

BACKGROUND

- The New Hope Cultural Education Facilities Finance Corporation (the "Issuer") intends to enter a loan agreement in an aggregate amount not to exceed \$20,000,000 with BB&T Community Holdings Co. (the "Bank") and The Travis Association for the Blind, a Texas nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Borrower"), pursuant to which the Bank will purchase one or more promissory notes from the Issuer, the proceeds of which the Issuer will loan to the Borrower.
- The proceeds will be used to finance all or a portion of the costs incurred in connection with the development and construction of a warehouse and light manufacturing facility of approximately 450,000 square feet, including approximately 30,000 square feet of office space, on an approximately 28 acre site in the City of Austin, Texas, together with other property, functionally related and incidental or subordinate thereto; site improvements, including surface parking and storm-water retention facilities, and certain expenditures associated therewith, to the extent financeable, including, without limitation, costs of issuance and required reserves, if any, the foregoing all located at 4500 South Pleasant Valley Road, Austin, Texas 78744.
- The Cultural Education Facilities Finance Corporation Act, Article 1528m, Vernon's Texas Civil Statutes, as amended (the "Act"), permits a nonprofit corporation to enter into transactions such as the one contemplated here by the parties to finance or refinance cultural facilities, as defined under the Act
- The Town of New Hope, Texas created the Issuer in order to, among other authorized purposes, enter into tax-exempt loans to finance or refinance cultural facilities.
- Because the facilities being refinanced for the Borrower are located within the City of Austin, the Internal Revenue Code requires that the Mayor or the City Council approve the loan.
- The City of Austin has handled this in the past by providing the City Council's approval of the loan, by way of a City Resolution (see form attached).
- The City of Austin is not being asked for funds and in no way will the loan be considered a debt or liability to the City of Austin.