER "AS IS" WITH ANY AND ALL FAULTS AND LATENT AND PATENT DEFECTS WITHOUT ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY BY CITY. CITY HAS NOT MADE AND DOES NOT HEREBY MAKE AND HEREBY SPECIFICALLY DISCLAIMS (EXCEPT AS EXPRESSLY SET FORTH HEREIN) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY (OTHER THAN CITY'S SPECIAL WARRANTY OF TITLE CONTAINED IN THE DEEDS), ITS CONDITION (INCLUDING WITHOUT LIMITATION ANY REPRESENTATION OR WARRANTY REGARDING SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE), ITS COMPLIANCE WITH ENVIRONMENTAL LAWS OR OTHER LAWS, OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY, AND CITY HEREBY DISCLAIMS AND RENOUNCES ANY OTHER REPRESENTATION OR WARRANTY. CATELLUS ACKNOWLEDGES AND AGREES THAT IT IS ENTERING INTO THIS AGREEMENT WITHOUT RELYING (EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY EXHIBIT ATTACHED HERETO) UPON ANY SUCH REPRESENTATION, WARRANTY, STATEMENT OR OTHER ASSERTION, ORAL OR WRITTEN, MADE BY CITY OR ANY REPRESENTATIVE OF CITY OR ANY OTHER PERSON ACTING OR PURPORTING TO ACT FOR OR ON BEHALF OF CITY WITH RESPECT TO THE PROPERTY BUT RATHER IS RELYING UPON ITS OWN EXAMINATION AND INSPECTION OF THE PROPERTY. CATELLUS REPRESENTS THAT IT IS A KNOWLEDGEABLE PURCHASER OF REAL ESTATE AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF ITS CONSULTANTS IN PURCHASING THE PROPERTY. THE TERMS AND CONDITIONS OF THIS SECTION WILL EXPRESSLY SURVIVE THE TAKEDOWNS, NOT MERGE WITH THE PROVISIONS OF ANY TAKEDOWN DOCUMENT AND BE INCORPORATED INTO THE DEEDS. CATELLUS FURTHER ACKNOWLEDGES AND AGREES THAT THE PROVISIONS OF THIS SECTION WERE A MATERIAL FACTOR IN CITY'S DETERMINATION OF THE CONSIDERATION FOR THE TRANSFER OF THE PROPERTY TO CATELLUS.

2.5 General Covenants of the City. The City covenants to, and agrees with, Catellus as follows:

(a) Litigation. The City will notify Catellus of any litigation or administrative proceeding, of which the City has Actual Knowledge, affecting the Property.

(b) TIRZ. In the event that the City, in its sole discretion, determines that the creation of a tax increment reinvestment zone whose boundaries include or are

coterminous with the boundaries of the Property will be advantageous as a means of Public Financing, the City will create a TIRZ. The City will cooperate with the TIRZ, its board, and the Local Government Corporation for the purpose of administering the TIRZ in the issuance of bonds, notes or other obligations to assist in the payment of Public Finance Reimbursable Project Costs. The City will use reasonable efforts to advise Catellus with respect to the activities of the City regarding the creation of the TIRZ.

(c) No Further Sales. Except as allowed by Sections 2.5(d), 3.7 and 3.8, the City will not voluntarily sell or otherwise transfer all or any portion of the Property to a party other than Catellus, without the prior written consent of Catellus which Catellus may grant or deny in its sole and absolute discretion.

(d) No Further Leases. Except as allowed below and in Sections 3.7 and 3.8, without the prior written consent of Catellus (which Catellus may grant or deny in its sole and absolute discretion), the City will not enter into a lease or otherwise grant a possessory interest to third parties concerning all or any portion of the Property which (i) cannot be terminated on up to 30 days prior notice, and (ii) adversely interferes with Catellus' obligation to redevelop the Property under this Agreement. With Catellus' consent (which consent will not be unreasonably withheld, conditioned or delayed), the City may enter into "event" leases (e.g., Cirque du Soleil™) with third parties concerning any portion of the Property which (x) may be terminated upon not more than 1 years' prior notice, and (xi) does not adversely interfere, in an unreasonable manner, with Catellus' obligation to redevelop the Property under this Agreement, Catellus' then current plans to redevelop any portion of the Property or any occupants or residents of any portion of the Property that has already been redeveloped.

(e) Open Records Requests. The City shall use its best efforts to provide timely written notice to Catellus of any request received by the City pursuant to the Texas Public Information Act (the "Public Information Act") requesting (i) Project Revenue information collected, assembled or maintained for the City and to which Project Revenue information the City has contractual access; or (ii) other information held by the City to which Catellus may assert "confidential business information" or "trade secret" status under the Public Information Act or which has been specifically designated in writing by Catellus as "privileged" or "confidential", all for the purpose of providing Catellus an opportunity to seek to protect such information from disclosure. The City makes no representation as to how the Attorney General of Texas will rule on any open records request, but, subject to the City's obligations under the Public Information Act, the City agrees to withhold disclosure of information covered by this Section until required to release it by the Attorney General or a court of competent jurisdiction, and to cooperate with Catellus in asserting its exemption claims under the Public Information Act

(f) Books and Records. The City shall provide in one centralized location complete and accurate books and records of all final documentation such as final executed agreements and final bond prospectuses (but not proposals, letters of intent,

term sheets or other preliminary documentation) directly related to the issuance of Public Financing by the City or a Local Government Corporation and all actual data held by the City related to Sales Taxes, Sales Tax Debt, Ad Valorem Taxes and Ad Valorem Tax Debt. Catellus and its representatives may have access to inspect and audit such books and records at all reasonable times upon reasonable prior notice and may make copies thereof. When creating the Local Government Corporation, the City shall include in the formation documents of the Local Government Corporation all necessary provisions to grant Catellus access and other rights to the books and records of the Local Government Corporation as are similarly granted to Catellus in the preceding sentence with respect to books and records of the City.

2.6 General Covenants of Catellus. Catellus covenants to, and agrees with, the City as follows:

(a) Single Asset Entity. During the term of this Agreement, Catellus shall not (i) acquire any real or personal property other than real property within the Property and personal property related to the redevelopment, operation and maintenance of the Property, (ii) operate any business other than the redevelopment, management and operation of the Property, or (iii) maintain its assets in a way difficult to segregate and identify.

(b) Books and Records.

(i) Maintenance. Catellus shall keep complete and accurate (A) books and records relating to the Project Costs and (B) books and records relating to Project Revenues (provided that "books and records" will only include purchase agreements and closing documentation relating to the Project Revenues and will not include proposals, letters of intent, term sheets or other preliminary documentation) (collectively, the "Books and Records") in one centralized location. The Books and Records will be maintained until the full and final payments under the Final Lookback Proforma have been received by Catellus and the City.

(ii) Project Revenue Audit. The City and its representatives may have access to inspect or audit the Books and Records relating to the Project Costs at all reasonable times upon reasonable prior notice and may make copies thereof. Not more than one time per calendar year, the City may request in writing that Catellus conduct an audit of the Books and Records relating to the historical Project Revenues and Catellus' compliance with Section 5.3(b) (the "Project Revenue Audit") by a nationally or regionally recognized accounting firm reasonably acceptable to the City. Catellus shall review the Project Revenue Audit for errors prior to final delivery to the City and Catellus. The Project Revenue Audit, at the City's election, may take the form of an agreed upon procedures audit rather than a financial audit as determined in advance by the City, Catellus and the auditor. The final Project Revenue Audit will be delivered to both the

City and Catellus within 60 days following the date of the City's written request therefor. In the event the final Project Revenue Audit reveals that Catellus understated Project Revenues by more than 5% in any report to the City delivered under Section (c) below then notwithstanding anything to the contrary contained in this Section, the City and its representatives may have access to inspect or audit the Books and Records relating to the Project Revenues covered by applicable Project Revenue Audit at all reasonable times upon reasonable prior notice and may make copies thereof, unless Catellus has cured such mistaken report within thirty (30) days after Catellus' receipt of the final Project Revenue Audit.

(iii) Final Lookback. Commencing on the date of closing of the last Property sale to a third party or a Fair Market Value Sale (which may occur prior to the Takedown of the School Property, or the redevelopment of the National Guard Property or Film Society Property) or the expiration or earlier termination of this Agreement, the City and its representatives may have access to inspect or audit all the Books and Records at all reasonable times and may make copies thereof.

(c) Reporting. Catellus shall prepare and deliver the following statements and reports to the City. If the statement is not audited, then an officer of Catellus reasonably acceptable to the City must certify that it was prepared on a consistent basis and is true, correct, and complete in all material respects. If the report is a financial report, an officer of Catellus reasonably acceptable to the City must certify that the financial information has been compiled and reported in accordance with GAAP, or if it was not prepared in accordance with GAAP, such certification shall be accompanied by an explanation of how the report deviates from GAAP. Catellus will prepare and submit to the City any other statements or reports relating to the Property as the City may reasonably request. All statements and reports under this Section must be in form reasonably satisfactory to the City.

(i) Semi-Annual Reports. On or before February 15 and August 15 of each calendar year, Catellus shall prepare and submit to the City an updated Proforma showing, (A) for each line item, as applicable, original projected, revised projected, actual and historical Project Costs to date, (B) original projected, revised projected, actual and historical Project Costs to date broken down by each phase of the Property, (C) estimated percent of Backbone Infrastructure, Intract Infrastructure and Park Infrastructure Complete Construction with respect to the prior six month period (i.e., January 1 - June 30 and July 1 - December 31), and (D) such other information reasonably related to the foregoing as the City requests.

(ii) Annual Reports. On or before March 31 of each calendar year, Catellus shall prepare and submit to the City:

A. An updated Proforma as provided in Section (i) above with respect to the prior calendar year which includes:

1. Project Revenue calculations for such year and previous years on an aggregate basis (i.e., all Project Revenue will be included in a yearly lump sum);

2. Project Revenue calculations for the calendar year(s) two or more years prior to the current calendar year (e.g., reporting 2004 and 2005 calendar year Project Revenues with the report covering the 2007 calendar year) on an itemized basis (i.e., broken down by each specific land sale);

3. Project Costs calculations for such year and previous years on an itemized basis; and

4. Confirmation of Catellus' compliance with Section 5.3(b).

Each such annual report's historical data (as opposed to future projections) will, unless waived by the City, be audited by a nationally or regionally recognized accounting firm reasonably acceptable to the City. This audit, at the City's election, may take the form of an agreed upon procedures audit rather than a financial audit as determined in advance by the City, Catellus and the auditor. Within 45 days following the City's receipt of each such proposed Proforma, the City shall either approve or reasonably disapprove such Proforma in writing and, if applicable, include the reasons for disapproval. Representatives of both parties shall reasonably make themselves available to in good faith discuss and resolve the City's reasons for disapproval of such Proforma within 30 days after City's delivery of such disapproval and the updated Proforma will not be deemed approved until written approval of both parties is obtained.

B. A report summarizing the itemization (broken down by year between Open Space and non-Open Space) of the number of acres Takendown for all prior years (calculated as of the anniversary of the first Takedown Date) and the required amount of acres which must be Takendown by the next occurring anniversary of the first Takedown Date to satisfy Catellus' obligations under Section 3.3(a).

(iii) Affordable Housing Report. On or before December 1 and June 1 of each calendar year, Catellus shall prepare and submit to the City and AHFC an Affordable Housing Report covering the prior 6 month period. AHFC will utilize such report in its annual reporting of the status of affordable housing within the City of Austin.

(iv) M/WBE Report. On or before December 1 and June 1 of each calendar year, Catellus shall prepare and submit to the City an M/WBE Report covering the prior 6 month period.

ARTICLE III.
PROPERTY TAKEDOWN AGREEMENTS

3.1 Takedown Agreement. Subject to the terms hereof, the City and Catellus agree to effectuate each Takedown. Catellus acknowledges that the School Property, the Proposed Academic Health Center Property, the Film Society Property and the National Guard Property are not available for Takedown, except as specifically provided herein.

3.2 Takedown Conditions.

(a) The City's Takedown Conditions. The City's Takedown obligations are subject to the fulfillment of each of the following conditions, which may be waived in the City's sole discretion:

(i) Notice. Catellus has provided the City with the greater of (A) 90 calendar days' notice, or (B) if applicable, the required calendar days notice to design, bid, award contracts, and construct offsite infrastructure regarding the applicable portion of the Property set forth on Exhibit I hereof, prior to written notice of its designation of the Applicable Takedown Property and the scheduled Takedown Date. Notwithstanding the foregoing, if the notice for the Applicable Takedown Property includes the old FAA Building (commonly known as Building No. 2048) near the prior entrance of the former airport the 90 day required notice period in (A) above will be 180 calendar days.

(ii) Representations, Warranties and Agreements. The material representations and warranties of Catellus contained herein shall be materially true, accurate and correct as of the Takedown Date except to the extent they relate only to an earlier Takedown Date. Catellus has performed all the material agreements to be performed by Catellus as of the Takedown Date.

(iii) No Event of Default. No Catellus Event of Default exists.

(iv) Application for Backbone Infrastructure. Catellus has submitted an Application for Backbone Infrastructure to the City for all or a portion of the Applicable Takedown Property.

(v) Park Infrastructure. Catellus has delivered evidence in form and content reasonably acceptable to the City that Catellus will commence construction of the Park Infrastructure:

A. in the case of the Lake Park and Phase XII and Phase III Perimeter Parks, within 120 days of the actual Takedown Date, which may be phased on a schedule mutually agreeable to the City and Catellus, and

B. in the case of the remaining Perimeter Parks, the Neighborhood Parks and the Other Parks, not later than the issuance of Certificates of Occupancy for 50% in the aggregate of the residential units/houses in the applicable phase.

By way of example and not of limitation, 275 housing units are anticipated for Phase VIII and, prior to the issuance of Certificates of Occupancy for 138 units in Phase VIII, Catellus shall Takedown and Commence Construction on the Neighborhood Park, Perimeter Park and Other Parks in Phase VIII. The actual construction obligations following such Takedowns are set forth in Section 7.2 hereof.

(vi) Architectural Master Plan. Prior to the Takedown of any portion of the Regional Retail Property, the City and Catellus must have agreed upon an Architectural Master Plan for the Regional Retail Property. Prior to the Takedown of any portion of the Town Center, the City and Catellus must have agreed upon an Architectural Master Plan for the Town Center. Prior to the Takedown of any portion of the Commercial Property adjacent to the Film Society Property, the City and Catellus must have agreed upon an Architectural Master Plan for such adjacent tracts.

(vii) Subdivision. A subdivision plat acceptable to the City (in its regulatory capacity) has been approved and recorded for the Applicable Takedown Property. A subdivision plat acceptable to the City (in its landowner capacity, which will not be unreasonably withheld, conditioned or delayed) has been approved and recorded for the Applicable Takedown Property.

(b) Catellus' Takedown Conditions. Catellus' Takedown obligations are subject to the fulfillment of each of the following conditions, which may be waived in Catellus' sole discretion:

(i) Representations, Warranties and Agreements. The material representations and warranties of the City contained herein shall be materially true, accurate and correct as of the Takedown Date except to the extent they relate only to an earlier Takedown Date. The City has performed all the material agreements to be performed by the City as of the Takedown Date.

(ii) No Event of Default. No City Event of Default exists.

(iii) TCEQ Closure. The City has obtained Closure from the TCEQ for the Applicable Takedown Property and, if required by Applicable Laws, has filed

the related TCEQ Voluntary Cleanup Program Certificate of Completion in the Official Public Records of Travis County, Texas.

(iv) Subdivision. The Preliminary Plan with only those changes acceptable to Catellus has been approved by the City and a subdivision plat acceptable to Catellus has been recorded for the Applicable Takedown Property.

(v) Infrastructure. Any offsite infrastructure required for such Takedown as provided in Section 8.2(c) has been completed in accordance with this Agreement and all Applicable Laws.

3.3 Takedown Obligations.

(a) Minimum Takedown Obligation. Subject to the satisfaction of the conditions set forth in Section 3.2(b) and the satisfaction or waiver of the conditions set forth in Section 3.2(a), Catellus (or a Catellus Takedown Party, as appropriate) shall Takedown a minimum of 61 acres of the Property per year calculated on a three-year running cumulative average as of each anniversary of the first Takedown Date (but in no event later than the second anniversary of the Effective Date), subject to Catellus' rights to toll such obligations as provided below (the "Minimum Takedown Obligation"), which three-year running cumulative average minimum is equal to 183 acres. By way of example and not of limitation, in the event Catellus Takesdown 80 acres in year 1, 79 acres in year 2, 48 acres in year 3, and 47 acres in year 4, the Minimum Takedown Obligation is satisfied at the end of year 3 (i.e., 80 + 79 + 48 = 207) but is not satisfied at the end of year 4 (79 + 48 + 47 = 174). Catellus shall satisfy its Takedown obligations from a combination of Open Space and Commercial Property/Residential Property; provided, however, Catellus cannot satisfy the Minimum Takedown Obligation from a disproportionate Takedown of Open Space as Catellus cannot Takedown more Open Space than is required by Section (c) below. Notwithstanding anything herein to the contrary, a Takedown of the School Property for the purpose of developing a neighborhood school under Section 3.7, a sale or lease under Section 3.8 of the Proposed Academic Health Center Property, and any Partial Condemnation will count as a Takedown by Catellus in the year such Takedown, sale, lease or condemnation is closed or otherwise completed and be credited against the Minimum Takedown Obligation.

(b) Tolling of General Takedown Obligation.

(i) Catellus Toll Period. With prior written notice to the City, Catellus, in its sole discretion, may toll its Minimum Takedown Obligation for up to two Catellus Toll Periods. Catellus may exercise its two Catellus Toll Periods consecutively or nonconsecutively.

(ii) Lack of Market Toll Period. The Minimum Takedown Obligation will be tolled on a week by week basis for up to 234 weeks (the "Lack of Market Toll Period") in the event:

A. with respect to Residential Property, the number of (1) new home starts or new home closings decline by more than 5% in a given calendar quarter, and (2) the inventory of finished lots or new homes increase by more than 5% in the same given calendar quarter, measured cumulatively with respect to all the homes and finished lots within the Austin City limits and Travis County which are substantially similar in price points to the homes and finished lots offered, and to be offered in the next two years, at the Property, calculated as set forth in a credible published reference source reasonably acceptable to the City and Catellus, or

B. with respect to Commercial Property, either:

I. the vacancy rates (using space offered for lease and sublease) in the Austin City limits and Travis County for office space uses are greater than twelve percent, calculated as set forth in a credible published reference source reasonably acceptable to the City and Catellus; or

II. the vacancy rates in the Austin City limits for multifamily residential uses are greater than ten percent, calculated as set forth in a credible published reference source reasonably acceptable to the City and Catellus;

provided however, to invoke the Lack of Market Toll Period, Catellus shall deliver written notice to the City within 90 days of the existence of a Lack of Market Toll Period together with the reference sources of such Lack of Market Toll Period as provided above. The Lack of Market Toll Period is in addition to the Catellus Toll Period.

(iii) Application of Lack of Market Toll Period. The Lack of Market Toll Period will generally be applied by product type (i.e., Commercial Property and Residential Property). Catellus and the City agree that the anticipated development of the Property will be allocated as 57% Commercial Property and 43% Residential Property. In the event a Lack of Market Toll Period applies to one product type, the Minimum Takedown Obligation will be "tolled" for such product type only during such period and will resume following the Lack of Market Toll Period. Inherent in each calculation of Residential Property and Commercial Property is the corresponding Open Space and property to be developed as rights of way. The occurrence of a Lack of Market Toll Period will result in an uneven amount (i.e., less than 61 acres) of land remaining at the end of the redevelopment of the Property, in which case whatever remaining acreage available in the last year of the redevelopment will be required to be Takendown in such year.

(iv) Lack of Market Toll Period Example. By way of example and not of limitation, in the event a 3 month Lack of Market Toll Period applies to the Commercial Property in year 2, the Minimum Takedown Obligation at the end of year 3 would be calculated as follows:

Commercial Property (57% of 61 acres = 34.77 acres)

year 1	34.77 acres
year 2	26.08 acres ([9 months/12 months] x 34.77 acres)
year 3	34.77 acres
Subtotal	95.62 acres

Residential Property (43% of 61 acres = 26.23 acres)

year 1	26.23 acres
year 2	26.23 acres
year 3	26.23 acres
Subtotal	78.69 acres

Total Minimum Takedown Obligation at the end of year 3 = 174.31 acres (95.62 acres plus 78.69 acres) [compared to 183 acres as required in Section 3.3(a) above] which would leave 8.69 acres required to be Takendown in the last year of redevelopment (assuming no more Lack of Market Toll Periods occur).

(v) Tolling of Infrastructure Obligations. In connection with any tolling of the Minimum Takedown Obligation hereunder, (A) Catellus may, in its sole and absolute discretion, toll its obligations to construct any Infrastructure that it is then obligated to construct hereunder, and (B) the City may, in its sole and absolute discretion, toll its obligations to construct any infrastructure it is obligated to construct hereunder.

(c) Certain Required Takedowns. Set forth below are certain required linkages for Catellus' Takedown of the Property. The construction obligations following such Takedowns are set forth in Sections 3.2(a)(v), and 7.2 (including the Backbone Infrastructure, the Park Infrastructure and the Intract Infrastructure) hereof.

(i) Regional Retail Property Takedown. In the first Takedown of any portion of the Property, Catellus shall Takedown or cause the Takedown of, (A) the Regional Retail Property, (B) "Phase III" as shown on the Phasing Plan, and (C) the Phase XII and Phase III Perimeter Parks.

(ii) Residential Property Takedown. Within 12 months following the first Takedown Date, Catellus shall Takedown (A) Phase IB and (B) the Phase IB Neighborhood Park.

(iii) Perimeter Parks. Catellus shall Takedown each applicable Perimeter Park prior to the Commencement of Construction as required by Sections 3.2(a)(v) and 7.2.

(iv) Neighborhood Parks and Other Parks. Catellus shall Takedown each applicable Neighborhood Park and Other Park prior to the Commencement of Construction as required by Sections 3.2(a)(v) and 7.2.

(v) Lake Park. Catellus shall Takedown the Lake Park in connection with its Takedown of any portion of the Property other than (A) Phases XII, IA, IB, III, (B) the Grocery Store Property, (C) 50% of the gross land area in Phase IV, and (D) Phase IC.

3.4 Title Binder and Survey.

(a) Initial Title Binder and Survey. Catellus has received the Title Binder and the Survey. Catellus and the City will work together to resolve any exceptions to title coverage set forth in the Title Binder and other title matters set forth on the Survey which materially and adversely impair the redevelopment and marketability of the applicable portion of the Property affected thereby as contemplated by this Agreement.

(b) Updating Title Binder and Survey. Not less than 30 days' prior to any proposed Takedown, Catellus may obtain an update of the Survey and an update of the Title Binder or a new Title Binder covering only the Applicable Takedown Property.

(c) Review of Updated Title Binder and Survey. In the event such (i) updated Survey shows any easement, right-of-way, or other encumbrance that was not created by, through or under Catellus affecting the Applicable Takedown Property, other than the Permitted Encumbrances, or (ii) updated Title Binder shows any additional exceptions to title coverage that were not created by, through or under Catellus, other than the Permitted Encumbrances and the standard printed exceptions, and such new easement, right-of-way, other encumbrance or additional exceptions has a material and adverse effect on the title to the Applicable Takedown Property, Catellus shall, within 10 days after receipt of both the updated Title Binder and the Survey, notify the City in writing of such fact and the reasons therefor (each such period, an "Objection Period"), in which event the City will have 10 days after the expiration of such Objection Period to cure such objections (the "Cure Period"). Upon the expiration of the Cure Period, Catellus shall be deemed to have accepted the updated Title Binder and Survey and all matters shown or listed thereon (except for the matters which are the subject of a notification permitted under the preceding sentence), and such matters will be included in the term "Permitted Encumbrances" as used herein. Notwithstanding anything to the contrary contained herein, the City shall have no obligation to bring any action or proceeding or otherwise to incur any expense whatsoever to eliminate or modify any such objectionable matters. In the event the City is unable or unwilling to eliminate or modify such objectionable matters to the reasonable satisfaction of Catellus within the Cure Period,

Catellus may, on or before the date which is 10 days following the expiration of the Cure Period (as its sole and exclusive remedies), either (x) terminate its obligation to accept that portion of the Property affected by such Takedown by notice in writing to the City, and this Agreement will remain in full force and effect with respect to the remaining portion of the Property or (y) accept such title to the Applicable Takedown Property as the City can deliver and such objectionable matters will be deemed approved by Catellus as Permitted Encumbrances and Catellus may cure such objectionable matters. If Catellus elects to terminate its obligation to accept that portion of the Property affected by such Takedown Notice as provided above, then Catellus shall nonetheless receive credit for such portion of the Property in calculating and satisfying its Minimum Takedown Obligations as provided in Section 3.3(a) and, to the extent applicable, its Takedown Obligations under Section 3.3(c).

(d) Catellus' Option to Waive Updating Title Binder and Survey. Catellus may waive its right to obtain the Title Binder and Survey with respect to any Applicable Takedown Property. If Catellus waives its right to obtain the Title Binder and Survey, the "Permitted Encumbrances" for the Applicable Takedown Property will be "subject to general real estate taxes on the Property for the current year, zoning laws, regulations and ordinances of municipal and other governmental authorities, if any, affecting the Property and any and all valid restrictions, easements and other encumbrances, affecting the Property as the same appear of record, and all matters that would be disclosed in a current, accurate ALTA/ACSM Land Title Survey of the Property."

3.5 Condemnation.

(a) Knowledge. Upon the City obtaining written knowledge of the institution of any actual or threatened proceedings for the stated purchase or condemnation of the Property or any portion thereof, the City will send Catellus written notice of the pendency or threat of such proceedings; provided, however, the City's obligations to deliver such notice with respect to threatened legislation will not apply to threatened legislation which the City does not deem (in its reasonable discretion) a threat which could realistically result in the condemnation of the Property or a portion thereof.

(b) Catellus' Role. Catellus may intervene in any such proceedings for the sole purpose of protecting its interests under this Agreement, and, upon request from Catellus, the City shall from time to time deliver to Catellus written consent to such intervention. In any such condemnation event, this Agreement will remain in full force and effect until completion of such proceedings or as otherwise provided in this Section 3.5.

(c) Partial Condemnation. In the event at the completion of proceedings for condemnation of a portion of the Property (the "Applicable Condemnation Property") and the uses contemplated by the Current Zoning, the Community Covenants and the Design Guidelines of the undeveloped remainder of the Property are physically and

economically feasible (a "Partial Condemnation"), the proceeds of the sale of the Applicable Condemnation Property will be deposited into the Project Revenue Fund.

(d) Substantial Condemnation. In the event at the completion of proceedings for condemnation of all of the Property which has not been Takendown, a substantial portion thereof that would make the uses contemplated by the Current Zoning, the Community Covenants and the Design Guidelines of the undeveloped remainder of the Property physically and economically infeasible (the "Substantial Condemnation"):

(i) Catellus' right to Takedown and/or develop the portion of the Property which is the subject of the Substantial Condemnation will terminate;

(ii) this Agreement will continue, but only apply to that portion of the Property which is not the subject of the Substantial Condemnation;

(iii) the Final Lookback will occur in the time and manner as otherwise provided in this Agreement, but only apply to that portion of the Property which is not the subject of the Substantial Condemnation (i.e., the Project Costs, Project Revenues, Developer Return, Base Developer Return, and City Return will be calculated as if the Substantial Condemnation property is not part of the Property);

(iv) from the Substantial Condemnation award, the following payment/deposit will be made (A) first, payment to the City for the raw land component of fair market value, valued separately from the Development Rights, and valued without taking into account any Infrastructure installed in the Substantial Condemnation property and any other portion of the Property on or after March 24, 2004, and (B) second, the balance of the Substantial Condemnation award will be deposited into the Public Finance Fund.

(e) Applicable Laws. The parties have the rights and duties set forth in this Section rather than as prescribed by the Uniform Vendor and Purchaser Risk Act (Texas Property Code, Section 5.007).

3.6 Film Society Property, National Guard Property and National Guard Property Connector Right of Way

(a) Development. Neither the National Guard Property nor the Film Society Property will be a developable portion of the Property unless and until the respective lease expires or is otherwise terminated and the respective tenant vacates its property in which event Catellus will have the first and prior right (but no obligation) to Takedown the National Guard Property or the Film Society Property, as appropriate, under this Agreement. If Catellus exercises its first and prior right, the City and Catellus shall work together to develop a redevelopment program for the National Guard Property and/or the Film Society Property in accordance with the spirit of this Agreement.

(b) National Guard Property Connector Right of Way Development. If the lease concerning the National Guard Property is modified to decrease the size of the property leased thereby and allow the construction of the road on the National Guard Property Connector Right of Way, the National Guard Property Connector Right of Way will become part of the Property.

(c) Lease Amendments. In connection with both the Film Society Property and National Guard Property, the City may, in its sole and absolute discretion, amend, modify, or restate the lease thereof, reduce the size of the applicable property or, in the case of the Film Society Property, reconfigure the Film Society Property generally in the configuration set forth on Exhibit H hereto within 18 months of the Effective Date.

(d) Expiration. Catellus' right to redevelop the Film Society Property, the National Guard Property and the National Guard Property Connector Right of Way will automatically expire upon the approval of the Final Lookback.

(e) Environmental Matters. In connection with the redevelopment of the Film Society Property, the National Guard Property and the National Guard Property Connector Right of Way, neither party currently has any contractual obligation to the other to assess the environmental condition of such property or remediate any environmental concern on such properties. If Catellus exercises its first and prior right as to a property under subsection (a) above or if the National Guard Property Connector Right of Way becomes part of the Property under subsection (b) above, then the parties will address the environmental condition of those properties in the applicable redevelopment program.

(f) Title Matters. The parties will address any title and survey concerns pertaining to the Film Society Property, the National Guard Property and the National Guard Property Connector Right of Way, as applicable, at the time any of these parcels may be redeveloped under this Agreement.

3.7 School Property. Catellus acknowledges and agrees that the School Property will not be available for a Takedown except as provided in this Section but will be retained by the City, Takendown and subsequently transferred for the development of a neighborhood school within not less than 120 days of a written request therefor addressed to the City and Catellus together with adequate assurance that a neighborhood school will Commence Construction within three years of the request. Any transfer of the School Property will provide that:

(a) the School Property is subject to the Community Covenants and the Design Guidelines,

(b) the School Property cannot be used for any other purpose than as a neighborhood school and accessory uses reasonably related thereto,

(c) in the event Commencement of Construction of a neighborhood school has not commenced on the School Property on or before the date which is five years

following the Takedown of the School Property, the School Property will be available for Takedown under this Agreement, and

(d) the City must approve an architectural master plan for the School Property and any surrounding "civic use" portions of the Property, which architectural master plan will be prepared by parties other than the City based on the specifications for architectural master plans in the Design Guidelines.

Such transfer will be consummated upon such terms and conditions as are reasonably acceptable to the City and Catellus; provided however, as part of negotiating any such transfer, Catellus shall negotiate with the developer of the School Property in an effort to sign an agreement to provide for the contribution of the School Property's prorata Project Costs to the development of the Property. The location, configuration, master plan, site plan and elevations of the School Property are subject to the prior written approval of Catellus, which approval will not be unreasonably withheld, conditioned or delayed. Catellus shall have no obligation to design or construct any Infrastructure to serve the School Property prior to the development of the Infrastructure for the portion of the Property surrounding the School Property. Prior to Takedown of the School Property, Catellus may install landscaping on the School Property to the extent approved by the "New Construction Council" under the Community Covenants. In connection with the transfer of the School Property as provided herein, Catellus shall work with the developer thereof to provide reasonable ingress and egress routes consistent with the redevelopment of the Property as contemplated by this Agreement through the Property to service the School Property. If the School Property becomes available for a Takedown other than a transfer to develop a neighborhood school under this Agreement, the City and Catellus shall work together to develop a redevelopment program for the School Property in accordance with the spirit of this Agreement.

3.8 Proposed Academic Health Center Property. Catellus acknowledges and agrees that the Proposed Academic Health Center Property will not be available for a Takedown except as provided in this Section (or as otherwise agreed to by the City and Catellus) but will be retained by the City and may be transferred (by lease or sale) to the entity which will develop an academic health center thereon so long as the developer of the Proposed Academic Health Center Property agrees that:

(a) the Proposed Academic Health Center Property is subject to the Community Covenants and the Design Guidelines,

(b) the Proposed Academic Health Center Property cannot be used for any other purpose than an academic health center and accessory uses reasonably related thereto, and

(c) the density of the initial development on the Proposed Academic Health Center Property will be to a density which evidences the good faith intention to eventually develop the Proposed Academic Health Center Property within 5% of, but not more than, the maximum density of the Proposed Academic Health Center Property as

determined by Catellus (in its reasonable discretion) taking into account all relevant development factors (including without limitation, the Current Zoning, the approved Traffic Impact Analysis for the Property and utility capacity) and also taking into account Catellus' obligation to redevelop the remainder of the Property in accordance with this Agreement and the Design Guidelines.

Such transaction will be consummated upon such terms and conditions reasonably acceptable to the City and Catellus. The location, configuration, Architectural Master Plan, phasing plan, site plan and elevations of the Proposed Academic Health Center Property, and property in the proximity thereof which may be utilized as an academic health center, are subject to the prior written approval of Catellus, which approval will not be unreasonably withheld, conditioned or delayed. In the event Commencement of Construction of an academic health center has not commenced on the Proposed Academic Health Center Property on or before the date which is three years following the Effective Date, the Proposed Academic Health Center Property will be available for Takedown by a Catellus Takedown Party under this Agreement.

ARTICLE IV.
PROPERTY TAKEDOWNS

4.1 The Takedowns. Each Takedown will take place at the offices of the Title Company on the applicable scheduled Takedown Date or such other time and place mutually agreed upon by the parties. At each Takedown the following will occur, each of which will be a concurrent condition to each Takedown:

(a) The City's Takedown Obligations. At each Takedown, the City shall:

(i) Deliver to the Title Company a duly executed and acknowledged Deed to Catellus covering the Applicable Takedown Property, subject only to the Permitted Encumbrances applicable to such Applicable Takedown Property.

(ii) Deliver possession of the Applicable Takedown Property to Catellus, subject only to the Permitted Encumbrances applicable to such Applicable Takedown Property.

(iii) In the event temporary, offsite utility facilities are necessary for the development of the Applicable Takedown Property prior to the development and dedication of permanent utility facilities for that portion of the Property in which the Applicable Takedown Property is located, deliver to the Title Company a duly executed and acknowledged Temporary Easement, which grants to the Owner an easement pursuant to the terms thereof in a location to be determined by City in its reasonable discretion. In the event the location of such temporary utility facilities has not been determined, the parties will delay this obligation to a post

Takedown obligation. The Temporary Easement will be subject to Applicable Laws.

(iv) Deliver to Catellus a copy of the Certificate of Completion evidencing Closure for the Applicable Takedown Property,

(v) Deliver such other documentation or instruments as reasonably required by the Title Company for the Takedown to occur in accordance with this Agreement, except for a certification of nonforeign status from the City which Catellus acknowledges it has already received (unless required by the Title Company).

(b) Catellus' Takedown Obligations. At each Takedown, Catellus shall:

(i) Deliver to the Title Company duly executed and acknowledged annexation notices which annex the Applicable Takedown Property into the regimes created by the Community Covenants.

(ii) Deliver such other documentation or instruments as reasonably required by the Title Company for the Takedown to occur in accordance with this Agreement.

(c) Taxes and Assessments. Real estate taxes and assessments, if any, concerning the Applicable Takedown Property for the calendar year of Takedown, to the extent the City is obligated to pay such items, will be apportioned between the City and Catellus at the Takedown as of midnight of the day preceding the Takedown Date.

4.2 Reconveyance Following Takedown. In the event (a) Catellus fails to sell all or any portion of the Applicable Takedown Property to a Person who is not an Affiliate (except in the event a Catellus Takedown Party acquires the Applicable Takedown Property in a Fair Market Value Sale), or (b) Catellus, a Catellus Affiliate, or a lessee or end user of the Applicable Takedown Property or a portion thereof fails to Commence Construction on all or any portion of such Applicable Takedown Property within 18 months following the date of the Takedown (which may be extended by Catellus for up to 6 additional months if and so long as the Applicable Takedown Property is under a bona-fide purchase and sale contract or bona-fide letter of intent with a non-Affiliated entity at the end of such 18 month period, which additional 6 months the City may further extend in its sole and absolute discretion) upon written request of the City, Catellus shall transfer, or cause the transfer, back to the City by special warranty deed substantially in the form delivered by the City to Catellus such Applicable Takedown Property, or portion thereof, which is unsold or is not in the process of construction. In the event the City elects to receive a transfer according to this Section, Catellus' obligations to complete the Infrastructure related solely to such transferred portion of the Applicable Takedown Property will be tolled. In the event a portion of the Property is reconveyed as provided in this Section, such reconveyance will not, by itself, constitute an Event of Default; provided however, if such reconveyance causes a Catellus Limited Remedy Event of Default under this Agreement (e.g., a breach of the Minimum Takedown Obligation), a Limited Remedy Event of Default will occur.

ARTICLE V.
FINANCING PLAN

5.1 Land Sales Price. The City will defer the consideration it is to receive relating to each Takedown in exchange for distributions resulting from the Waterfall Method or Land Sales Method as provided herein and its ability to manage the level of Public Financing as provided herein.

5.2 Public Financing.

(a) Pre-Debt Issuance Tax Revenues. In order to reduce the amount of unpaid Project Costs:

(i) prior to the first issuance of the Sales Tax Debt and subject to annual appropriation by the City, the City shall deposit or cause to be deposited all of the City's portion of the revenue received by the City from the Sales Taxes into the Public Finance Fund, and

(ii) prior to the first issuance of the Ad Valorem Tax Debt and subject to annual appropriation by the City, the City shall deposit or cause to be deposited all of the City's portion of the revenue received by the City from the Ad Valorem Taxes generated within the TIRZ into the Public Finance Fund.

(b) First Debt Issuances.

(i) Subject to Applicable Laws and Catellus' obligations in Section (ii) below, the City, to the extent then current financial market conditions permit, will use all reasonable efforts to issue or cause to be issued the Sales Tax Debt not later than 6 months following submission of all requisite applications, construction drawings, documents, instruments, fees, and other submissions in compliance with this Agreement and Applicable Laws necessary to satisfy the City's "completeness check" concerning an application for a Site Development Permit for construction of retail improvements on the Regional Retail Property, provided that such improvements are reasonably anticipated by the City to provide Sales Taxes to support the debt service payments for at least $5,000,000 of net proceeds in a Sales Tax Debt issuance based on then current financial market requirements which are reasonably acceptable to municipal entities similar to the City.

(ii) COLP, Catellus Land and Development Corporation, a Delaware corporation, or another acceptable Catellus Affiliate shall post the Regional Retail Completion Surety at least one calendar day prior to the date of the first issuance of the Sales Tax Debt. On the date on which 70% of the square feet of corresponding retail improvements on the Regional Retail Property are completed, leased to tenants or sold to end users who have entered into bona-fide leases or purchase transactions with then generally prevailing market terms and

conditions taking into consideration all relevant factors and the tenants/end users thereof are operating in their respective premises, the Regional Retail Completion Surety will be reduced to 30% of its original principal amount. On the date on which 80% of the square feet of corresponding retail improvements on the Regional Retail Property are completed, leased to tenants or sold to end users who have entered into bona-fide leases or purchase transactions with then generally prevailing market terms and conditions taking into consideration all relevant factors and the tenants/end users thereof are operating in their respective premises, the Regional Retail Completion Surety will be released and promptly returned to Catellus.

(iii) Subject to Applicable Laws, the City, will use all reasonable efforts to issue or cause to be issued the Ad Valorem Tax Debt when the TIRZ contains at least the amount of assessed value (as determined by the Travis Central Appraisal District) to provide Ad Valorem Taxes to support the debt service payments for at least $5,000,000 of net proceeds in an Ad Valorem Tax Debt issuance based on then current financial market requirements which are reasonably acceptable to municipal entities similar to the City.

(iv) In the event the City fails to issue the first issuance of Sales Tax Debt as required hereby, the City shall promptly return to Catellus any Regional Retail Completion Surety in the City's possession.

(c) Subsequent Debt Issuances. Following issuance of the initial Sales Tax Debt and Ad Valorem Tax Debt, the City shall be obligated, from time to time, to the extent then current financial market conditions permit, to issue subsequent Public Financing, but only to the extent necessary to enable payment of the Base Developer Return Shortfall; provided however, in no event will the City be obligated to issue any Public Financing four years following the approval date of the Final Lookback Proforma. The City may, in its sole discretion, issue Public Financing in excess of the levels required hereby or use Ad Valorem Taxes to pay the debt service on the Sales Tax Debt.

(d) Public Finance Acknowledgements. The parties acknowledge and agree that the proceeds from the Public Financing cannot be used to pay the Developer Return, Base Developer Return or Base Developer Return Shortfall but the Public Financing proceeds will be used to pay, or reimburse Catellus, for Public Finance Reimbursable Project Costs, which should enable the Project Revenues to pay the Developer Return, Base Developer Return or Base Developer Return Shortfall.

(e) Funding of Public Financing Fund. The City shall cause the deposit of the net proceeds (following payment of issuance costs) of the Public Financing into the Public Financing Fund.

(f) Creation of Local Government Corporation. The City shall use commercially reasonable efforts to form a Local Government Corporation for the purpose

of issuing the Public Finance. The City specifically acknowledges that the particular statutory powers granted to Local Government Corporations with respect to reimbursement of Public Finance Reimbursement Project Costs is a material inducement to Catellus entering into this Agreement and therefore the City agrees to issue all Public Financing pursuant to a Local Government Corporation, provided however, that in the event a future state law may permit the reimbursement of Public Finance Reimbursement Project Costs from debt issued directly by the City in the same manner as presently granted to Local Government Corporations, the City may elect to issue Public Financing directly and not pursuant to a Local Government Corporation.

(g) Material Change in Public Finance Law. The City and Catellus acknowledge and agree that if there are changes in Applicable Laws which materially and adversely affect the ability of the City to meet its obligations regarding reimbursement of Public Finance Reimbursable Project Costs as provided herein, the City and Catellus will work together in good faith to modify and amend this Agreement to address any inequities created as a result of such changes in Applicable Laws.

5.3 Project Revenues.

(a) Deposit. Catellus and the City shall promptly deposit into the Project Revenue Fund all Project Revenues.

(b) Partial Withdrawal of Proceeds. Due to the potential significant Catellus investment and the risk associated with a back-ended return, the City and Catellus have agreed to allow portions of Catellus' return to be paid with each sale of the Property by Catellus, each Fair Market Value Sale and a transfer of the Proposed Academic Health Center Property as contemplated by Section 3.8, all as provided herein. Upon the deposit of Land Sale Net Proceeds into the Project Revenue Fund, provided no Catellus Event of Default exists, Catellus may withdraw from the Project Revenue Fund, in addition to amounts that may be withdrawn pursuant to Section 5.4 and ARTICLE VI hereof, up to an amount equal to a cumulative 15% of all Land Sales Proceeds received (or, in the case of the Proposed Academic Health Center Property, deemed received), to the extent not previously paid to Catellus. To the extent that Catellus draws its 15% of Land Sales Proceeds at the time of sale as provided in this Section and Catellus "covers" such 15% draw with additional equity investment, such additional equity will constitute Project Costs but will not accrue a rate of return pursuant to the calculation of IRR under the Developer Return or Base Developer Return. By way of example and not of limitation, in the event $10,000,000 of Project Costs have been paid, or deemed paid, by Catellus' equity (i.e., paid under Section 5.4(d)), a sale occurs resulting in Land Sales Proceeds of $5,000,000 and Net Land Sales Proceeds of $4,950,000 ($5,000,000 less closing costs of $50,000), Catellus shall deposit the $4,950,000 into the Project Revenue Fund and may draw from such fund (i) $750,000 (15% x $5,000,000) to pay the Developer Return/Base Developer Return and (ii) $4,200,000 ($4,950,000-$750,000) to repay itself for Project Costs and, following such draws, $5,050,000 ($10,000,000 - $4,950,000) would remain as unpaid Project Costs of which $4,300,000 would earn an IRR and $750,000 would not

earn an IRR. The IRR through the Waterfall method would thus be calculated as if Catellus had not withdrawn any money from the Project Revenue Fund.

5.4 Payment of Project Costs. Catellus shall pay or be reimbursed for all Project Costs from the following sources, in the following order and subject to the limitations set forth herein to the extent funds are then available from the Hospital Fund, the Public Finance Fund and the Project Revenue Fund:

(a) first, from the Hospital Fund until depletion of the Hospital Fund, but only to the extent necessary to pay Project Costs on the Pre-MDA Phase or as otherwise specifically approved by the City,

(b) second, from the Public Finance Fund until depletion of the Public Finance Fund, but only to the extent necessary to pay, or reimburse Catellus, for the Public Finance Reimbursable Project Costs,

(c) third, from the Project Revenue Fund until depletion of the Project Revenue Fund, and

(d) fourth, from Catellus' equity contributions;

provided, however, Catellus acknowledges that no Project Cost which is not a Public Finance Reimbursable Project Cost may be paid from the Public Finance Fund. The Predevelopment Expenses may only be paid from the Project Revenue Fund. The parties anticipate that the balance of the Public Finance Fund and the Project Revenue Fund will fluctuate over time and, at certain times, will be zero, but will increase as proceeds from Public Financing and Project Revenues are deposited. The City may also submit a disbursement request to withdraw funds from the Public Finance Fund and the Project Revenue Fund to pay, to the extent funds are available, Project Costs or Public Finance Reimbursable Project Costs. Prior to the funding of such City disbursement request, Catellus may, in good faith, reasonably object to any such requested City disbursement request in which case the City disbursement request will be delayed while the parties, in good faith, work to resolve any such objections.

5.5 Lookback and Returns.

(a) Initial Lookback. To enable the City to proactively facilitate the issuance of Public Financing for payment of certain Project Costs, on or before completion of approximately 50% of the Backbone Infrastructure, Catellus shall prepare and submit to the City a current cumulative Proforma showing actual Project Revenues/Project Costs, Project Revenues/Project Costs projected through the anticipated expiration date of this Agreement and returns for the City and Catellus calculated using the Land Sales Method and the Waterfall Method (the "Proposed Initial Lookback Proforma"). Within 60 days following the City's receipt of the Proposed Initial Lookback Proforma, the City shall either approve or reasonably disapprove the Proposed Initial Lookback Proforma in writing and, if applicable, include the reasons for disapproval. Representatives of both parties shall reasonably make themselves available to in good faith discuss and resolve

the City's reasons for disapproval of the Proposed Initial Lookback Proforma within 30 days after the City's delivery of such disapproval. The final approved Proposed Initial Lookback Proforma is the "Initial Lookback Proforma."

(b) Subsequent Lookback. To enable the City to proactively facilitate the issuance of Public Financing for payment of certain Project Costs, on or before completion of approximately 75% of the Backbone Infrastructure, Catellus shall update the Initial Lookback Proforma with the actual Project Revenues/Project Costs, Project Revenues/Project Costs projected through the anticipated expiration date of this Agreement and returns for the City and Catellus calculated using the Land Sales Method and the Waterfall Method (the "Proposed Subsequent Lookback Proforma"). Within 60 days following the City's receipt of the Proposed Subsequent Lookback Proforma, the City shall either approve or reasonably disapprove the Proposed Subsequent Lookback Proforma in writing and, if applicable, include the reasons for disapproval. Representatives of both parties shall reasonably make themselves available to in good faith discuss and resolve the City's reasons for disapproval of the Proposed Subsequent Lookback Proforma within 30 days after the City's delivery of such disapproval. The final approved Proposed Subsequent Lookback Proforma is the "Subsequent Lookback Proforma."

(c) Final Lookback. Within 30 days following the Infrastructure Completion of Construction and the closing of the last Property sale to a third party or a Fair Market Value Sale (which may occur prior to the Takedown of the School Property, or the redevelopment of the National Guard Property or the Film Society Property) or expiration or earlier termination of this Agreement, Catellus shall update the Subsequent Lookback Proforma (or, if a termination has occurred, prepare a current cumulative Proforma) with total Project Revenues/Project Costs through the expiration or termination date of this Agreement and returns for the City and Catellus calculated using the Land Sales Method and the Waterfall Method to be audited in the same manner as the annual Proforma as provided in Section 2.6(c)(ii) hereof (the "Proposed Final Lookback Proforma"). Within 60 days following the City's receipt of the Proposed Final Lookback Proforma, the City shall either approve or reasonably disapprove the Proposed Final Lookback Proforma in writing and, if applicable, include the reasons for disapproval. Representatives of both parties shall reasonably make themselves available to in good faith discuss and resolve the City's reasons for disapproval of the Proposed Final Lookback Proforma within 30 days after the City's delivery of such disapproval. The final approved Proposed Final Lookback Proforma is the "Final Lookback Proforma." The process for agreeing on the Final Lookback Proforma is the "Final Lookback."

(d) Developer and City Returns. Based on the Final Lookback Proforma, Catellus' return for its redevelopment of the Property will be the greater nominal value of its return under the Land Sales Method and the Waterfall Method (the "Developer Return"). The City's partial return (in addition to future tax revenues and the benefit of public parks and public infrastructure) for contributing its Land Sales Proceeds into the

redevelopment of the Property will be the remainder of the Project Revenue Fund, if any, following payment of the Developer Return (the "City Return").

(e) Payment of Returns. Within 10 days following the approval of the Final Lookback Proforma, the Developer Return and the City Return will be paid to the applicable party, to the extent a positive balance remains in the Project Revenue Fund.

(f) Base Developer Return Shortfall. If the balance of the Project Revenue Fund is less than the Base Developer Return (such difference, the "Base Developer Return Shortfall"), the balance of the Project Revenue Fund will be paid to Catellus within 10 days following the approval of the Final Lookback Proforma. The City's obligation to issue Public Financing, which should enable the Project Revenue Fund to pay the Base Developer Return (but not directly pay the Base Developer Return), is located in Section 5.2(c) hereof.

(g) Public Finance Fund Following the Final Lookback. In the event a positive balance remains in the Public Finance Fund and no Public Finance Fund Reimbursable Project Costs remain, the City, in its sole discretion, will control the disposition of such positive balance.

(h) Final Lookback Examples. Exhibit V attached hereto contains illustrations of payments at the Final Lookback.

5.6 Fair Market Value Sales. The parties anticipate that the Regional Retail Property, and possibly other portions of the Property, will be Takendown in Fair Market Value Sales by a Catellus Takedown Party and that (i) Catellus, (ii) a Catellus Affiliate, (iii) a development joint venture of which Catellus or a Catellus Affiliate is a venture partner, (iv) a tenant or end user or another development entity that develops such portion of the Property for the benefit of a tenant or end user or (v) some combination of the foregoing, will construct vertical improvements (i.e., buildings and other lot specific improvements which are not Infrastructure) thereon.

(a) Regional Retail Property Fair Market Value. The City and Catellus will agree upon or determine the Fair Market Value of the Regional Retail Property pursuant to Section (d) below. In the event the Regional Retail Property is not Takendown on or before the date which is one year following such agreement or determination, the Fair Market Value of the Regional Retail Property will be redetermined on or before the date of the anticipated Takedown of the Regional Retail Property.

(b) Other Portions of the Property. In the event a Catellus Takedown Party elects to purchase other portions of the Property (other than Open Space) in a Fair Market Value Sale transaction as provided in this Section 5.6, the parties will determine the Fair Market Value of such other portions of the Property pursuant to Section (d) below. The parties do not intend that the provisions of this Section may be utilized to circumvent the Takedown/Developer Return/City Return procedure otherwise set forth in this Agreement.

(c) Payment of Fair Market Value. At the applicable Takedown concerning a Fair Market Value Sale of a portion of the Property, the applicable Land Sales Net Proceeds from the calculation of Fair Market Value will be paid into the Project Revenue Fund as provided in Section 5.3 hereof.

(d) Determination of Fair Market Value. The parties shall endeavor through good faith negotiations to agree in writing upon the Fair Market Value. If they are unable to agree on the Fair Market Value within a 30 day period, then within 10 days after the expiration of such 30-day period, the parties shall deliver to each other concurrently at a mutually agreeable place and time their respective final written estimates of the Fair Market Value. If each party's final estimate of the Fair Market Value is the same, then the Fair Market Value shall equal such estimate. If one party's final estimate of the Fair Market Value is no more than 10% higher than the other party's final estimate, then the Fair Market Value shall equal the average of the two (2) final estimates. In every other case, the Fair Market Value, based on the two (2) final estimates, shall be determined by arbitration. If the Fair Market Value is not resolved as provided above, then within 10 days after the parties have exchanged their estimates of Fair Market Value the parties shall attempt in good faith to agree on a sole arbitrator but if they are unable to do so, each party shall, within an additional 5 days, designate an arbitrator to determine the Fair Market Value. The parties' arbitrators shall, within 10 days after their designation hereunder, select a third arbitrator. If the parties' arbitrators are unable to agree upon appointment of such third arbitrator within such 10 day period, then either party, on behalf of both, may petition the American Arbitration Association or the State District Courts in Travis County, Texas to appoint the third arbitrator. The arbitrators shall be licensed real estate appraisers who are members of the Appraisal Institute (or its successor organization) with a then current senior designation of MAI (or then comparable designation), currently certified under the continuing education program and shall have at least ten (10) years' experience in appraising commercial properties in the general area in which the Property is located. The arbitrator(s) shall determine which of the two estimates submitted by the parties pursuant to the applicable provisions hereof is closest to the correct result in the arbitrator(s)' opinion. The arbitrator(s) shall have no power to select an alternative position or a decision different from that proposed by either party. The decision of the single arbitrator or that in which at least two (2) of the three (3) arbitrators concur shall be final and binding upon the parties. Upon failure, refusal, or inability of an arbitrator to act, his or her successor shall be appointed in the same manner as provided for original appointment. The arbitrator(s) will be instructed to render a decision on Fair Market Value within 30 days of their receipt of all information required to be submitted under this Section.

5.7 Financial Implications of the Academic Health Center.

(a) The City will continue the $7,250,000 "Additional Fund" under Section 6.5 of the HSDA to the extent provided in this Section (the "Contingency Fund"), provided however, in the event the Proposed Academic Health Center Property is redeveloped by Catellus in the course of redevelopment and not by a developer as an

academic health center as contemplated in Section 3.8, the Contingency Fund will not be available for disbursement for any purpose and the City will release it. The City may, in its sole and absolute discretion, utilize Ad Valorem Taxes in excess of those required to pay the Ad Valorem Tax Debt and/or Sales Taxes in excess of those required to pay the Sales Tax Debt to support the Contingency Fund.

(b) Although the Contingency Fund is not a payment by the City to cover the amount of Project Costs allocated to the Proposed Academic Health Center Property, any payment received from the developer of the Proposed Academic Health Center Property as payment of prorata Project Costs, will reduce the required amount of the Contingency Fund by fifty-seven cents for each dollar received in payment from the developer of the Proposed Academic Health Center Property as provided above.

(c) At the Final Lookback, in the event (i) the Proposed Academic Health Center Property is developed as an academic health center as contemplated in Section 3.8 and (ii) following the City's utilization of all Public Financing under Section 5.2(c) hereof, the balance of the Project Revenue Fund is less than the Base Developer Return, the City shall pay to Catellus such amount of the Contingency Fund as is necessary to pay the balance of the Base Developer Return. In the event following such payment of the Contingency Fund, the full amount of the Base Developer Return has not been paid, the City will not be obligated to pay any such remaining Base Developer Return.

ARTICLE VI.
FEES AND EXPENSES

6.1 Construction Management Fees. Catellus may pay itself, or a Catellus Affiliate, the Construction Management Fee.

6.2 Other Proceeds. So long as a Catellus Event of Default is not continuing, Catellus may pay itself from the Project Revenue Fund an amount equal to 7.5% of all Other Proceeds actually deposited into the Project Revenue Fund.

6.3 Project Administration Fee.

(a) Catellus Project Administration Fee. Catellus may pay itself monthly in equal installments to help defray its administration costs during the term of this Agreement, which amount is based on the Property's gross number of acres which have not been transferred to Catellus (or sold/leased to a third party in the case of the National Guard Property, the Film Society Property, or the Proposed Academic Health Center Property) as follows (the "Catellus Project Administration Fee"):

Remaining Gross Acres	Annual Reimbursement Amount
greater than or equal to 100	$500,000
greater than or equal to 75	$400,000
greater than or equal to 50	$300,000
greater than or equal to 25	$200,000
less than 25	$100,000

The Catellus Project Administration Fee will be prorated for any given month in the event the remaining gross acreage of the Property changes. The Catellus Project Administration Fee will be payable from the Project Revenue Fund, provided however, if a positive balance does not then exist in the Project Revenue Fund, Catellus may pay itself the Catellus Project Administration Fee which will be a Project Cost. The Catellus Project Administration Fee will be tolled (i.e., reduced to $0) during any Catellus Toll Period.

(b) City Project Administration Fee. The City may be paid an amount to help defray its administration costs during the term of this Agreement, which amount is based on the Property's gross number of acres which have not been transferred to Catellus (or sold/leased to a third party in the case of the National Guard Property, the Film Society Property, or the Proposed Academic Health Center Property) as follows (the "City Project Administration Fee"):

Remaining Gross Acres	Annual Reimbursement Amount
greater than or equal to 100	$250,000
greater than or equal to 75	$200,000
greater than or equal to 50	$150,000
greater than or equal to 25	$100,000
less than 25	$50,000

The City Project Administration Fee will be prorated in the same manner as the Catellus Project Administration Fee and payable from the Project Revenue Fund. The City, in its sole discretion, may defer payment of the City Project Administration Fee or elect to be paid in equal monthly installments in the same manner as Catellus.

6.4 Public Art Fee. Within 2 years following the Effective Date, Catellus will deliver to the City $500,000 (the "Public Art Fee") to be deposited in a special public art fund to be used solely for public art on the Property in accordance with the policies and procedures of such fund. The City and Catellus shall jointly prepare recommendations for the use of the Public Art Fee, but acknowledge that the ultimate award of the Public Art Fee is subject to the City's then current policies regarding public art. The City and Catellus acknowledge and agree that the first priority for public art on the Property (i.e., the use of the Public Art Fee) will be along the Property's IH-35 frontage.

6.5 Specific Design Costs. Specific Design Costs. Catellus has expended $87,675.53 (the "Hospital Chiller Design Costs") on the design of the chiller plant serving the Hospital Property. Catellus may submit a disbursement request from the Hospital Fund for the Hospital Chiller Design Costs and, within 30 days of such Disbursement Request, Austin Energy will deposit into the Hospital Fund an amount equal to the Hospital Chiller Design Costs. Alternatively, Austin Energy may, in its discretion, directly pay Catellus the Hospital Chiller Design Costs. Austin City Ordinance No. 040826-6 authorized negotiation and execution of a cost reimbursement agreement with Catellus in a total amount not to exceed $195,620 in connection with the City's construction of a 16-inch water main in Cameron Road and a 15-inch gravity wastewater main in Airport Boulevard to serve the Property. Catellus has expended (a) $105,745.75 for actual soft costs incurred for design phase services (including associated pre-construction permitting) regarding the 16-inch water main and appurtenances to be constructed in Cameron Road adjacent to the Property and may incur additional costs not to exceed $34,657.25 for construction phase services (including final inspections, preparing "as-built" plans, and other actions required for final acceptance by the City including the engineer's letter of concurrence) on such water line (a total of up to $140,403), and (b) $39,559.00 for actual soft costs incurred for design phase services (including associated pre-construction permitting) regarding the 15-inch gravity wastewater main and appurtenances to be constructed in Airport Boulevard adjacent to the Property and may incur additional costs not to exceed $15,658.00 for construction phase services (including final inspections, preparing "as-built" plans, and other actions required for final acceptance by the City including the engineer's letter of concurrence) on such wastewater main line (a total of up to $55,217) (such incurred costs, the "Offsite Design and Construction Phase Costs"). Upon providing the Austin Water Utility with "owner's drawings" (but not "as built" plans) and all related intellectual property developed by Catellus' design professional related to these two projects, Catellus may submit a disbursement request(s) from the Hospital Fund for the Offsite Design and Construction Phase Costs and, within 30 days of such disbursement request(s), Austin Water Utility will deposit into the Hospital Fund an amount equal to the Offsite Design and Construction Phase Costs. Alternatively, Austin Water Utility may, in its discretion, directly pay Catellus the Offsite Design and Construction Phase Costs. Automatically effective upon payment of the Hospital Chiller Design Costs and Offsite Design and Construction Phase Costs, as applicable, all such "owner's drawings" and related intellectual property development as a result of the Hospital Chiller Design Costs and Offsite Design and Construction Phase Costs will be the sole property of the City.

6.6 Transactions With Affiliates. Subject to the reporting and audit provisions of Section 2.6(b) and 2.6(c), Catellus may enter contracts or agreements with its Affiliates to

perform services or supply products to the Property provided such contracts or agreements (including, without limitation, the economic terms thereof) are commercially reasonable and represent an arms-length transaction. Catellus will provide the City with copies of all such contracts or agreement with its Affiliates within 30 days of the execution thereof, provided however, that any such contracts or agreement relating to land sales will be provided to the City at such time as Project Revenues related to such land sales are reported under Section 2.6(c)(ii)A.2.

ARTICLE VII.
INFRASTRUCTURE

7.1 Deconstruction.

(a) General. Except as contemplated in Section 7.1(b) below, the existing improvements on the Property may only be deconstructed following Takedown of the real property surrounding such improvements. The existing improvements within the Property will be deconstructed in accordance with Applicable Laws pursuant to this Agreement. The deconstructed materials resulting therefrom will be sold, reused or recycled to the extent commercially feasible and otherwise managed in accordance with Applicable Laws. The deconstructed materials may be stored, at no cost, either (i) at any location on a Takendown portion of the Property or (ii) in a location on a portion of the Property not yet Takendown mutually agreeable to the City and Catellus, and some or all of such materials may be used in the construction of certain Infrastructure at no cost, such as streets and roads as contemplated herein.

(b) Prior to Takedown. To the extent economically beneficial (in the City's and Catellus' reasonable discretion), the City may transfer, without representation or warranty, certain deconstructed and severed fixtures/improvements such as building component parts, runway materials, road materials and parking lot materials, to Catellus. The deconstructed materials resulting therefrom will be sold, reused or recycled to the extent commercially feasible and otherwise managed in accordance with Applicable Laws. The form of conveyance of such property will be in the form of a bill of sale, limited to the specific property intended to be conveyed.

(c) Proceeds. In the event such deconstructed materials are sold to third parties, the sales proceeds thereof will be Project Revenues and deposited in the Project Revenue Fund. To the extent there are cost savings resulting from sales proceeds, the "demolition work" line item in the Proforma must be decreased to reflect all savings realized from such sales.

(d) Parties in Possession. Catellus' obligations under this Section are conditioned upon the City's obligation to ensure there will not be any party in possession (under a right of possession granted by the City) of that portion of a Property

improvement (or any portion related thereto) on which deconstruction is scheduled to begin on such improvement.

7.2 Development of the Property and Construction of Infrastructure. Catellus shall:

(a) Infrastructure. Use diligent and good faith efforts to pursue approval of each submitted Application for Backbone Infrastructure and to pursue approval of all necessary permits allowing construction of all the other Infrastructure.

(b) Infrastructure Design and Performance. Design and perform the Infrastructure work in accordance with Applicable Laws, the Community Covenants, the Design Guidelines and this Agreement.

(c) Commence Construction. Commence Construction of the Backbone Infrastructure within 60 days following the issuance of a permit allowing construction of the Backbone Infrastructure. Commence Construction of the Park Infrastructure within the projected commencement timeframes set forth in Section 3.2(a)(v) hereof.

(d) Continue Construction. Following Commencement of Construction, diligently and in good faith continue construction of the Infrastructure to Completion of Construction.

(e) Project Costs. Monitor the Project Costs and use commercially reasonable efforts to cause Completion of Construction of the Infrastructure according to the estimated Project Costs under the "Totals" column of the Proforma. In the event Catellus believes such estimated Project Costs are no longer accurate, Catellus shall promptly submit a revised Proforma with estimates of more accurate Project Costs together with a description of the variance between the original and revised Project Costs. Unless approved by the City, prior to entering into any contract for the provision of construction, deconstruction, material generation, or non-professional services (e.g., services other than legal, design, etc.) to satisfy any of Catellus' obligations hereunder, Catellus shall, in good faith, solicit bids for such items from at least 3 qualified entities, review all timely submitted bids in good faith and select the entity to provide such item which, in Catellus' sole discretion, represents the best overall value for the Property taking into account all relevant factors and circumstances.

(f) Payments. Make timely payment under the terms of the applicable contracts to the engineer and construction contractor(s) for work performed concerning the Infrastructure as certified by Catellus' project engineer.

(g) Defects and Deficiencies. Notify the City of defects and deficiencies found in the Infrastructure work and cause the contractor(s) to correct such defects and deficiencies.

(h) Inspection. Permit the City's representatives access to the Property to inspect the Infrastructure.

7.3 Failure to Commence Backbone and Park Infrastructure. In the event Catellus fails to Commence Construction of the Backbone Infrastructure and Park Infrastructure as required by Section 7.2 hereof, in addition to other remedies, on written notice by the City to Catellus, the Lack of Market Toll Period will be reduced on a week-for-week basis (rounded up or down as necessary) until Commencement of Construction occurs. By way of example and not of limitation, in the event Catellus receives a Backbone Infrastructure building permit concerning Phase IV on June 1, 2006 but does not Commence Construction concerning the Backbone Infrastructure until September 1, 2006 (i.e., 30 days following the required Commencement of Construction date), the Lack of Market Toll Period will be reduced by 4 weeks.

7.4 Infrastructure Construction Completion. Within 30 days after Completion of Construction of each phase of Infrastructure, Catellus shall:

(a) provide to the City as-built drawings for such Infrastructure prepared and duly sealed by Catellus' project engineer,

(b) assign to the City all warranties, guarantees, maintenance bonds, or like assurances of performance applicable to such Infrastructure which the City will own or maintain,

(c) execute such bills of sale, assignments, or other instruments of transfer as may be deemed reasonably necessary by the City to evidence the City's ownership of such Infrastructure which the City will own or maintain, without representation or warranty, except an obligation of Catellus to cause its contractor to provide a maintenance bond for a period of one year, and

(d) such other instruments or documentation reasonably requested by the City to evidence the transfer of ownership of the Infrastructure under this Agreement.

7.5 Development Right. During the term of this Agreement, the City grants to Catellus a right of entry and redevelopment (the "Right") to enter upon the Property then owned by the City solely for the purposes of:

(a) assessing, sampling, monitoring, reporting or engaging in any investigatory activity, response action (including removal and remediation), or other activity relating to any environmental matters on or under the Property with the commercially reasonable consent of the City, other than the matters which are the responsibility of the City hereunder,

(b) deconstructing the existing roads, runways, taxiways, buildings and other improvements on the Property,

(c) storing fill or excavated or deconstructed materials from the Property in a location reasonably acceptable to the City,

(d) constructing the Infrastructure on or in connection with the Applicable Takedown Property,

(e) deconstructing existing buildings and other improvements and constructing new improvements on that portion of the Property already transferred to Catellus,

(f) surveying, site investigations, soils investigations, inspections, and sales and marketing activities,

(g) fencing areas of the Property as necessary in connection with any of the foregoing;

(h) storing machinery and equipment, locating construction trailers and staging of construction activities to facilitate the foregoing, and

(i) such other purposes as may be agreed to from time to time by Catellus and the City consistent with the purposes of this Agreement for the redevelopment of the Property as contemplated herein.

The Right will automatically terminate upon the expiration or earlier termination of this Agreement. No tenancy relationship is created by the Right and the City will not have an obligation to perform any services whatsoever as a landowner in connection with Catellus' redevelopment of the Property. The City and Catellus shall each use commercially reasonable efforts to coordinate and cooperate with each other in Catellus' exercise of the Right. With the City's prior written consent (not to be unreasonably withheld, conditioned or delayed), on a case-by-case basis, Catellus may temporarily assign a portion of the Right to the owner or lessee of a portion of the Property (a "Right Assignee") as necessary for ingress, egress and temporary utility lines in constructing new improvements on such party's portion of the Property, subject to Applicable Laws regarding such ingress, egress and utility lines and other reasonable restrictions imposed by City. So long as the Right Assignee's financial condition has been approved by the City (which approval may not be unreasonably withheld) as an acceptable Indemnitor of the City and the Right Assignee agrees to indemnify, hold harmless and reimburse the City in a manner substantially similar to Section 9.2 hereof and carry the insurance as provided in the next sentence, neither Catellus nor COLP will be liable for the acts or omissions of the Right Assignee or its independent contractors, authorized agents or representatives in connection with such Right. Catellus shall cause the Right Assignee to carry insurance naming City as an additional insured in at least the amounts and coverages required by Section 9.1 hereof excluding those coverages under Section 9.1(a) (iv), (v) and (vi) (each with respect to the Right Assignee and its independent contractors, authorized agents or representatives only) and shall cause the Right Assignee to deliver to the City insurance certificates evidencing such insurance prior to the Right Assignee's exercise of such Right.

7.6 License Agreements. Prior to the first Takedown, Catellus and the City will execute and record the License Agreement pertaining to community improvements. The parties anticipate that, as Infrastructure and other improvements are constructed on the Property, which

on their own will need license arrangements due to their location in a publicly dedicated area, such improvements will be brought into the scope of the License Agreements as applicable in the manner set forth therein.

7.7 Sales and Administrative Office.

(a) Subject to the terms of this Section, Catellus may also exclusively use an existing building and related parking facilities on the Property to be agreed upon by the City and Catellus for use as Catellus' sales and administrative offices (the "Sales Office"); provided however, the Sales Office will not be used for the sales or marketing of any property other than the Property. In the event the Sales Office is utilized for office or administration purposes concerning property other than the Property, on or before January 1 of each calendar year concerning the prior calendar year, Catellus will pay to the City a prorated (i.e., the percentage of the Sales Office which is used for property other than the Property based on a fair and reasonable allocation of the Sales Office as a whole) market rental rate equal to then prevailing rents payable by tenants for premises of equivalent quality, size, and utility as the Sales Office, leased for a term of five years and assuming a turnkey finishout (i.e., the tenant was not required to pay for any tenant finish improvements).

(b) **CATELLUS ACCEPTS THE SALES OFFICE AS IS, WITH ALL FAULTS, IN ITS THEN EXISTING CONDITION AND STATE. THE CITY EXPRESSLY DISCLAIMS ANY WARRANTY, EXPRESSED OR IMPLIED, CONCERNING THE CONDITION OF THE SALES OFFICE, OR ITS FITNESS FOR USE FOR CATELLUS' PURPOSES. CATELLUS ACKNOWLEDGES THAT HAZARDOUS MATERIALS MAY BE PRESENT ON, IN OR UNDER THE SALES OFFICE.**

(c) The City will not have an obligation to perform any services or perform any alterations, repairs or modifications whatsoever as a landowner in connection with Catellus' use of the Sales Office. Because Catellus is the master developer for the Property, it is mutually beneficial for the City to not charge a fee for the use and occupancy of the Sales Office, but rather, to require Catellus to pay all operating costs associated with its use and occupancy. Catellus, at its expense, shall maintain property insurance as set forth herein and provide repair, general maintenance, janitorial and custodial services to maintain the Sales Office in a clean, neat and sanitary and good operating condition. Catellus shall provide for an adequate and sanitary means for garbage collection on and removal from the Sales Office at its expense. Catellus shall keep the Sales Office clean and free of litter and debris at all times. Catellus shall maintain the heating, ventilation and air conditioning system and change filters on a regular (every 4 to 6 weeks) basis. In its use and remodeling of the Sales Office, Catellus shall comply with all Applicable Laws. Catellus shall provide fire-extinguishing equipment at its own expense, as reasonably directed by the City. Catellus shall contract and pay for all utilities necessary or appropriate for Catellus' use of the Sales Office at

Catellus' expense, including, without limitation, heating, air conditioning, water, wastewater, and electricity. Utility accounts shall be in Catellus' name.

(d) Catellus shall be solely responsible for the security of its personnel, property and equipment. City personnel will have the authority to prohibit any activity when necessary to protect City property and equipment or the public health and safety; however this will not decrease the liability of Catellus in any way. Catellus acknowledges awareness of incidences of vandalism in the general area of the Sales Office.

(e) Catellus shall not permit the use or possession of firearms, illegal drugs, or controlled substances on or in the Sales Office.

ARTICLE VIII.
DEVELOPMENT COVENANTS AND AGREEMENTS

8.1 Catellus' Development Covenants.

(a) General Covenant. Catellus shall, in good faith and with due diligence, redevelop the Property in accordance with this Agreement and Applicable Laws. The obligation to redevelop the Property includes the obligation to deconstruct the existing improvements, construct the Infrastructure, operate, manage, market and sell (except as provided in Sections 3.7 and 3.8) the Property.

(b) Development Personnel. Catellus shall provide all necessary personnel required to develop the Property in accordance with this Agreement. Catellus will cause its personnel, contractors and consultants to devote the time and effort necessary to satisfy its obligations hereunder.

(c) Local Office. Catellus shall maintain a local office within Austin to coordinate the redevelopment, marketing and sale of the Property.

(d) M/WBE. Catellus shall use best efforts to comply with the M/WBE Resolution.

(e) Affordable Housing.

(i) Catellus shall cause at least 25% of all housing on the Property to be Affordable Housing (such requirement, the "Affordable Housing Requirement").

(ii) The Affordable Housing units will generally be evenly dispersed throughout the Property and constructed in conjunction with the build out of each phase; provided, however, Affordable Housing units may be located in no more than two "stand alone" projects solely comprised of Affordable Housing units.

The Affordable Housing units will also generally be evenly distributed between owned and leased units (i.e., in no event will the mix of Affordable Housing units be more than 60% owned and 40% leased, or vice versa). The Affordable Housing units are not required to be evenly dispersed among product types (i.e. one bedroom, two bedroom, three bedroom, row houses, single family detached houses, etc.).

(iii) Catellus will utilize the policies of AHFC approved by the City Council on the Effective Date to implement and monitor the Affordable Housing Requirement.

(iv) Catellus shall comply with the terms of the Affordable Housing Resolution.

(v) The City and Catellus acknowledge and agree that because the Property will be redeveloped in phases over time, the actual percentage of Affordable Housing may be either less or more than that specified above during certain periods. Accordingly, the parties agree that Catellus' compliance with this covenant will be measured on an aggregate basis over time.

(f) Local Businesses in Town Center. Catellus shall use diligent, good faith efforts to cause at least 30% of the initial commercial occupants of the Town Center to be "local businesses" defined as:

(i) the occupant's headquarters or first retail or restaurant location is located in the Austin MSA, or

(ii) the occupant is an individual who resides in or has his or her principal place of business in the Austin MSA, or

(iii) the occupant is a group of individuals and more than half of the individuals reside in or have their principal place of business in the Austin MSA (the "more than half" requirement means that if there were only two individuals, then they would both need to reside in or have their principal place of business in the Austin MSA, but if there were three individuals, then only two would need to reside in or have their principal place of business in the Austin MSA), or

(iv) the occupant is a business organization (such as a corporation, partnership or limited liability company) that is controlled by or at least 51% owned by: (A) an individual who resides in or has his or her principal place of business in the Austin MSA, or (B) a group of individuals of which more than half reside in or have their principal places of business in the Austin MSA, or

(v) by an organization having its principal place of business in the Austin MSA, or

(vi) any business that the City agrees, in writing, constitutes a local business even if it does not qualify as a local business under this Section.

The City encourages Catellus to include businesses that reflect the nature and character of Austin in their décor, merchandise and cuisine. Catellus' compliance with this requirement is measured by Catellus' diligent, good faith efforts and not by whether or not it actually meets the 30% goal.

(g) S.M.A.R.T. Housing™. Catellus will cause all residential units constructed on the Property to be constructed in accordance with the S.M.A.R.T. Housing™ policy adopted by the City Council on the Effective Date.

(h) Visitability Ordinance. The Design Guidelines require that the front door entry of all residential homes be 18-36 inches above the surface of the adjacent street and that all yard houses and row houses have an alley vehicle entrance. Additionally, the Design Guidelines mandate lot sizes which are smaller than otherwise available in the City of Austin. Sections 5-1-131 through 5-1-145 of the Code, commonly called the "Visitability Ordinance", requires all residential units containing 3 or fewer units on one lot to have a ramp or a no step entry, 36 inch wide doors and halls, and an accessible bathroom on the ground floor. Because the terrain of the Property which will be developed is not level, because of the small size of the lots, and because the alley connection to the adjacent streets must have a gradual slope (to allow safe and unimpaired access to garbage/recycling trucks, fire trucks, and emergency vehicles), certain units, primarily on corner lots, will not be able to comply with both the Design Guidelines and the Visitability Ordinance. Catellus will make every reasonable effort to comply with the Visitability Ordinance, however, a maximum of 5-10% of the residential units on the Property will not comply. The City building official is authorized to grant an automatic exemption of the no-step entry requirement to 5% of the affected residential units, upon being presented with empirical information that: (i) the area of the lot is no greater than the minimum square footage required for an SF-4 lot, with a square footage variance of plus or minus ten percent (10%), (ii) the lot is either a corner lot, next to a corner lot or a lot that is otherwise impacted by the unique location and topography of the lot, and (iii) health or public safety alley access will be impaired if the affected residential units must comply with the Visitability Ordinance. Catellus may request an additional 5% exemption from City Council. An ordinance modifying the Visitability Ordinance to evidence the agreements of this subsection was approved by the City Council as Ordinance No. 041202-5, a copy of which is attached hereto as Exhibit O.

(i) Subsequent Liens. Except with respect to portions of the Property which are the subject of a Fair Market Value Sale, without the prior written consent of the City (which may be withheld in the City's sole and absolute discretion), Catellus will not create or place, permit to be created or placed or, through any act or failure to act, acquiesce in the creation or placing of, or allow to remain, any mortgage, lien (statutory, constitutional or contractual), pledge, security interest, charge or conditional sale or other

title retention agreement on the Property (or any portion thereof) prior to a sale to an unaffiliated third party. With respect to any Fair Market Value Sale, any mortgage, lien (statutory, constitutional or contractual), pledge, security interest, charge or conditional sale or other title retention agreement on the Property, will be subject to the Takedown of such portion of the Property.

(j) Licensing and Leasing. Except with respect to portions of the Property which are the subject of a Fair Market Value Sale, Catellus will not license, lease or otherwise similarly transfer possessory rights to any portion of the Property prior to a Takedown without the prior written consent of the City (which may be withheld in the City's sole and absolute discretion). With respect to any Fair Market Value Sale, all licenses, leases or similar transfers of possessory rights will be subject to the Takedown of such portion of the Property.

(k) Sale of Open Space. Except for the Control Tower and Bow-Trussed Hangar, Catellus will not sell, lease, convey or otherwise transfer ownership of any portion of the Open Space except to the Owners' Association or a dedication to the public. All sales, leases or other transfers of the Control Tower and/or the Bow-Trussed Hangar, or any portion thereof, must be approved in advance by the City, which approval will not be unreasonably withheld.

(l) Repurchase Right.

(i) Catellus will include a Repurchase Right in all Deeds from Catellus to third parties regarding any portion of the Residential Property (including the Mueller Houses).

(ii) Catellus will use commercially reasonable efforts to include a Repurchase Right in all Deeds from Catellus to third parties regarding any portion of the Commercial Property (excluding the Mueller Houses).

(iii) In the event a Repurchase Right may be exercised by Catellus, Catellus shall exercise such Repurchase Right to the extent a prudent developer would exercise such right.

(iv) The Repurchase Right may not be amended or modified in an adverse manner without the prior written consent of the City.

(m) Subdivision Plat. Catellus shall be responsible for all aspects of subdividing and platting the Property in accordance with Applicable Laws, except that the City shall only be obligated to execute (solely in its capacity as a landowner) all

preliminary plans, subdivision plats and related documents (including applications therefor) reasonably approved by the City in its capacity as a landowner. In furtherance of this subdivision requirement, Catellus shall cause its civil engineer to prepare the preliminary plans, the subdivision plats and related documents (including applications therefor) for each Applicable Takedown Property and all other civil engineering information and/or documentation necessary to finalize such subdivision plat. Catellus acknowledges the City staff will require all subdivision plats to contain utility easements necessary to service the proposed improvements on the Property. With each subdivision plat prepared by Catellus, Catellus shall submit to the City a list of any changes to such plat from the Preliminary Plan.

(n) Coordination of Work. To the extent that Catellus is to perform work on or for the benefit of any portion of the Property to fulfill its obligations under this Agreement, Catellus shall coordinate that work with the City so as to not interfere with or cause delay in any work of the City, and Catellus shall otherwise fully cooperate with the City in the performance of any such work.

(o) Sale of Land. Except for the Open Space and as otherwise provided in Sections 3.7 and 3.8, portions of the Property which are the subject of a Fair Market Value Sale and portions of the Property which are dedicated for use by the public (e.g., rights of way), Catellus shall use commercially reasonable efforts to sell the remaining portions of the Property it has Takendown to third parties for purchase prices generally at or above similar prices then paid in the open market; provided however, Catellus may trade (i) not more than a one acre tract contiguous to the boundary of the Northwest quadrant of the Property to the Texas Department of Transportation for property of reasonably equivalent value contiguous to the Property, and (ii) not more than a three acre tract of land near the School Property to a neighboring property owner for real property or perpetual public recreational easement rights of reasonably equivalent value (including without limitation, any anticipated lost Ad Valorem Tax Debt financing capacity and allocated Infrastructure payments) which directly benefit the Property. In the event either of the events in (i) or (ii) above occurs, the definition of "Property" under this Agreement will automatically change to include the acquired property and, with respect to the transfer in (i) above, delete the transferred property.

(p) Sale of Land to Tax Exempt Entities. Except as provided in Section 3.8, Catellus shall be solely responsible for negotiating with each governmental entity, nonprofit corporation, nonprofit organization or similar entity which may be exempted under Applicable Laws from the obligation to pay Ad Valorem Taxes (collectively, "Tax Exempt Entities") for the sale of any portion of the Property. All Tax Exempt Entities shall deal directly with Catellus for the possible purchase of any portion of the Property. Except as provided in Sections 3.7 and 3.8, Catellus shall not sell any portion of the Property to a Tax Exempt Entity which is a Governmental Authority without the approval of the City Council of the City. Catellus shall not sell any portion of the Property to a Tax Exempt Entity (except to an entity which will construct and own Affordable Housing on the Property) which is not a Governmental Authority unless the sales price for such

portion of the Property is at least equal to (i) a purchase price generally at or above similar prices then paid in the open market, *plus* (ii) an amount equal to the anticipated lost Ad Valorem Tax Debt financing capacity for such portion of the Property calculated over the period of time which the Ad Valorem Tax Debt is anticipated to be outstanding (as reasonably estimated by the City and Catellus at the time of the sale); provided however, in no event may Catellus sell more than 10 acres of the Property to such Tax Exempt Entity without the prior written consent of the City, which consent may be withheld in the City's sole and absolute discretion. The foregoing 10 acre limitation does not apply to the School Property and/or the Proposed Academic Health Center Property to the extent either of those properties are transferred under Sections 3.7 and 3.8, respectively.

(q) Assignability. Catellus shall use its commercially reasonable efforts to cause all contracts or agreements entered into by Catellus concerning the Infrastructure and all marketing and informational materials prepared for, or on behalf of, Catellus including without limitation all intellectual property and website domains, to be assignable under Section 10.2(a).

(r) Maintenance of Construction Areas. Each portion of Infrastructure will be constructed and each portion of the deconstruction of existing improvements will be undertaken within a "Construction Area" which will be determined by the City and Catellus prior to the Commencement of Construction of such Infrastructure/commencement of deconstruction of such existing improvements and will include all areas in which Catellus or a Right Assignee is exercising the Right. Catellus will be solely responsible for all maintenance and repairs within the boundaries of the Construction Areas. Except with respect to the City's obligation to obtain Closure under Section 8.6 or otherwise with respect to the environmental conditions, nothing in this subsection imposes any liability on the City to maintain or repair any Construction Area, the City's sole obligation for maintenance and repair being expressly set forth in other provisions of this Agreement. Additionally, nothing contained in this subsection imposes any liability on Catellus with respect to environmental matters (including, without limitation, remediation). Catellus' sole obligation with respect to environmental matters being expressly set forth in other provisions of this Agreement.

8.2 City's Development Covenants.

(a) Processing. The City shall process all City approvals in accordance with all Applicable Laws, City procedures and this Agreement; provided, however, Catellus acknowledges the City cannot contract to exercise its sovereign powers.

(b) Dedicated Team. The City shall maintain a dedicated permit review team who will process all preliminary plans, subdivision plats, site development permits, and all other permits for redevelopment within the Property which are normally processed by the Watershed Protection and Development Review Department, except single family residential building permits and building permits for Mueller Houses. The City shall

cause a representative of the Austin Water Utility Department (or successor department) to meet with Catellus generally on a quarterly basis in the City of Austin to provide an update of the City's progress on the construction, and discuss the continued accurateness of the construction timeframes, of the offsite infrastructure described in Section (c) below.

(c) Construction of Offsite Infrastructure. Subject to annual appropriation, complete construction of the infrastructure located outside the Property as described on Exhibit I attached hereto; provided however, the City is entitled to "rebid" each project listed on Exhibit I no more than once and the timeframes set forth on Exhibit I will be adjusted (up to a maximum extension of 6 months) to take into account such "rebid." Notwithstanding the foregoing, in the event the City is able to provide water and wastewater service, as applicable, to the appropriate portion of the Property on the completion timeframes and in the same capacities (including pressure and flow) described on Exhibit I by alternate means (e.g., installing pump stations instead of adding additional underground lines) which enables the applicable improvements on the Property to receive a certificate of occupancy without a delay caused by the unavailability of water or wastewater service, the City will not be in default hereunder for a failure to complete construction of the offsite infrastructure described on Exhibit I.

(d) Environmental. The City will keep Catellus fully informed as to the progress on the City's efforts to seek Closure for the Property including providing Catellus with copies of all non-attorney-client-privileged documentation related to the environmental condition of or Closure of the Property and will cause Geomatrix to make available to Catellus all files in its possession related to the environmental condition of or Closure of the Property. Prior to Closure as to all the Property, the City shall cause a representative of Geomatrix to meet with Catellus in the City of Austin at reasonable regular basis (but not more than monthly) to provide status reports and updates on the environmental condition of the Property, the City's progress on seeking and obtaining Closure and other information pertaining to the City's environmental obligations under this Agreement.

(e) Occupancy of the Property. The City will use reasonable efforts to keep Catellus generally informed as to the occupancy of the Property which has not been transferred to Catellus.

(f) Coordination of Work. To the extent that the City is to perform work on or for the benefit of any portion of the Property to fulfill its obligations under this Agreement, the City shall coordinate that work with Catellus so as to not interfere with or cause delay in any work of Catellus, and the City shall otherwise fully cooperate with Catellus in the performance of any such work.

(g) Maintenance of Non Construction Areas. The City will be solely responsible for the maintenance and repairs of all portions of the Property except the National Guard Property (unless the tenant's lease has expired or been terminated and

Catellus has not Takendown such property), the Film Society Property (unless the tenant's lease has expired or been terminated and Catellus has not Takendown such property), the Sales Office, that portion of the Property which has been Takendown by a Catellus Takedown Party, any portion of the Property located within a Construction Area and, if transferred under Section 3.8, the Proposed Academic Health Center Property. Nothing in this subsection imposes any liability on Catellus to maintain or repair any of the above properties, Catellus' sole obligation for maintenance and repair being expressly set forth in other provisions of this Agreement. The City shall maintain such portions of the Property in the same manner as it currently maintains the Property and will not be required to repair any improvement. The City will be responsible for keeping such portions of the Property free and clear of debris and other materials caused by, through or under the City following the Effective Date and will prohibit dumping thereon by the City, its agents, employees and contractors. This Section will not be deemed to accept for maintenance any right of way, detention pond, water quality feature, utility line or similar improvement created on or after the date of this Agreement prior to acceptance of same by the appropriate department of the City.

(h) City's Park Maintenance Contribution. The City, as the current owner of the Property, has set ambitious social and economic goals for its redevelopment including the construction and maintenance of publicly accessible open space. Traditionally, the City obligates itself to maintain publicly dedicated open space. It is contemplated by the parties that first Catellus and then the Owners' Association will maintain the publicly accessible open space as a benefit to the City. Due to the City's current ownership of the Property, the ambitious social and economic goals of the City, the nature of this project in revitalizing an urban infill location, Catellus constructing regional drainage infrastructure for this infill area, and the City's traditional obligations with respect to maintenance of publicly accessible open space, so long as a Catellus Event of Default does not exist hereunder or under the executed Special Warranty Deeds prepared from the form attached hereto as Exhibit T, the City, through its Parks and Recreation Department, or successor department, and subject to annual appropriation, agrees to provide an annual payment in an amount to be agreed upon to Catellus or the Owners' Association to offset its anticipated maintenance costs to the same level as if the City were to retain maintenance responsibility for the publicly accessible open space in a manner consistent with other City maintained publicly accessible open space (the "City's Park Maintenance Contribution"). Upon transfer or assignment of any of the Property that is publicly accessible open space by Catellus to the Owners' Association, Catellus shall have no further obligation to maintain such portion of the Property and the City shall confirm in writing with the Owners' Association its agreement to fund the City's Park Maintenance Contribution to the Owners' Association in substantially the same manner as provided herein.

(i) City's Pond Maintenance Contribution. The City, as the current owner of the Property, has set ambitious social and economic goals for its redevelopment. It is contemplated by the parties that first Catellus and then the Owners' Association will maintain the water quality ponds and water detention ponds. Due to the nature of the

redevelopment and in recognition of the development of regional drainage infrastructure to be located on open space and City-owned parkland, allowing for a diverse, master planned community which incorporates the City's Traditional Neighborhood District goals, so long as a Catellus Event of Default does not exist hereunder or under the executed Special Warranty Deeds prepared from the form attached hereto as Exhibit T, the City, through its Watershed Protection and Development Review Department, or successor department, and subject to annual appropriation, agrees to provide an annual payment to Catellus or the Owner's Association to partially offset its anticipated functionality maintenance costs for the water quality ponds and water detention ponds located on the Property of $10,000 for years 2007-2011, $20,000 for years 2012-2016, and $30,000 for years 2017- 2021 (the "City's Pond Maintenance Contribution"). Upon the City entering into a Pond Maintenance Agreement with the Owners' Association the City will adjust the amount paid to Catellus and provide an annual payment to the Owner's Association to reflect the decreased costs to Catellus and to partially offset the Owner's Association's anticipated maintenance costs for the water quality ponds and water detention ponds located on the Property in an amount equal to the percentage of pond area maintenance assumed by the Owner's Association (e.g., in 2010 Owner's Association enters into maintenance agreement with City to maintain 60% of ponds on Property and Catellus maintains 40% of ponds on Property, the City provides $6,000 to Owner's Association and $4,000 to Catellus). Commencing in January 2008, Catellus, (so long as it has maintenance responsibilities for the water quality ponds and water detention ponds located on the Property), the Owners' Association and the City shall meet in January every five years to review the maintenance activities performed and to determine if the City's Pond Maintenance Contribution is reasonably accurate to offset the functionality maintenance costs of the water quality ponds and water detention ponds on the Property. Upon transfer or assignment of any of the Property that includes any water quality ponds and/or water detention ponds by Catellus to the Owners' Association, Catellus shall have no further obligation to maintain such portion of the Property and the City shall confirm in writing with the Owners' Association its agreement to fund the City's Pond Maintenance Contribution to the Owners' Association in substantially the same manner as provided herein.

8.3 HSDA.

(a) Continued Applicability. The City and Catellus entered into the HSDA to govern the redevelopment of the Pre-MDA Phase. The HSDA is superseded with the comparable provision of this Agreement, except for the following sections of the HSDA, to the extent set forth below, and their related definitions: 4.2 (Development Right, but only to the extent of the assignment of such right to Seton), 4.3(j), 4.4 (Completion of Infrastructure, except that the City acknowledges that the public dedication of the ROW Property required by Section 4.4 (a) (i) has been accomplished), 5.2 (Exercise of Repurchase Right), 5.3 (No Fee), 6.2 (Fund Withdrawals), 7.1 (Fiscal Posting Credit Bank), 7.3 (Incentive Based Cost Savings Fee, applicable to the Pre-MDA Phase only), and 9.7 (Process of Election of City's Remedies), and the City is specifically released from its obligations to fund the "Additional Fund" under Section 6.5 of the HSDA,

except as specifically provided in Section 5.7 hereof. It is the intent of the parties that, this Agreement will control the redevelopment of the Property, including the Pre-MDA Phase, except for the Pre-MDA Phase deal-specific terms noted above and as modified below. In calculating the Incentive Based Cost Savings Fee, the term "Infrastructure" will be used as defined in the HSDA. The Incentive Based Cost Savings Fee as defined in the HSDA and the Construction Management Fee as defined in the Hospital Escrow Agreement are payable out of the funds described and defined in Section 5.4 hereof.

(b) Hospital Property Repurchase Right. During the term hereof, the City bifurcates the Hospital Property Repurchase Right and assigns one bifurcated portion of such right to Catellus, subject to the terms of this Section. In the event the Hospital Property Repurchase Right may be exercised, Catellus will have the first priority to exercise such right in accordance with the terms thereof if Catellus notifies the City of its intention to exercise such right during the first 30 days following the accrual of such right. In the event Catellus fails to exercise the Hospital Property Repurchase Right within such 30 day period or Catellus notifies the City that it waives its first priority right, the City may, but is not obligated to, exercise the Hospital Property Repurchase Right in accordance with the terms thereof. If Catellus exercises such repurchase right, the Hospital Property shall be credited toward Catellus' Minimum Takedown Obligation set forth in Section 3.3(a).

(c) Completion Agreement. In the event this Agreement expires or is earlier terminated, Catellus, following a request from the City, will withdraw from any Completion Agreement enforcement action and assign its rights under any such action and the Completion Agreement to the City.

8.4 Property Restrictions, Community Covenants and Design Guidelines.

(a) Property Restrictions. Catellus shall cause the applicable portions of the Property (as may be modified pursuant to the terms hereof) to be subject to the Community Covenants. Catellus will not execute or record (or cause another party to execute or record) any restrictions (other than the Community Covenants substantially in the forms attached hereto) concerning the design, use or occupancy of any portion of the Property which *adversely* affect the proposed buildout of the Property in the manner contemplated by the Master Plan, this Agreement, the Community Covenants and the Design Guidelines without the prior written consent of the City, which the City may withhold in its sole discretion. Catellus will not execute or record (or cause another party to execute or record) any restrictions (other than the Community Covenants substantially in the forms attached hereto) concerning the design, use or occupancy of any portion of the Property which *do not adversely* affect the proposed buildout of the Property in the manner contemplated by the Master Plan, this Agreement, the Community Covenants and the Design Guidelines without the prior written consent of the City, which consent will not be unreasonably withheld, conditioned or delayed.

(b) Community Covenants and Design Guidelines. Catellus will not materially amend or modify the (i) Community Covenants, (ii) the Design Guidelines or (iii) the organizational or architectural control documents of any Owners' Association in any manner which *adversely* affect the proposed buildout of the Property in the manner contemplated by the Master Plan, this Agreement, the Community Covenants and the Design Guidelines, without the prior written consent of the City, which the City may withhold in its sole discretion. Catellus will not materially amend or modify the (i) Community Covenants, (ii) the Design Guidelines or (iii) the organizational or architectural control documents of any Owners' Association in any manner which *do not adversely* affect the proposed buildout of the Property in the manner contemplated by the Master Plan, this Agreement, the Community Covenants and the Design Guidelines, without the prior written consent of the City, which consent will not be unreasonably withheld, conditioned or delayed. Catellus shall not assign its rights or obligations under the Community Covenants, except to the Owners' Association in accordance with the terms thereof and to other parties in accordance with the provisions of Section 11.15 hereof.

(c) Enforcement. So long as Catellus is the "declarant" under the Community Covenants and has enforcement authority thereunder, Catellus shall enforce, or cause the Owners' Association to enforce, compliance with the Community Covenants and the Design Guidelines. In the event Catellus refuses, or does not, enforce such compliance, the City has the ongoing right to cause such enforcement.

(d) Special Application of Community Covenants and Design Guidelines. All new construction or significant modification to the exterior of an existing improvement on the Film Society Property and the Fire Station Property will be subject to the Design Guidelines and the Community Covenants, but only to the extent necessary to cause compliance with the Design Guidelines (which specifically excludes all obligations and liabilities for assessments under the Community Covenants). In the event the National Guard Property and/or the Film Society Property are redeveloped by Catellus under Section 3.6(a), the National Guard Property and/or the Film Society Property, as applicable, will be subject to all the terms of the Community Covenants and Design Guidelines. In the event Catellus elects not to redevelop the National Guard Property and/or the Film Society Property under Section 3.6(a), the National Guard Property and/or the Film Society Property, as applicable, will be subject to all the terms of the Community Covenants and Design Guidelines. If the trade of property described in Section 8.1(o) (ii) occurs, both the traded portion of the Property and the property acquired in the trade will be subject to all the terms of the Community Covenants and Design Guidelines. If the lease of the Film Society Property expires or is terminated and any new or extended lease of the Film Society Property is not substantially similar to the current permitted uses under the lease of the Film Society Property, the City shall cause the Community Covenants and Design Guidelines to apply, to their full extent, to the Film Society Property.

8.5 Fiscal Posting Credit Bank. The City grants to Catellus an account of credits in an amount not to exceed $25,000,000 (the "Fiscal Posting Credit Bank"); provided, however, in the sole discretion of the City as necessary for the continued development of the Property as contemplated herein, such amount may be increased in such amounts as the City determines for the posting of fiscal deposits with the City concerning Catellus' redevelopment of the Property (including any offsite traffic improvements for the benefit of the Property but not any vertical non-Open Space improvement on the Property) but not the Pre-MDA Phase. In the event the Fiscal Posting Credit Bank has been utilized and is unavailable as provided below, the City and Catellus shall work together in good faith to determine if any portion of the Fiscal Posting Credit Bank which is unavailable may be released and reutilized because the applicable portions of development have been substantially completed. To utilize the Fiscal Posting Credit Bank, Catellus will deliver a written notice to the City specifying in reasonable detail the fiscal posting for which such credits are to be used (each such notice, an "FPCB Request"). Upon approval of an FPCB Request, such designated portion of the Fiscal Posting Credit Bank, to the extent available, will serve as the fiscal deposit which would otherwise be required by Applicable Laws (such portion, an "FPCB Deposit"). During the time an FPCB Deposit is outstanding, such amount will be unavailable under the Fiscal Posting Credit Bank until such time as the City releases such FPCB Deposit in accordance with Applicable Laws that would otherwise be applicable to a posting of fiscal security. When an FPCB Deposit, or portion thereof, is so released by the City, the associated portion of the Fiscal Posting Credit Bank will again be available. The Fiscal Posting Credit Bank is personal to Catellus and will not run with the Property, but will be available to a Qualified Transferee or any other transferee approved by the City under Section 11.15. Any interest on the Fiscal Posting Credit Bank will accrue to the benefit of the City. Any remaining balance in the Fiscal Posting Credit Bank on the termination date or expiration hereof will be released to the City and will not be available hereunder. The City will maintain the records reflecting the balance of the Fiscal Posting Credit Bank. Upon written request, the City shall provide Catellus with the balance and available credits of the Fiscal Posting Credit Bank. In no event may any portion of the Fiscal Posting Credit Bank be utilized to deconstruct or construct improvements on the Hospital Property. An ordinance authorizing the Fiscal Posting Credit Bank and its use for fiscal posting for the Property pursuant to Section 25-1-112 of the Code was approved by the City Council as Ordinance No. 041202-56, a copy of which is attached hereto as Exhibit O.

8.6 Environmental Matters. The City will perform all activities as required to obtain Closure of the Property in accordance with Applicable Laws and with the City's proposed closure requests set forth in the RACR and other RACR-related or Closure-related submissions to the TCEQ that are approved by the TCEQ. As between the City and Catellus, Closure shall be conclusive as to the City's performance under this Section in accordance with Applicable Laws. After the City obtains Closure, Catellus will perform all other environmental remediation work, if any, on the Property as is required by Applicable Laws except with respect to the Film Society Property, the National Guard Property and the National Guard Connector Right of Way, which are governed by Section 3.6(e) hereof, the Proposed Academic Health Center Property (unless it is Takendown by Catellus for redevelopment or transfer to a party other than the academic health center developer as contemplated by Section 3.8), or any other portion of the Property not Takendown by a Catellus Takedown Party. Notwithstanding the provisions of this Section, in

the event either the City's obtaining Closure or Catellus' performing environmental remediation work in accordance with Applicable Laws after the City obtains Closure results, or is reasonably anticipated to result, in Project Costs (which, in the parties' reasonable judgment, are not covered and reasonably expected to be reimbursed, exclusive of deductible, under the pollution legal liability insurance policy required to be carried hereby) in excess of $3,000,000.00, the obligations of a party under this Agreement may be tolled, in whole or in part with respect to the applicable portion of the Property (including without limitation, the required Takedowns under Section 3.3(c)), by such party and both parties shall reasonably make themselves available to in good faith discuss and resolve the environmental issues associated with such excess within thirty days of the notification thereof. The current projected costs of obtaining Closure are greater than the amount remaining in Fund 5200 established pursuant to a Memorandum of Agreement between the City of Austin and the Federal Aviation Administration, commonly known as the Mueller Airport Disposition Fund, and such excess costs, subject to the immediately preceding sentence, will be borne by the Property as a Project Cost. Catellus, at its sole option, may become a co-applicant to the TCEQ's Voluntary Cleanup Program for the Property (or parts of it), with the City's cooperation and, as between the City and Catellus, without any cost, obligation or liability to Catellus for Closure or otherwise with respect to the environmental condition of the Property; provided however, the City, in its sole discretion consistent with the definition of Closure, will make all decisions concerning Closure, will be the sole contact and signatory for the TCEQ with respect to actions taken to achieve Closure and in the event a disagreement exists between the City and Catellus regarding any matter concerning obtaining Closure because of such "co-applicant" status, the City's determination will control. Nothing in this Section precludes Catellus from discussing with or obtaining from the TCEQ information concerning the Property. In consultation with Catellus, the City agrees reasonably to consider filing one or more separate applications to the TCEQ's Voluntary Cleanup Program for the Film Society Property, the National Guard Property, the National Guard Connector Right of Way, the Fire Station Property, and/or other areas to facilitate Closure and related Takedowns. The parties will reasonably cooperate with each other (without the obligation to incur additional liability or costs) to identify and seek to obtain such federal, state and other grants and other potential funding sources for environmental remediation, management and related costs and expenses as may be available from time to time.

8.7 Disposition of Superpads. Catellus anticipates redeveloping the entire Property including deconstructing the existing improvements and constructing the Backbone Infrastructure, the Intract Infrastructure and the Park Infrastructure. However, subject to the terms of this Section, Catellus may elect to deconstruct the existing improvements, construct the Backbone Infrastructure and the Park Infrastructure and transfer a Superpad(s) to another developer for construction of the Intract Infrastructure and eventual sale(s) to end users (such development scenario, a "Superpad Disposition"). Catellus may effect a Superpad Disposition if:

(a) with respect to a Superpad Disposition, Catellus delivers prior written notice of such Superpad Disposition to the City,

(b) the proposed Superpad transferee is a Qualified Superpad Transferee unless another party is approved by the City in its sole and absolute discretion,

(c) Catellus has made the Qualified Superpad Transferee aware of its potential redevelopment obligations under the Community Covenants, the Current Zoning and Applicable Laws, and

(d) if required by the City, certain supplemental covenants (as determined by the City in its reasonable discretion) are recorded against the Superpad to effect certain provisions of this Agreement, including without limitation, provisions addressing Affordable Housing and minority and women owned businesses.

In the event of a Superpad Disposition, the Land Sales Net Proceeds will constitute the Project Revenues from such transaction and the Project Costs incurred by Catellus which discernibly enhance the value of the Superpad and which are included in the purchase price (i.e., will become Project Revenues) of the Superpad will constitute the only Project Costs for such transaction. Except as set forth in the previous sentence, Catellus will not, directly or indirectly, pay the development costs (other than reasonable and customary closing costs concerning the sale from Catellus) of the Qualified Superpad Transferee. The Qualified Superpad Transferee will not be entitled to any rights or benefits of Catellus under this Agreement.

8.8 Open Space.

(a) Site Development Permit. Catellus shall timely submit applications for and diligently pursue in good faith all permits allowing construction of the Park Infrastructure prior to Commencing Construction of the Park Infrastructure. All applications for permits concerning construction of Park Infrastructure in the Perimeter Parks will be subject to the review and approval of the City's Parks and Recreation Department consistent with the Design Guidelines.

(b) Public Easement. Contemporaneously with the Takedown of any portion of a Perimeter Park or the Lake Park, the City will execute a Deed which reserves an easement on such park(s) for the public (the "Public Easement").

(c) Public Dedication. Not later than ten years following the Takedown for the applicable Perimeter Park (the "Applicable Dedication Property"), which the Director of the City's Parks and Recreation Department may extend for up to five years for good cause, Catellus shall dedicate such Applicable Dedication Property to the public and the City will accept such dedication subject to the following sentence. The City shall accept the dedication of the Applicable Dedication Property if (i) the Applicable Dedication Property is a separately platted legal lot and (ii) Completion of Construction has occurred relating to the Park Infrastructure for the Applicable Dedication Property. Catellus' obligation to Complete Construction of the Perimeter Parks and the Lake Park is contained in Section 7.2(d).

8.9 Bow-Trussed Hangar and Control Tower

(a) Bow-Trussed Hangar. Within one year from the Effective Date, Catellus shall conduct a study regarding the temporary structural support of the Bow-Trussed Hangar to maintain its structural integrity pending a decision regarding its long term future. Such study must be reasonably acceptable to the City and Catellus shall implement all measures reasonably required thereby. Within two years from the Effective Date, Catellus shall also conduct an economic reuse feasibility study regarding the Bow-Trussed Hangar. Following completion of such study, the City and Catellus shall meet to develop a long term plan for the Bow-Trussed Hangar taking into account the (i) findings of the study, (ii) economic costs of the long term plan, (iii) health and safety of the public, and (iv) desire to retain the Bow-Trussed Hangar due to its historical significance. Catellus shall implement all measures reasonably required by such long term plan. Such long term plan may include the sale or lease of the Bow-Trussed Hangar.

(b) Control Tower. Within two years from the Effective Date, Catellus shall conduct a study regarding the temporary structural support of the Control Tower to maintain its structural integrity pending a decision regarding its long term future. Such study must be reasonably acceptable to the City and Catellus shall implement all measures reasonably required thereby. Within two years from the Effective Date, Catellus shall also conduct an economic reuse feasibility study regarding the reuse of the Control Tower. Following completion of such study, the City and Catellus shall meet to develop a long term plan for the Control Tower taking into account the (i) findings of the study, (ii) economic costs of the long term plan, (iii) health and safety of the public, and (iv) desire to retain the Control Tower due to its historical significance. Catellus shall implement all measures reasonably required by such long term plan. The parties acknowledge that the long term reuse plan for the Control Tower should be implemented prior to the development of the surrounding neighborhood. Such long term plan may include the sale or lease of the Control Tower.

8.10 Special Town Center Provisions

(a) It is the intent of the parties that the Town Center will be developed to provide an integrated, combined and coordinated buildout. Thus, Catellus will (i) not sell any undeveloped portion of the Town Center to a Person who does not meet the nonfinancial requirements of a Qualified Superpad Transferee and such Person has been approved in advance by the City, and (ii) use commercially reasonable efforts to cause one entity (which may include partnerships and joint ventures of distinct, unrelated entities) to coordinate, plan and monitor the development and occupancy of the Town Center consistent with this Agreement and the Architectural Master Plan for the Town Center.

(b) It is the intent of the parties that the Town Center and the Regional Retail Property be developed as separate and distinct shopping/entertainment areas which appeal to different types of tenants, occupants and customers. Catellus will use commercially reasonable efforts to develop the Town Center and the Regional Retail

Property in a manner which is not intended to cause competition between the tenants/occupants of either site.

8.11 Special Regional Retail Provisions.

(a) Restriction. Neither Catellus nor a Catellus Affiliate will execute a lease or a purchase agreement with a Noncomplying Entity concerning all or any parcel of the Regional Retail Property which contains, or would independently support, at least 100,000 square feet of climate controlled improvements to be utilized as a retail facility; provided, that after Catellus or a Catellus Affiliate has entered into a lease for the initial occupancy of, or a purchase transaction for, any such parcel of the Regional Retail Property by bona fide tenants or end users, on then generally prevailing market terms and conditions taking into consideration all relevant factors, and such tenant or end user has taken possession pursuant to the lease or purchase transaction, this Restriction shall not apply to that parcel.

(b) Qualification. In order to provide some certainty as to which tenants/purchasers would be restricted from purchasing/occupying the Regional Retail Property, the determination regarding whether an entity is a Noncomplying Entity or a project is a Noncomplying Project will be made by the Director of the Watershed Protection and Development Review Department or its successor department, on a case by case basis, as of the date of execution of a letter of intent regarding the sale or lease of a portion of the Regional Retail Property. Catellus shall notify the City at least 15 days prior to the anticipated execution of any applicable letter of intent and the City shall deliver to Catellus at the end of such 15 day period a statement, based on its reasonable and good faith determination, indicating whether the prospective tenant is a Noncomplying Entity as of the anticipated execution date of the letter of intent. In the event an entity is not designated as a Noncomplying Entity as provided above, but later becomes a Noncomplying Entity, such event will not affect the ability of the tenant/purchaser to purchase/occupy (or continue to occupy) the Regional Retail Property. In the event an entity is designated as a Noncomplying Entity as provided above, Catellus may request a redesignation concerning such entity no earlier than 180 days following the original designation.

(c) Termination. The provisions of this Section will expire upon the earlier to occur of (i) the termination or expiration of this Agreement, and (ii) the initial occupancy of all the space in the improvements constructed on the Regional Retail Property by bona-fide tenants or end users who have entered into leases or purchase transactions on then generally prevailing market terms and conditions taking into consideration all relevant factors, but with respect to this clause (ii) in no event less than 3 years from the date the Regional Retail Property first achieves 80% occupancy.

8.12 Desired Development Zone. The parties acknowledge and agree that the Property is located in the City's Desired Development Zone as defined in Section 25-1-21 (26) of the Code and, accordingly, is eligible, as with any other property in such zone, to any benefits

accruing under the Code for property located within, or programs adopted by the City to encourage development within, the Desired Development Zone.

8.13 Phasing Agreement. The parties acknowledge and agree that this Agreement is not a phasing schedule as contemplated under Section 25-2-403 (B) (7) of the Code.

ARTICLE IX.
INSURANCE AND INDEMNITY

9.1 Insurance.

(a) Catellus shall, and/or with respect to Sections 9.1(a)(i), (ii), (iii), (v)and (vi), as applicable, shall require its contractors to, carry and maintain throughout the term of this Agreement (except for the insurance required by Section 9.1(a)(iv) which will be in effect for 10 years following the issuance thereof) the following insurance policies:

(i) Workers' Compensation and Employers' Liability Insurance coverage with limits consistent with statutory benefits outlined in the Texas Workers' Compensation Act (Art. 401) and minimum policy limits for employers liability of $1,000,000 bodily injury for each accident, $1,000,000 bodily injury by disease policy limit and $1,000,000 bodily injury by disease each employee. The City will accept workers' compensation coverage written by the Texas Workers' Compensation Insurance Fund.

(ii) Automobile Liability Insurance for all owned, non-owned, and hired motor vehicles, which Catellus, or its agents or contractors on Catellus' behalf, will utilize with respect to the Property in a minimum amount of $1,000,000, combined single limit.

(iii) Commercial General Liability policy with a minimum limit of $1,000,000 per occurrence for bodily injury and/or property damage, products and completed operations with a minimum aggregate of $1,000,000 and blanket contractual coverage, independent contractors' coverage and explosion, collapse and underground (X, C & U) coverage.

(iv) Pollution Legal Liability Insurance coverage approved by the City and listing the City as an additional insured with a minimum limit of $10,000,000.

(v) For contractors/subcontractors providing professional services under this Agreement, Engineers' Professional Liability Insurance with a minimum limit of $1,000,000 per claim and in the aggregate to pay on behalf of the assured all sums which the assured shall become legally obligated to pay as damages by reason of any negligent act, error, or omission committed or alleged to have been committed with respect to plans, maps, drawings, analyses, reports,

surveys, change orders, designs or specifications prepared or alleged to have been prepared by the assured.

(vi) For work that involves asbestos or any hazardous materials or pollution, the following will be in addition to the other insurance required hereunder:

A. Asbestos abatement endorsement or pollution coverage to the Commercial General Liability policy with minimum bodily injury and property damage limits of $1,000,000 per occurrence for coverages A&B and products/completed operations coverage with a separate aggregate of $1,000,000. This policy cannot exclude asbestos or any hazardous materials or pollution and shall provide "occurrence" coverage without a sunset clause.

B. Pollution coverage in accordance with Title 49 CFR 171.8 requiring an MCS 90 endorsement with a $5,000,000 limit when transporting asbestos in bulk in conveyances of gross vehicle weight rating of 10,000 pounds or more. All other transporters of asbestos shall provide either an MCS 90 endorsement with minimum limits of $1,000,000 or an endorsement to their Commercial General Liability Insurance policy that provides coverage for bodily injury and property damage arising out of the transportation of asbestos or other hazardous materials. The endorsement must, at a minimum, provide a $1,000,000 limit of liability and cover events caused by the hazardous properties of airborne asbestos arising from fire, wind, hail, lightning, overturn of conveyance, collision with other vehicles or objects, and loading and unloading of conveyances.

The insurance required under this subsection (vi) will only be required concerning the entity which is actually performing such work. For example, if Catellus' contractor (instead of Catellus) is performing such work, the contractor, not Catellus, will be required to carry such insurance.

(b) If a Sales Office is selected, Catellus shall at all times maintain in effect a property policy or policies providing all risk coverage for the full replacement cost value of the Sales Office and all related improvements. This coverage shall include but not be limited to fire, lightning, vandalism and malicious mischief, sprinkler damage and such other risks as the City may from time to time reasonably determine so long as such risks are being generally insured against in comparable circumstances in the Austin MSA and the premiums for such coverage are not excessive as reasonably determined by Catellus.

(c) Neither Catellus nor its contractors will cause any insurance required hereunder to be canceled or lapse during the term of this Agreement. With respect to Sections 9.1(a)(i), (ii) and (iii), insurance coverage is to be written by companies duly authorized to do business in the State of Texas at the time the policies are issued and will

be written by companies with an A.M. Best rating of B+VII or better or otherwise acceptable to the City. Additionally with respect to Sections 9.1(a)(i), (ii) and (v), all policies will contain a provision in favor of the City waiving subrogation or other rights of recovery against the City, to the extent available under Applicable Laws, and will be endorsed to provide the City with a 30-day notice of cancellation. The City will be an additional insured as its interests may appear on the Commercial General and Automobile Liability policies. All policies will provide primary coverage as applicable, with any insurance maintained by the City being excess and non-contributing. Catellus will submit a certificate of insurance to the City providing evidence of insurance coverage required by this Agreement. Catellus will be responsible for (i) overseeing its contractors with respect to such contactors' obtaining and maintaining the insurance required hereunder and (ii) obtaining and keeping copies of such contractors' insurance certificates evidencing the insurance coverages required hereunder.

(d) All endorsements, waivers, and notices of cancellation as well as the certificate of insurance shall indicate the City as an additional insured and be delivered to: City of Austin, Economic Growth and Redevelopment Services Office, Attn: Director, P.O. Box 1088, Austin, Texas 78767, or such other address as the City may notify Catellus in writing.

(e) Catellus shall be responsible for premiums, deductibles and self-insured retentions, if any, stated in the insurance policies to be carried hereunder by Catellus. All deductibles or self-insured retentions shall be disclosed on the certificate of insurance. The insurance coverages required under this Agreement are required minimums and are not intended to limit or otherwise establish the responsibility or liability of Catellus or the City under this Agreement.

9.2 Indemnity and Release.

(a) Catellus and COLP will indemnify and hold the City and its respective officers, directors, employees and agents harmless from, and reimburse the City and its respective officers, directors, employees and agents for and with respect to, all claims, demands, actions, damages, losses, liabilities, judgments, costs and expenses, including, without limitation, reasonable legal fees and court costs (each a "Claim") which are suffered by, recovered from or asserted against the City or its respective officers, directors, employees and agents to the extent any such Claim arises from or in connection with (i) any Catellus Event of Default other than a Limited Remedy Event of Default (provided that no greater remedies can be asserted against Catellus or COLP hereunder than can be asserted against Catellus under Section 10.2 hereof), (ii) any alleged, established or admitted negligent or wrongful act or omission of Catellus or any agents, contractors, representatives or employees of Catellus with respect to the deconstruction of the existing improvements (but not with respect to any governmental approvals required for that deconstruction or the application for or pursuit of same), (iii) the Right to the extent provided in Section 7.5, and/or (iv) the construction of the Infrastructure except to the extent constructed by a Qualified Superpad Transferee or a developer of the Town

Center unrelated to Catellus pursuant to Section 8.10; provided, however, such indemnification, hold harmless and reimbursement does not include any Claim to the extent caused by, arising from, or in connection with (x) the established or admitted negligent or wrongful act or omission of the City and/or any agents, contractors, representatives or employees of the City or (xi) any environmental condition, whether known or unknown, existing on, under, or otherwise with respect to the Property (including offsite areas impacted by migration from the Property, if any) as of the Effective Date unless (and only to the extent) it can be established that the condition has been exacerbated by the negligent or wrongful acts or omissions of Catellus or any agents, contractors, representatives or employees of Catellus with respect to the deconstruction of existing improvements, the Right and/or the construction of the Infrastructure, and the City releases and discharges Catellus, COLP and their respective Affiliates, together with the respective officers, directors, partners, employees and agents of each of them, with respect to any such Claim under clause (xi) above.

(b) If the City notifies Catellus or COLP of any Claim, Catellus or COLP shall assume on behalf of the City and conduct with due diligence and in good faith the investigation and defense thereof and the response thereto with counsel selected by COLP or Catellus but reasonably satisfactory to the City; provided, that the City shall have the right to be represented by advisory counsel of its own selection and at its own expense; and provided further, that if any such Claim involves COLP or Catellus and the City, and the City shall have been advised in writing by counsel that there may be legal defenses available to it which are inconsistent with those available to COLP or Catellus, then the City shall have the right to select separate counsel to participate in the investigation and defense of and response to such Claim on its own behalf, and COLP and Catellus shall pay or reimburse the City for all reasonable legal fees and costs incurred by the City because of the selection of such separate counsel. If any Claim arises as to which the indemnity provided for in this Section applies, and COLP or Catellus fails to assume within 20 days after being notified of the Claim the defense of the City, then the City may contest (or settle, with the prior written consent of COLP or Catellus, which consent will not be unreasonably withheld, conditioned or delayed) the Claim at COLP's or Catellus' expense using counsel selected by the City; provided, that if any such failure by COLP or Catellus continues for 30 days or more after COLP or Catellus is notified thereof, no such contest need be made by the City and settlement or full payment of any Claim may be made by the City without COLP's or Catellus' consent and without releasing COLP or Catellus from any obligations to the City under this Section so long as, in the written opinion of reputable counsel to the City, the settlement or payment in full is clearly advisable. So long as COLP or Catellus does not admit liability or agree to affirmative obligations on behalf of the City, COLP or Catellus is authorized to settle a Claim for itself and the City.

(c) The City shall (i) use its best efforts to provide prompt written notice to COLP and/or Catellus of a Claim, and (ii) reasonably cooperate with COLP and Catellus in the investigation and defense of a Claim. In the event the City breaches its obligations contained in the previous sentence, the liability of COLP and Catellus under this Section

shall be reduced by the amount such breach directly caused a material impairment of the defense of the Claim.

(d) The provisions of this Section will survive the expiration or earlier termination of this Agreement.

ARTICLE X.
EVENTS OF DEFAULT AND REMEDIES

10.1 Events of Default – Catellus. The following constitute Events of Default by Catellus:

(a) Failure to Pay. Catellus fails to pay any amount required to be paid hereunder when due and such failure continues for a period of 30 days from the date of written notice thereof from the City.

(b) Abandonment or Suspension. Following Infrastructure Commencement of Construction, Catellus voluntarily abandons or substantially suspends such construction for more than 40 consecutive days and Catellus fails to, in good faith, recommence such construction within 20 days after the date of written demand by the City to do so.

(c) Failure to Perform Obligations. Without limiting any other provision of this Section, Catellus fails to perform any other obligations or duties provided in this Agreement after the time for any cure or the expiration of any grace period specified therefor, or if no such time is specified, within 90 days after the date of written demand by the City to Catellus to perform such obligation and duty, or in the case of a default not susceptible of cure within 90 days, Catellus fails promptly to commence to cure such default and thereafter to prosecute diligently such cure to completion within a reasonable time, but in no event longer than 150 days after the date of the written demand.

(d) Insurance. Catellus fails to maintain the insurance required under Section 9.1 hereof and such failure continues for a period of 10 business days from the date of written notice thereof from the City.

(e) Assignment. Catellus violates the terms of Section 11.15 hereof and such violation continues for a period of 30 days.

(f) Takedown. Catellus violates the terms of Section 3.3(a) hereof and such violation continues for a period of 30 days following written demand by the City to Catellus to perform such obligation.

(g) Other Agreement Events of Default. Catellus commits an event of default under the continuing applicable provisions of the HSDA, the Escrow Agreements or any other document or instrument evidencing Catellus' obligations to the City regarding the

Property, except the License Agreements attached hereto as Exhibit P and form of Special Warranty Deed attached hereto as Exhibit T, which continues past any applicable grace, notice or cure periods.

(h) Receiver and Bankruptcy. A receiver, trustee or custodian is appointed for, or takes possession of, all or substantially all of the assets of Catellus or COLP, either in a proceeding brought by Catellus or COLP, as applicable, or in a proceeding brought against Catellus or COLP, and such appointment is not discharged or such possession is not terminated within sixty (60) days after the effective date thereof or Catellus or COLP consents to or acquiesces in such appointment or possession. Catellus or COLP files a petition for relief under the Federal Bankruptcy Code or any other present or future federal or state insolvency, bankruptcy or similar law (all of the foregoing collectively, "Applicable Bankruptcy Law") or an involuntary petition for relief is filed against Catellus or COLP under any Applicable Bankruptcy Law and such petition is not dismissed within sixty (60) days after the filing thereof, or an order for relief naming Catellus or COLP is entered under any Applicable Bankruptcy Law, or any composition, rearrangement, extension, reorganization or other relief of debtors now or hereafter existing is requested or consented to by Catellus or COLP.

(i) Litigation. Any reasonably meritorious suit shall be filed against Catellus or COLP, which if adversely determined, would substantially impair the ability of Catellus or COLP to perform each and every one of its obligations under and by virtue of this Agreement, which is not dismissed within 150 days of filing.

10.2 Remedies of the City. Upon the occurrence of an Event of Default by Catellus, the City shall have, as the City's sole and exclusive remedies, the remedies set forth below:

(a) Termination of Right to Develop. The City may terminate Catellus' rights under (i) this Agreement, (ii) the continuing applicable provisions of the HSDA as provided herein, (iii) the Escrow Agreements, (iv) any other agreements executed and/or delivered in connection herewith (except the License Agreement pertaining to private improvements), and (v) any Utility Cost Reimbursement Agreements, upon not less than ten (10) days' written notice to Catellus; provided, Catellus will be entitled to request and receive disbursements under this Agreement, the HSDA, the Escrow Agreements and any applicable Utility Cost Reimbursement Agreement for costs incurred and reimbursable under such agreements up to and including (but not after) the date of such termination.

(b) Specific Performance. Except with respect to a Limited Remedy Event of Default and an Event of Default under Section 5.2(b)(ii), the City may institute an action for specific performance, to the extent permitted by Applicable Laws.

(c) Damages. Except with respect to a Limited Remedy Event of Default, the City may pursue a claim against Catellus for actual, but not punitive or consequential, damages.

(d) Fiscal Posting Credit Bank. The City may terminate Catellus' right to use any remaining portion of the Fiscal Posting Credit Bank.

(e) Assignment. The City may cause Catellus to assign to another Person all or a portion of its rights and obligations without any representations or warranties (a) hereunder, (b) under any Utility Cost Reimbursement Agreement, (c) under the Escrow Agreements, (d) under the Community Covenants, (e) in connection with all Repurchase Rights, (f) to the extent assignable, under any and all contracts or agreements entered into by Catellus concerning the Infrastructure, provided such assignee assumes such rights and obligations, and (g) to the extent assignable, all marketing and informational materials prepared for, or on behalf of, Catellus including without limitation all intellectual property and website domains. In the event the assignee assumes such rights, Catellus shall have no further rights or obligations hereunder or thereunder as of the date of such assumption; provided, however, Catellus is not obligated to assign its rights for payments or reimbursements due to it hereunder, under the HSDA, under the Escrow Agreements or for work under any Utility Cost Reimbursement Agreement.

(f) Reinstatement of HSDA. The City may reinstate the provisions of the HSDA which have been superseded by Section 8.3(a) as applicable to facilitate an assignment of rights under the HSDA and, pursuant to Section 9.7 of the HSDA, cause an assignment of the HSDA under Section 9.2(e) thereof. In the event the assignee assumes such rights, Catellus shall have no further rights or obligations hereunder or thereunder with respect to the Pre-MDA Phase as of the date of such assumption; provided, however, Catellus is not obligated to assign its rights for payments or reimbursements due to it for work previously performed hereunder, under the HSDA, under the Escrow Agreements or for work under any Utility Cost Reimbursement Agreement.

(g) Reconveyance. The City may cause Catellus to reconvey to the City that portion of the Property deeded to Catellus under Section 7.1(b) and any other portion of the Property transferred to Catellus which is then owned by Catellus and is not the subject of a Fair Market Value Sale, or burdened by a bona-fide purchase agreement to a non-Affiliated party. *Following a Limited Remedy Event of Default* and a request for reconveyance under this Section, Catellus may commit in writing to the City within 10 days of the request for reconveyance to Complete Construction of any portion of the Infrastructure which it has Commenced Construction and Catellus shall Complete Construction of such Infrastructure in accordance with the terms of this Agreement and, if such completion enables a portion of the Property to be sold to a third party under a bona-fide purchase and sale agreement existing at the time of such Completion of Construction, Catellus will be entitled to complete such sale(s) on or before the date which is 8 months following Completion of Construction of the applicable Infrastructure. *Following an Event of Default* and a request for reconveyance under this Section, Catellus may commit in writing to the City within 10 days of the request for reconveyance to Complete Construction of any portion of the Infrastructure which it has Commenced Construction and, upon approval of the City of such commitment (in its sole and absolute discretion), Catellus shall Complete Construction of such Infrastructure in

accordance with the terms of this Agreement and, if such completion enables a portion of the Property to be sold to a third party under a bona-fide purchase and sale agreement existing at the time of such Completion of Construction, Catellus will be entitled to complete such sale(s) on or before the date which is 8 months following Completion of Construction of the applicable Infrastructure.

(h) License Agreement. The City may cause Catellus to assign all of its rights and obligations to the Owners' Association or another Person under the License Agreement pertaining to community improvements.

(i) Tolling of Other Obligations. The City may toll performance of its obligations under this Agreement and any required time for performance thereof will be extended by the number of days the Catellus Event of Default existed.

(j) Terminate Sales Office Possession Right. The City may, without judicial process, but in compliance with Applicable Laws, enter upon the Sales Office or any part thereof, take absolute possession of the same, by picking or changing locks if necessary, and lockout, and expel or remove Catellus and any other person or entity who may be occupying the Sales Office.

Except as set forth above, the City waives any other right or claim of monetary damages or equitable relief against Catellus for Catellus' Event of Default. Notwithstanding anything contained herein to the contrary, whether explicit or implicit, the City's remedies for a Limited Remedy Event of Default and an Event of Default under Section 5.2(b)(ii) are the City's sole and exclusive remedies related thereto, and no other remedies, including under Section 9.2, are available to the City in connection therewith.

10.3 Events of Default – City. The following constitute Events of Default by the City:

(a) Failure to Pay. The City fails to pay any amount required to be paid hereunder when due and such failure continues for a period of 30 days from the date of written notice thereof from Catellus.

(b) Failure to Perform Obligations. Without limiting any other provision of this Section, the City fails to perform any other obligations and duties provided in this Agreement after the time for any cure or the expiration of any grace period specified therefor, or if no such time is specified, within 90 days after the date of written demand by Catellus to the City to perform such obligation and duty, or, in the case of a default not susceptible of cure within 90 days, the City fails promptly to commence to cure such default and thereafter to prosecute diligently such cure to completion within a reasonable time, but in no event longer than 150 days after the date of the written demand.

(c) Other Agreement Events of Default. The City commits an "event of default" under the continuing applicable provisions of the HSDA, the Escrow Agreements or any other document or instrument evidencing the City's specific obligations to Catellus regarding the Property (as opposed to the City's general rights and

obligations with respect to the Property) which continues past any applicable grace, notice or cure periods.

(d) Assignment. City violates the terms of Section 11.15 hereof and such failure continues for a period of 30 days.

(e) Receiver and Bankruptcy. A receiver, trustee or custodian is appointed for, or takes possession of, all or substantially all of the assets of the City, either in a proceeding brought by the City, or in a proceeding brought against the City and such appointment is not discharged or such possession is not terminated within sixty (60) days after the effective date thereof or the City consents to or acquiesces in such appointment or possession. The City files a petition for relief under Applicable Bankruptcy Law or an involuntary petition for relief is filed against the City under any Applicable Bankruptcy Law and such petition is not dismissed within sixty (60) days after the filing thereof, or an order for relief naming the City is entered under any Applicable Bankruptcy Law, or any composition, rearrangement, extension, reorganization or other relief of debtors now or hereafter existing is requested or consented to by the City.

(f) Litigation. Any reasonably meritorious suit shall be filed against the City, which if adversely determined, would substantially impair the ability of the City to perform each and every one of its obligations under and by virtue of this Agreement, which is not dismissed within 150 days of filing.

(g) Contingency Fund. To the extent the City is required to maintain the Contingency Fund under Section 5.7 hereof, the City releases or transfers the Contingency Fund from subsequent City Capital Budgets, such that the Contingency Fund is no longer available for the purposes set forth in this Agreement and the City does not reinstate the Contingency Fund within sixty (60) days of its release or transfer.

10.4 Remedies of Catellus. Upon the occurrence of an Event of Default by the City, Catellus shall have, as Catellus' sole and exclusive remedies, the remedies set forth below:

(a) Termination of the Development. Catellus may terminate its obligations under (i) this Agreement, (ii) the continuing applicable provisions of the HSDA as provided herein, (iii) the Escrow Agreements, (iv) any other agreements executed and/or delivered in connection herewith, and (v) any Utility Cost Reimbursement Agreement, upon not less than ten (10) days' written notice to the City; provided, Catellus shall be entitled to request and receive disbursements under this Agreement, any of the Escrow Agreements, and any applicable Utility Cost Reimbursement Agreement for costs reimbursable under such agreements up to and including (but not after) the date of such termination.

(b) Specific Performance. Catellus may institute an action against the City for specific performance, to the extent permitted by Applicable Laws.

(c) Damages. Catellus may pursue a claim against the City for actual, but not punitive or consequential, damages.

(d) Damages from Failure Relating to Public Financing. Catellus may pursue a claim against the City for actual, but not punitive or consequential, damages concerning the City's Event of Default under Sections 5.2(a) (Pre-Debt Issuance Tax Revenues), 5.2(b) (First Debt Issuances), 5.2(c) (Subsequent Debt Issuances), 5.2(e) (Funding of Public Finance Fund), 5.2(f) (Creation of Local Government Corporation) and/or the failure of the City to enter into a contract with a Local Government Corporation to the extent required under the definitions of Ad Valorem Tax Debt and Sales Tax Debt *plus* payment of the Base Developer Return through the date of termination *plus* Catellus' reasonable legal fees incurred with respect to such Event(s) of Default.

(e) Damages from Failure to Construct Offsite Infrastructure. Catellus may pursue a claim against the City for actual, but not punitive or consequential, damages concerning the City's Event of Default under Section 8.2(c) (Construction of Offsite Infrastructure) hereof *plus* the amount of any liquidated damages received by the City from the contractor under any construction contract relating to such uncompleted offsite infrastructure *plus* payment of the Base Developer Return through the date of termination *plus* Catellus' reasonable legal fees incurred with respect to such Event(s) of Default. Austin Water Utility will be responsible for payment of any sums under this Section (e) provided this does not limit Catellus in connection with any recovery of damages under this Section to the funds of the Austin Water Utility.

(f) Damages from Failure to Appropriate Funds or Release/Transfer of Contingency Fund. Catellus may pursue a claim against the City for actual, but not punitive or consequential, damages concerning the City's Event of Default specified in Section 10.3(g) above and for the City's failure to appropriate funds under Sections 5.2(a) and 8.2(c) hereof *plus* payment of the Base Developer Return through the date of termination *plus* Catellus' reasonable legal fees incurred with respect to such Event(s) of Default.

(g) Tolling of Other Obligations. Catellus may toll performance of its obligations under this Agreement and any required time for performance thereof will be extended by the number of days the City Event of Default existed.

Except as set forth above, Catellus waives any other right or claim of monetary damages or equitable relief against the City for any City Event of Default.

10.5 Base Developer Return and Public Finance Reimbursable Project Costs Following an Event of Default.

(a) In the event this Agreement is terminated under Section 10.2(a) above or assigned under Section 10.2(e) above *due to a* Limited Remedy Event of Default, the City shall reimburse Catellus for any unpaid Public Finance Reimbursable Project Costs, to the extent Public Financing may be issued within four years of the Limited Remedy

Event of Default to reimburse Catellus for any Public Finance Reimbursable Project Costs concerning that portion of the Property developed by Catellus as of the date of the termination/assignment.

(b) Notwithstanding the four year limitation on the issuance of Public Financing in Section 10.5(a) above, in the event (i) at the end of such four year period, Public Finance Reimbursable Project Costs paid by Catellus have not been reimbursed, (ii) during the period beginning with the fifth year following the Limited Remedy Event of Default through the end of the tenth year following the Limited Remedy Event of Default, the City issues Public Financing on incremental Sales Taxes or Ad Valorem Taxes arising during such period generated from that portion of the Property redeveloped by Catellus, and (iii) the City desires to utilize such additional Public Financing proceeds to assist in the redevelopment of any portion of the Property that has been previously redeveloped by Catellus but not sold or in the redevelopment of that portion of the Property which is undeveloped as of the date of the termination/assignment, the City must first apply such Public Financing proceeds to the payment of the unreimbursed Public Finance Reimbursable Project Costs before utilizing such proceeds for redevelopment. It is the intent of the parties that if the Public Financing is inadequate to pay outstanding Public Finance Reimbursable Project Costs following a termination/assignment of this Agreement, the City's obligation to issue Public Financing will terminate 4 years after the Limited Remedy Event of Default, but any Public Financing issued after such 4 years but prior to 10 years after the Limited Remedy Event of Default to complete the redevelopment of the Property will first be used to pay unreimbursed Public Finance Reimbursable Project Costs. This Section 10.5(b) does not apply to any fee waivers or similar incentives (excluding Sales Tax or Ad Valorem Tax rebates) offered by the City to induce businesses to locate on any portion of the Property.

(c) Additionally, following the termination/assignment as provided in Section 10.5(a), Catellus is only entitled to retain a Developer Return equal to 50% of the Developer Return calculated using the Land Sales Method from the date which is two (2) years prior to the date of such Limited Remedy Event of Default until the later of (i) the date of such termination/assignment, or (ii) expiration of any right to sell a portion of the Property under Section 10.2(g) above and Catellus shall deliver to the City an amount equal to 50% of the Developer Return calculated using the Land Sales Method during such two (2) year period. Catellus may retain the full Developer Return under the Land Sales Method for the period prior to such 2 year determination date. It is the intent of the parties that, upon a Limited Remedy Event of Default, the Developer Return will only be calculated using the Land Sales Method (i.e., payments to Catellus under Section 5.3(b) as opposed to calculation using the greater of the Land Sales Method and the Waterfall Method) and will reduce to 50% of the Land Sales Method during the 2 years prior to the Limited Remedy Event of Default. Catellus will not otherwise be entitled to payment of the Developer Return, the Base Developer Return or the Base Developer Return Shortfall, or retain any payments under Section 5.3(b).

(d) In the event this Agreement is terminated in accordance with Section 10.2(a) above or assigned in accordance with Section 10.2(e) above *not due to a* Limited Remedy Event of Default (i.e., due to an Event of Default which is not a Limited Remedy Event of Default), the City shall reimburse Catellus for any unpaid Public Finance Reimbursable Project Costs, to the extent Public Financing may be issued within four years of such Event of Default to reimburse Catellus for any Public Finance Reimbursable Project Costs, concerning that portion of the Property developed by Catellus as of the date of the termination/assignment.

(e) Additionally, following the termination/assignment as provided in Section 10.5(d), Catellus shall deliver to the City an amount equal to 100% of the Developer Return calculated using the Land Sales Method (up to a cap of $7,500,000) from the date which is two (2) years prior to the date of such Event of Default until the date of such termination/assignment. Catellus may retain the full Developer Return calculated using the Land Sales Method for the period prior to such 2 year determination date. It is the intent of the parties that, upon an Event of Default, the Developer Return will only be calculated using the Land Sales Method (i.e., payments to Catellus under Section 5.3(b) as opposed to calculation using the greater of the Land Sales Method and the Waterfall Method) and will reduce to 0% of the Land Sales Method during the 2 years prior to the Event of Default (subject to the $7,500,000 payment cap in this Section). Catellus will not otherwise be entitled to payment of the Developer Return, the Base Developer Return or the Base Developer Return Shortfall, or retain any payments under Section 5.3(b).

(f) Additionally, following the termination/assignment as provided in Section 10.5(d), due to an Event of Default due to the common law fraud of Catellus, as determined by a court of competent jurisdiction in a final, non-appealable judgment, in connection with its obligations under this Agreement, Catellus shall deliver to the City an amount equal to 100% of the Developer Return during the term of this Agreement. Catellus will not be entitled to payment of the Developer Return, the Base Developer Return or the Base Developer Return Shortfall, or retain any payments under Section 5.3(b).

10.6 Rights and Remedies Are Cumulative. Subject to the limitations of this Agreement pertaining to remedies for Limited Remedy Events of Default, the rights and remedies of the parties to this Agreement are cumulative and the exercise by either party of any one (1) or more of such remedies will not preclude the exercise by it, at the same or a different time, of any other such remedies for the same default or breach or of any of its remedies for any other default or breach by the other party. No waiver made by either party with respect to the performance, or manner or time thereof, of any obligation of the other party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived and to the extent thereof, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party.

10.7 Plans and Data. If the City terminates this Agreement under Section 10.2(a) or causes the assignment of the right to develop under Section 10.2(e) before Completion of Construction of all the Infrastructure, Catellus shall deliver to the City, without any representations or warranties as to accuracy or completeness or the City's right to rely thereon and without any liability to Catellus therefor, copies of any and all documents, studies, reports, cost estimates, plans, and specifications in the possession of or, to the extent reasonably available to Catellus, prepared for Catellus or the City for the redevelopment within 30 days after demand or notice from the City.

10.8 LIMITED WAIVER OF SOVEREIGN IMMUNITY. **TO THE EXTENT PERMITTED BY APPLICABLE LAWS, THE CITY VOLUNTARILY WAIVES ITS RIGHT TO ASSERT SOVEREIGN IMMUNITY FROM SUIT OR LIABILITY IN RESPONSE TO AN ACTION BY CATELLUS SEEKING ONLY THE REMEDIES SPECIFIED IN SECTION 10.4 HEREOF. THE CITY DOES NOT OTHERWISE WAIVE IMMUNITIES EXISTING UNDER APPLICABLE LAWS, AND IT IS EXPRESSLY UNDERSTOOD THAT THE WAIVER HERE GRANTED IS A LIMITED AND NOT A GENERAL WAIVER, AND THAT ITS EFFECT IS LIMITED TO SPECIFIC CLAIMS UNDER THIS AGREEMENT.**

ARTICLE XI.
MISCELLANEOUS PROVISIONS

11.1 Notices. Formal notices, demands and communications between the parties will be sufficiently given if, and will not be deemed given unless, delivered personally, dispatched by certified mail, postage prepaid, return receipt requested, or sent by a nationally recognized express delivery or overnight courier service, to the office of the parties shown as follows, or such other address as the parties may designate in writing from time to time:

Catellus:
Catellus Austin, LLC
c/o Catellus Development Corporation
816 Congress Avenue, Suite 1540
Austin, Texas 78701
Attention: Greg Weaver

with a copy to:
Catellus Development Corporation
12700 Park Central Drive, Suite 305
Dallas, Texas 75252
Attention: Stephen Bryan

and:	Catellus Development Corporation 201 Mission Street, 2nd Floor San Francisco, California 94105 Attention: General Counsel
and:	DuBois, Bryant, Campbell & Schwartz, L.L.P. 700 Lavaca, Suite 1300 Austin, Texas 78701 Attention: Rick Reed
City:	City of Austin City Manager's Office 301 West 2nd Street Austin, Texas 78701 Attention: City Manager
with a copy to:	City of Austin Economic Growth and Redevelopment Services Office 301 West 2nd Street Austin, Texas 78701 Attention: Sue Edwards
and:	City of Austin Law Department 301 West 2nd Street Austin, Texas 78701 Attention: Alison Gallaway
and:	Thompson & Knight L.L.P. 98 San Jacinto, Suite 1900 Austin, Texas 78701 Attention: James E. Cousar

Such written notices, demands, and communications will be effective on the date shown on the delivery record as the date delivered (or the date on which delivery was refused) or in the case of certified mail two (2) Business Days following deposit of such instrument in the United States Mail.

11.2 Limitation on Liability. No member, official or employee of the City shall be personally liable to Catellus in the event of any default or breach by the City, or for any amount which may become due to Catellus, or on any obligations under the terms of this Agreement. Except as expressly provided in Section 9.2(a) hereof to the contrary as to COLP, no Affiliate of Catellus, and no officer, director, partner, member, official or employee of Catellus or any Affiliate of Catellus shall be personally liable to the City in the event of any default or breach by

Catellus, or for any amount which may become due to the City, or on any obligations under the terms of this Agreement.

11.3 Independent Contractor. Catellus is an independent contractor with respect to the Infrastructure and is not serving as the employee or agent of the City. Nothing contained in this Agreement shall be construed as creating or constituting any partnership, joint venture, employment or agency between the parties. Catellus has sole authority and responsibility to employ, discharge and otherwise control its employees, and Catellus employees are not, and shall not be deemed to be, employees of the City. Neither party shall have the right or power to bind or obligate the other party for any liabilities or obligations without the prior written consent of the other party.

11.4 Severability. If any term(s) or provision(s) of this Agreement or the application of any term(s) or provision(s) of this Agreement to a particular situation, is (are) held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this Agreement or the application of such term(s) or provision(s) of this Agreement to other situations, shall remain in full force and effect unless amended or modified by mutual consent of the parties; provided that, if the invalidation, voiding or unenforceability would deprive either the City or Catellus of material benefits derived from this Agreement, or make performance under this Agreement unreasonably difficult, then the City and Catellus shall meet and confer and shall make good faith efforts to amend or modify this Agreement in a manner that is mutually acceptable to the City and Catellus.

11.5 Construction of Agreement. This Agreement has been reviewed and revised by legal counsel for both Catellus and the City, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

11.6 Entire Agreement. This Agreement and all the documents, agreements, exhibits and schedules referenced herein constitute the entire understanding and agreement of the parties and supersede all negotiations or previous agreements between the parties with respect to the subject matter of this Agreement.

11.7 No Waiver. No delay or omission by either party in exercising any right or power accruing upon non-compliance or failure to perform by the other party under any of the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either party of any of the covenants or conditions to be performed by the other party shall be in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought, and any such waiver shall not be construed as a waiver of any succeeding breach or non-performance of the same or other covenants and conditions hereof.

11.8 Time Is of the Essence. Time is of the essence for each provision of this Agreement for which time is an element.

11.9 Governing Laws. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

11.10 Attorneys' Fees and Interest. Should any legal action be brought by either party because of a breach of this Agreement or to enforce any provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and such other costs as may be found by the court or arbitrator. If any party hereto fails to pay any amount under this Agreement when it is due, that amount will bear interest from the date it is due until the date it is paid at the lesser of 18% per annum or the maximum rate of interest permitted under Applicable Laws.

11.11 No Third Party Beneficiaries. The City and Catellus hereby renounce the existence of any third party beneficiary to this Agreement and agree that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status.

11.12 Counterparts. This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one (1) single instrument.

11.13 Time of Performance. All performance dates (including cure dates) expire at 5:00 p.m. Central Standard Time, on the performance or cure date. A performance or cure date which falls on a day other than a Business Day is deemed extended to the next Business Day.

11.14 Estoppel Certificates. Upon 30 days' prior written notice and not more than twice in any 12-month period, the City and Catellus each agree to sign and deliver to the other party a statement certifying (a) that this Agreement is unmodified and in full force and effect (or, if that is not the case, so stating and setting forth any modifications), (b) that, to the responding party's knowledge, the requesting party is not in breach of this Agreement (or, if that is not the case, so stating and setting forth any alleged breaches), and (c) any other information reasonably related to the status of this Agreement. This certificate may only be relied upon by the party requesting the certificate and any parties specifically identified by name in the request, may only be used to estop the responding party from claiming that the facts are other than as set forth in the certificate, and may not be relied upon by any person or entity, even if named in such estoppel certificate, who knows or should know that the facts are other than as set forth in such certificate.

11.15 Successors and Assigns.

(a) Except as provided in this Section, this Agreement will be binding upon and inure to the benefit of the permitted successors and assigns of the City and Catellus, and where the terms "Catellus" or "the City" are used in this Agreement, they mean and include their respective permitted successors and assigns. If any party hereto assigns its interest herein as permitted hereby, the assigning party will not be released from its obligations hereunder, except to the extent it obtains a written release from the beneficiary party to such obligations, which such beneficiary party may give or withhold in its sole and absolute discretion, provided however, with respect to a transfer/assignment under Sections 11.15(c)(ii) or (iii) to which the City provides its

consent, in the event Catellus obtains a full, complete and unconditional assumption (as to its obligations and liabilities to the City, in a form approved by the City in its reasonable discretion) from such transferee/assignee concerning Catellus' obligations and liabilities under this Agreement (regardless of whether such obligations and/or liabilities occurred before or after the transfer/assignment), Catellus and COLP will be released from those obligations and liabilities under this Agreement concerning acts or omissions occurring after the effective date of such transfer/assignment.

(b) Without Catellus' prior consent, the City may only assign its interest in the Property to a special entity to facilitate the redevelopment of the Property, provided the City remains liable for the City's obligations to Catellus in this Agreement. If the City assigns its interest hereunder, the City's assignee shall execute an assumption agreement unconditionally assuming the City's obligations hereunder, a copy of which shall be provided to Catellus.

(c) Catellus shall not assign (including without limitation, by transfer of a majority of stock, merger, or dissolution, which transfer of majority interest of stock, merger, or dissolution shall be deemed an assignment), transfer, mortgage, pledge, or hypothecate all or any interest in this Agreement; provided, however,

(i) without the City's prior written consent, Catellus may assign or transfer, all (but not part) of its interest in this Agreement to any Affiliate of Catellus, provided Catellus, COLP (but only to the extent of its obligations under Section 5.2(b) and 9.2 hereof) and such affiliate confirm their joint and several liability hereunder by written notice to the City,

(ii) with the City's prior written consent, which the City shall not unreasonably withhold, condition or delay, Catellus may assign or transfer, all (but not part) of its interest in this Agreement to a Qualified Transferee, provided such Qualified Transferee executes an agreement to assume Catellus' obligations hereunder in form and content reasonably acceptable to the City, and

(iii) with the City's prior written consent, which the City may unreasonably withhold or condition, Catellus may assign or transfer all or part of its interest in this Agreement to a Person other than a Qualified Transferee.

11.16 No Recording/Filing. Neither party will record or file this Agreement or any memorandum thereof in any public recording office.

11.17 Effect of Force Majeure, City Caused Delays and Catellus Caused Delays. If the City or Catellus is delayed, hindered, or prevented from performance of any of its respective obligations under this Agreement by reason of Force Majeure or, as applicable, City Caused Delays or Catellus Caused Delays, and if such party has not otherwise committed an Event of Default hereunder which is continuing, the time for performance of such obligation is automatically extended for the period of such delay, provided that the following requirements are complied with by the affected party:

(a) The affected party shall give prompt written notice of such occurrence to the other party; and

(b) The affected party shall diligently attempt to remove, resolve, or otherwise eliminate such event, keep the other party advised with respect thereto, and commence performance of its affected obligations hereunder immediately upon such removal, resolution, or elimination.

11.18 Further Acts. In addition to the acts and deeds recited in this Agreement and contemplated to be performed, executed, and/or delivered by the parties, the City and Catellus agree to perform, execute, and/or deliver or cause to be performed, executed, and/or delivered at each Takedown or at such other time or times as may be necessary or appropriate under this Agreement any and all further lawful acts, deeds, and assurances as are reasonably necessary or appropriate to consummate and implement the transactions and agreements reasonably contemplated hereby.

11.19 Consents and Approvals. Unless expressly stated otherwise herein to the contrary, any approval, agreement, determination, consent, waiver, estoppel certificate, estimate or joinder by the City required hereunder may be given by the City Manager of the City or its designee; provided however, except for the replacement of Exhibits D, E and I as contemplated herein and minor amendments or modifications, the City Manager does not have the authority to execute any substantial modification or amendment of this Agreement without approval of the Austin City Council.

11.20 Correction of Technical Errors. If, by reason of inadvertence, and contrary to the intention of the City and Catellus, errors are made in this Agreement in the legal descriptions or the references thereto or within any exhibit with respect to the legal descriptions, in the boundaries of any parcel in any map or drawing which is an exhibit, or in the typing of this Agreement or any of its exhibits or any other similar matters, the parties by mutual agreement may correct such error by memorandum executed by them without the necessity of amendment of this Agreement.

11.21 Interstate Land Sales Full Disclosure. The City and Catellus acknowledge and agree that the sale of each portion of the Property in accordance with this Agreement will be exempt from the provisions of the Interstate Land Sales Full Disclosure Act in accordance with the exemption applicable to the sale or lease of property to any person who acquires such property for the purpose of engaging in the business of constructing residential, commercial or industrial buildings or for the purpose of resale of such property to persons engaged in such business.

11.22 Termination If Preliminary Plan Not Approved. If the Preliminary Plan is not approved by the City and filed of record on or before June 30, 2005, Catellus may terminate this Agreement by delivering written notice of termination to the City at any time prior to the earlier of July 31, 2005, or the date, if any, that the Preliminary Plan is so approved by the City. In the event of a termination under this Section, provided no Takedown has occurred (except with

respect to the Proposed Academic Health Center Property as contemplated under Section 3.8 for transfer to an unrelated third party developer as an academic health center), (a) the HSDA will automatically be reinstated, and (b) all costs expended by either party until such termination will be handled as provided in Section 5.4 of the ENA as if an expiration of the ENA had occurred.

[END OF TEXT-SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

CITY:

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

By: Toby Hammett Futrell
Name: Toby Hammett Futrell
Title: City Manager

Approved as to form and content for the City by the City's external legal counsel:

THOMPSON & KNIGHT L.L.P.

By: James E. Cousar

CATELLUS:

CATELLUS AUSTIN, LLC, a Delaware limited liability company

By: _____
Ted Antenucci, President

COLP:

EXECUTED BY COLP SOLELY TO EVIDENCE ITS CONSENT TO AND AGREEMENT WITH SECTIONS 5.2(b) AND 9.2 HEREOF.

CATELLUS OPERATING LIMITED PARTNERSHIP, a Delaware limited partnership

By: Catellus Commercial Development Corporation, a Delaware corporation, its authorized agent

By: _____
Ted Antenucci, President

EXHIBIT T
TO MASTER DEVELOPMENT AGREEMENT

Form of Special Warranty Deed Concerning Perimeter Parks and Lake Park

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

After Recording Return To:
DuBois, Bryant, Campbell & Schwartz, L.L.P.
700 Lavaca, Suite 1300
Austin, Texas 78701
Attention: Rick Reed

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF TRAVIS §

1. Grant. THE CITY OF AUSTIN, a Texas home rule city and municipal corporation ("City"), for and in consideration of the sum of Ten Dollars ($10.00) and other valuable consideration paid to City by CATELLUS AUSTIN, LLC, a Delaware limited liability company ("Catellus"), the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, SELL, CONVEY, ASSIGN and DELIVER to Catellus the real property described in Exhibit A attached hereto and made a part hereof, together with all buildings and other improvements situated thereon, all fixtures and other property affixed thereto and all and singular the rights and appurtenances pertaining to such real property (the "Property"), subject to the encumbrances described in Exhibit B attached hereto and made a part hereof (the "Permitted Encumbrances").

2. Warranty. TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Catellus, its successors and assigns, forever, and City does hereby bind itself and its successors and assigns to warrant and forever defend all and singular the said premises unto Catellus, its successors and assigns against every person whomsoever lawfully claiming, or to claim the same, or any part thereof by, through or under City, but not otherwise; subject, however, to the Permitted Encumbrances.

3. **AS-IS. EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN THAT MASTER DEVELOPMENT AGREEMENT DATED _____, 2004 BETWEEN CITY AND CATELLUS RELATING TO THE PROPERTY (THE "AGREEMENT") TO THE CONTRARY, IT IS UNDERSTOOD AND AGREED THAT THE PROPERTY IS BEING SOLD AND CONVEYED HEREUNDER "AS IS" WITH**

regulations for the Property to continue the use thereof in substantially the same manner as existed prior to the dedication.

(c) No trash or garbage will be stored or dumped on the Property, except in designated, City approved receptacles. No hazardous or toxic materials will be stored or dumped on the Property.

(d) No underground storage tanks (except for reirrigation purposes) will be placed or used on the Property.

(e) No new structures or other improvements will be placed, constructed or modified on the Property (other than those contemplated in the design guidelines and community covenants applicable to the Property so long as the City has the right to approve changes to such documents) without the prior written approval of City (which approval will not be unreasonably withheld, conditioned or delayed so long as they are consistent with the Agreement so long as the Agreement is in effect).

(f) No billboard or advertising material, other than advertising for "Mueller" in accordance with applicable laws may be erected on the Property.

(g) Removal, destruction and cutting of trees, shrubs, or other vegetation is prohibited except for:

(i) Reasonable maintenance of existing accesses or construction and maintenance of accesses permitted within the provisions of the Easement; or

(ii) Application of good husbandry practices including the prevention or treatment of disease; or

(iii) Maintenance and repair of the Property; or

(iv) Construction or modification of structures and other improvements on the Property in accordance with Section 4(e) above; or

(v) Furtherance and perpetuation of the permitted uses of the Property.

5. Obligations and Other General Rights.

(a) Catellus shall maintain the Property in good condition and repair as a first class recreational facility, park, open space, stormwater detention facility, and scenic area including without limitation providing vegetation and trash management, silt and debris removal, maintaining operational functionality and structural integrity of the stormwater detention and water quality facilities.

(b) Catellus may hold public events on the Property, subject to any reasonable requirements as to such public events promulgated by the City and, subject to 4(b) above,

Catellus shall assume on behalf of City and conduct with due diligence and in good faith the investigation and defense thereof and the response thereto with counsel selected by Catellus but reasonably satisfactory to City; provided, that City shall have the right to be represented by advisory counsel of its own selection and at its own expense; and provided further, that if any such Claim involves Catellus and City, and City shall have been advised in writing by counsel that there may be legal defenses available to it which are inconsistent with those available to Catellus, then City shall have the right to select separate counsel to participate in the investigation and defense of and response to such Claim on its own behalf, and Catellus shall pay or reimburse City for all reasonable legal fees and costs incurred by City because of the selection of such separate counsel. If any Claim arises as to which the indemnity provided for in this section applies, and Catellus fails to assume within 20 days after being notified of the Claim the defense of City, then City may contest (or settle, with the prior written consent of Catellus, which consent will not be unreasonably withheld, conditioned or delayed) the Claim at Catellus' expense using counsel selected by City; provided, that if any such failure by Catellus continues for 30 days or more after Catellus is notified thereof, no such contest need be made by City and settlement or full payment of any Claim may be made by City without Catellus' consent and without releasing Catellus from any obligations to City under this section so long as, in the written opinion of reputable counsel to City, the settlement or payment in full is clearly advisable. So long as Catellus does not admit liability or agree to affirmative obligations on behalf of City, Catellus is authorized to settle a Claim for itself and City. City shall (i) use its best efforts to provide prompt written notice to Catellus of a Claim, and (ii) reasonably cooperate with Catellus in the investigation and defense of a Claim. In the event City breaches its obligations contained in the previous sentence, the liability of Catellus under this section shall be reduced by the amount such breach directly caused a material impairment of the defense of the Claim.

(g) Assignment. Catellus shall transfer the Property and its other rights and obligations hereunder (i) to the Mueller Master Community, Inc. (the "Association") upon the expiration or earlier termination of the Agreement or (ii) as required by the Agreement. The rights and obligations hereunder cannot be severed from the Property. Catellus cannot assign or transfer the Property or its rights herein, except to the Association or in accordance with the Agreement. Any assignment or transfer to the Association may be a partial assignment or transfer or a full and complete assignment or transfer of Catellus' rights and responsibilities hereunder. From and after the date Catellus transfers the Property to the Association in accordance herewith or any other party in accordance with the Agreement, in whole or in part, Catellus shall be relieved and released from all obligations and liabilities from that day forward as to its obligations under this Special Warranty Deed covered by any such transfer.

6. Miscellaneous. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid, such illegal or invalid term or provision shall not affect the balance of the terms and provisions hereof. In the event any action or suit is brought by reason of any breach of this Special Warranty Deed or any other dispute between the parties

IN WITNESS WHEREOF, this Special Warranty Deed is executed by City on the date of acknowledgment set forth below to be effective as of the ____ day of 20____.

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

By: _____
Name:_____
Title:_____

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 200___, by _____, _____ of THE CITY OF AUSTIN, a municipal corporation, on behalf of said municipal corporation.

_____
Notary Public, State of Texas

_____
(Printed name)

My Commission Expires:

_____

[END OF SIGNATURE AND NOTARY BLOCKS]

RESOLUTION NO. 04

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

WHEREAS, the City of Austin ("City") and Catellus Austin, LLC ("Catellus") have entered into a Master Development Agreement ("MDA") for Catellus to redevelop the former Robert Mueller Municipal Airport site, now known as Mueller; and

WHEREAS, the City, in conjunction with full public participation, set the following goals for the redevelopment of Mueller, which the MDA incorporates:

- Fiscal Responsibility: A positive revenue stream to the City through increased tax base.
- Economic Development: Contributing to Austin's economy and providing new jobs.
- East Austin Revitalization: A direct stake for East Austin residents in redevelopment.
- Neighborhood Compatibility: Enhancing the quality of life in adjacent communities.
- Diversity and Affordability: A new community of ethnically and economically diverse residents.
- Sustainability: Energy efficiency, reduced auto dependency, watershed protection, smart growth.