

ORDINANCE NO. 20181213-093

AN ORDINANCE APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF AUSTIN, TEXAS SPECIAL ASSESSMENT REVENUE BONDS SERIES 2018 (ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1); APPROVING AND AUTHORIZING RELATED AGREEMENTS; APPROVING AND AUTHORIZING THE DISTRIBUTION OF A LIMITED OFFERING MEMORANDUM; AND PROVIDING FOR AN EFFECTIVE DATE

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

PART 1. FINDINGS AND DETERMINATIONS.

The City Council finds and determines that:

- (A) Pursuant to Chapter 372 of the Texas Local Government Code (the "Act"), the City previously established the Estancia Hill Country Public Improvement District (the "District") pursuant to Resolution No. 20130606-054, adopted by the City Council on June 6, 2013; and
- (B) Pursuant to the Act, the City published notice of and held a public hearing on June 20, 2013 regarding the levy of special assessments against benefitted property located in Improvement Area #1 of the District, and after hearing testimony at the public hearing, the City Council closed the public hearing and adopted Ordinance No. 20130620-052 (the "Assessment Ordinance"); and
- (C) In the Assessment Ordinance, the City Council approved and accepted the Service and Assessment Plan relating to the District and levied assessments against property in Improvement Area #1 of the District (the "Improvement Area #1 Assessments"); and
- (D) The City is authorized by the Act to issue revenue bonds payable from the Improvement Area #1 Assessments, and other revenue received, for the purposes of (i) paying the costs of the Improvement Area #1 Improvements identified in the Service and Assessment Plan, as amended and updated (the "2018 Amended and Restated Service and Assessment Plan"), (ii) establishing the other funds and

accounts described in the Indenture (as defined below) or as required in connection with the issuance of the bonds, and (iii) paying the costs of issuing the bonds; and

- (E) Pursuant to an Indenture of Trust dated June 1, 2013 between the City and U.S. Bank National Association, as trustee (the "Original Indenture"), the City previously issued its \$12,590,000 City of Austin, Texas Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District), dated July 16, 2013 (the "Series 2013 Bonds"); and
- (F) The City Council finds and determines that it is in the best interest of the City to issue bonds to be designated City of Austin, Texas Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the "Bonds"), which will be issued as Additional Bonds pursuant to the terms of the Original Indenture, will be on parity with the Series 2013 Bonds, and will be payable from and secured by the Pledged Revenues, as defined in the Indenture; and
- (G) The City Council finds and determines that it is necessary to amend and restate the Original Indenture in its entirety to accommodate the issuance of the Bonds, to remove the ability to issue Additional Bonds after the issuance of the Bonds, and to close certain accounts and funds maintained under the Original Indenture that are no longer necessary; and
- (H) The City Council finds that it should approve (i) the issuance of the Bonds to finance the Improvement Area #1 Improvements identified in the 2018 Amended and Restated Service and Assessment Plan, (ii) the indenture of trust securing the City's bonds authorized by this Ordinance, (iii) the Bond Purchase Agreement (as defined below) between the City and purchasers of the Bonds, (iv) the Limited Offering Memorandum (as defined below), and (v) the Continuing Disclosure Agreement (as defined below) between the City and the Trustee (as defined below) relating to the Bonds and the Improvement Area #1 Assessments; and
- (I) The meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place and purpose of the meeting was

provided as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

PART 2. APPROVAL OF ISSUANCE OF BONDS AND INDENTURE OF TRUST.

- (A) The issuance of the Bonds in the principal amount \$4,265,000, for the purpose of providing funds for (i) financing or refinancing a portion of the costs of the Improvement Area #1 Improvements, (ii) establishing the other funds and accounts described in the Indenture or as required in connection with the issuance of the Bonds, and (iii) paying the costs of issuing the Bonds, is authorized and approved.
- (B) The Bonds shall be issued and secured under the Amended and Restated Indenture of Trust (the "Indenture") dated December 1, 2018 between the City and U.S. Bank National Association, as trustee (the "Trustee"), in substantially the form attached as Exhibit A and incorporated for all purposes. The Indenture is authorized and approved with such changes as are necessary, and the Mayor or Mayor Pro Tem is authorized and directed to execute the Indenture.
- (C) The Bonds shall be dated, mature on the date or dates and in the principal or maturity amounts, bear interest, be subject to redemption, and have the other terms and provisions set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture, with such changes as are necessary to conform the form of bond to the actual terms of the Bonds. The Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the Trust Estate (as defined in the Indenture) pledged to such series, and shall never be payable from ad valorem taxes.

PART 3. SALE OF BONDS; APPROVAL AND BOND PURCHASE AGREEMENT.

The Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") pursuant to the terms of sale in the Bond Purchase Agreement, dated this date, between the City and the Underwriter, in substantially the form attached as Exhibit B and incorporated for all purposes, which terms of sale are declared to be in the best interest of the City. The Bond Purchase Agreement is authorized and approved with such changes as are necessary, and

the Mayor or Mayor Pro Tem is authorized and directed to execute the Bond Purchase Agreement.

PART 4. APPROVAL OF LANDOWNER AGREEMENT.

The Landowner Agreement between the City and Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, is authorized and approved in substantially the form attached as Exhibit C and incorporated for all purposes, with such changes as are necessary. The City Manager, the Deputy City Manager, or an Assistant City Manager is authorized and directed to execute the Landowner Agreement.

PART 5. LIMITED OFFERING MEMORANDUM.

The Preliminary Limited Offering Memorandum for the Bonds and any supplement or amendment (the "Preliminary Limited Offering Memorandum") and the final Limited Offering Memorandum (the "Limited Offering Memorandum") presented to and considered at the meeting at which this Ordinance was considered are approved and adopted with such changes as are necessary. The Mayor or Mayor Pro Tem is authorized and directed to execute the Limited Offering Memorandum. The Limited Offering Memorandum may be used by the Underwriter in the offering and sale of the Bonds, and the City Clerk is authorized and directed to maintain copies of the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum, and any supplement or amendment. Notwithstanding the prior approval and delivery of the Preliminary Limited Offering Memorandum in the offering of the Bonds, the Preliminary Limited Offering Memorandum is hereby ratified, approved and confirmed. Notwithstanding the approval and execution of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum by the Mayor or Mayor Pro Tem, the Mayor, the Mayor Pro Tem, and the City Council are not responsible for, and have no specific knowledge of, the information contained in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum pertaining to the Project (as defined in the Bond Purchase Agreement), the Landowner or its financial ability, any builders, and landowners, or the appraisal of the property in the District.

PART 6. CONTINUING DISCLOSURE AGREEMENT.

The Continuing Disclosure Agreement between the City and U.S. Bank National Association, as Dissemination Agent, in substantially the form attached as Exhibit D and incorporated for all purposes, is authorized and approved with such changes as are necessary. The City Manager, the Deputy City Manager, an Assistant City Manager, or the Treasurer of the City is authorized and directed to execute the Continuing Disclosure Agreement.

PART 7. ADDITIONAL ACTIONS.

The Mayor, the Mayor Pro Tem, the City Manager, the Deputy City Manager, an Assistant City Manager, or the City Treasurer, and City Clerk are authorized and directed to take all necessary actions to issue the Bonds and to execute all certificates, agreements, notices, instruction letters, requisitions, and other documents as are necessary in connection with the sale, issuance and delivery of the Bonds.

PART 8. GOVERNING LAW.

This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

PART 9. SEVERABILITY.

If any provision of this Ordinance or its application to any person or circumstance is held to be invalid, the remainder of this Ordinance and the application of the provision to other persons or circumstances shall be valid, and the City Council declares that this Ordinance would have been enacted without such invalid provision.

PART 10. INCORPORATION OF FINDINGS AND DETERMINATIONS.

The findings and determinations of the City Council in Part 1 of this Ordinance are incorporated for all purposes.

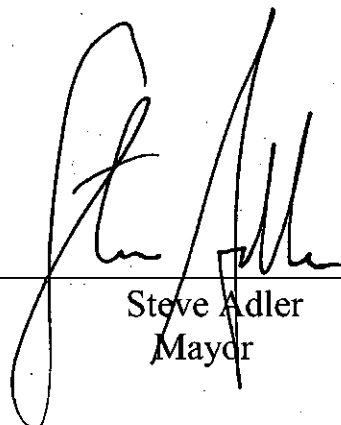
PART 11. EFFECTIVE DATE.

This Ordinance is passed on one reading as authorized by Texas Government Code Section 1201.028, and shall be effective immediately upon its passage and adoption.

PASSED AND APPROVED

December 13, 2018

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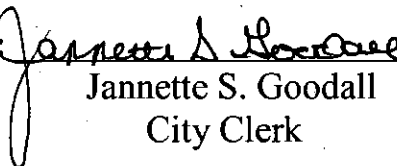
Steve Adler
Mayor

APPROVED:

A handwritten signature in black ink, likely belonging to Anne L. Morgan, positioned above a horizontal line.

Anne L. Morgan
City Attorney

ATTEST:

A handwritten signature in black ink, likely belonging to Jannette S. Goodall, positioned above a horizontal line.

Jannette S. Goodall
City Clerk

EXHIBIT A

AMENDED AND RESTATED
INDENTURE OF TRUST

By and Between

CITY OF AUSTIN, TEXAS,

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

DATED AS OF DECEMBER 1, 2018

RELATED TO

\$12,590,000

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

AND

\$4,265,000

CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

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AMENDED AND RESTATED INDENTURE OF TRUST

THIS AMENDED AND RESTATED INDENTURE, dated as of December 1, 2018 (this "Indenture"), which hereby amends and restates in its entirety the original indenture of trust, dated June 1, 2013 (the "Original Indenture"), is by and between the CITY OF AUSTIN, TEXAS (the "City"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted by the Petitioners and filed with the City Clerk of the City (the "City Clerk") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located in the extraterritorial jurisdiction of the City to be known as Estancia Hill Country Public Improvement District (the "District"); and

WHEREAS, the petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Travis Central Appraisal District, and the signatures of the record owners of taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on May 9, 2013, after due notice, the City Council of the City (the "City Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on June 6, 2013, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 20130606-054, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on June 10, 2013, the City published notice of its authorization of the District in the *Austin American Statesman*, a newspaper of general circulation in the City and its extraterritorial jurisdiction; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Clerk within 20 days after June 6, 2013; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in a newspaper of general circulation in the City and its extraterritorial jurisdiction to consider the proposed "Improvement Area #1 Assessment Roll" and the "Service and Assessment Plan" and the levy of the "Improvement Area #1 Assessments" on property in the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Improvement Area #1 Assessment Roll and the Service and Assessment Plan and the levy of Improvement Area #1 Assessments on property in the District to the last known address of the owners of the property liable for the Improvement Area #1 Assessments; and

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WHEREAS, the City Council convened the hearing on June 20, 2013, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Improvement Area #1 Assessment Roll, and the Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessment, the allocation of Costs, the purposes of the Assessment, the special benefits of the Assessment, and the penalties and interest on annual installments and on delinquent annual installments of the Assessment; and

WHEREAS, at the June 20, 2013 public hearing referenced above, there were no written objections or evidence submitted to the City Clerk in opposition to the Service and Assessment Plan, the allocation of Costs, the Improvement Area #1 Assessment Roll, and the levy of the Improvement Area #1 Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance and therein levied the Improvement Area #1 Assessments; and

WHEREAS, the City is authorized by the PID Act to issue its revenue bonds payable from the Improvement Area #1 Assessments for the purpose of (i) paying or refinancing a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds Similarly Secured (as defined herein) during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for the payment of principal and interest on the Bonds Similarly Secured, (iv) paying a portion of the costs incidental to the organization of the District, and (v) paying costs of issuance of the Bonds Similarly Secured; and

WHEREAS, the City previously issued its \$12,590,000 City of Austin, Texas Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District), dated July 16, 2013 (the "Series 2013 Bonds") pursuant to the Original Indenture; and

WHEREAS, pursuant to Section 13.2 of the Original Indenture, the City is authorized to issue Additional Bonds subject to following conditions (i) the City is not in default in the performance and observation of any terms, provisions and conditions applicable to the City under the Original Indenture, (ii) the Landowner is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the Landowner contained in the Financing Agreement, (iii) the City has received a certificate or report from an independent certified appraiser or appraisal firm that, assuming completion of the improvements to be financed with the proceeds of the hereinafter defined Series 2018 Bonds, (A) the appraised value of the Assessed Parcels is equal to at least four (4) times the principal amount of the Outstanding Bonds Similarly Secured, taking into account these Bonds being issued, (B) the appraised value allocated to each Assessed Parcel that is zoned for other than single-family housing purposes is at least three (3) times the portion of the principal amount of any Outstanding Bonds Similarly Secured, taking into account these Bonds being issued, that is allocated to each Assessed Parcel that is so zoned and (C) the appraised value allocated to each Assessed Parcel that is zoned for single-family housing purposes is at least equal to two and one-

EXHIBIT A

half (2.5) times the portion of the principal amount of any Outstanding Bonds Similarly Secured, taking into account these Bonds being issued, that is allocated to each Assessed Parcel that is so zoned, (iv) the principal of and interest on the Bonds must be scheduled to be paid or mature on May 1 and November 1, or both, of the years in which each principal or interest are scheduled to be paid or mature, and (v) there shall be deposited to the Reserve Fund an amount equal to the Reserve Fund Requirement taking into account the outstanding Bonds Similarly Secured, and these Bonds being issued (collectively, the "Additional Bonds Test"); and

WHEREAS, the City has determined that each of the aforementioned conditions of the Additional Bonds Test has been or will be satisfied upon the issuance of the Series 2018 Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds in accordance with the Original Indenture and the PID Act, such bonds to be entitled "City of Austin, Texas Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1)", such Series 2018 Bonds being payable solely from the Improvement Area #1 Assessments and other funds pledged under the Indenture to the payment of the Bonds and for the purposes set forth in this preamble; and

WHEREAS, the Series 2018 Bonds are being issued as Additional Bonds as provided by Section 13.2 of the Original Indenture and are secured by and payable from a lien on and pledge of the Trust Estate (as defined herein) on parity with the Series 2013 Bonds; and

WHEREAS, to accommodate the issuance of the Series 2018 Bonds, to remove the ability to issue Additional Bonds after the issuance of the Series 2018 Bonds, and to close certain accounts and funds maintained under the Indenture which are no longer necessary or required, the City has determined that it is necessary and proper to amend and restate in its entirety the Original Indenture through the authorization of this Indenture; and

WHEREAS, pursuant to Section 10.1(ii) of the Original Indenture, the City is authorized to make amendments and modifications to the Original Indenture so long as such amendments and modifications do not adversely affect the Series 2013 Bonds in any material respect; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth in this Indenture;

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds Similarly Secured by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the "Trust Estate"):

FIRST GRANTING CLAUSE

The Pledged Revenues and all moneys and investments held in the Pledged Funds, as defined herein, including any contract or any evidence of indebtedness related thereto or other

EXHIBIT A

rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds Similarly Secured from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds Similarly Secured in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, that if and to the extent Improvement Area #1 Assessments have been prepaid, the lien on real property associated with such Improvement Area #1 Assessment prepayment shall be released from the Trust Estate and shall no longer constitute a part of the Trust Estate;

PROVIDED, FURTHER, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on the Bonds Similarly Secured at the times and in the manner stated in the Bonds Similarly Secured, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds Similarly Secured issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds Similarly Secured as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

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"Account" means any of the accounts established under the terms of the Original Indenture and confirmed pursuant to Section 6.1 of this Indenture.

"Additional Bonds" means the additional parity bonds authorized to be issued in accordance with the terms and conditions prescribed in Section 13.2(e) of the Original Indenture.

"Administrative Fund" means that Fund established under the terms of the Original Indenture and confirmed by Section 6.1 and administered pursuant to Section 6.9 hereof.

"Administrator" means an employee or designee of the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

"Annual Collection Costs" mean the following actual or budgeted costs, as applicable, related to the annual collection costs of outstanding Improvement Area #1 Assessments paid in installments, including the costs or anticipated costs of: (i) issuing, refunding or refinancing bonds, (ii) computing, levying, collecting and transmitting the Improvement Area #1 Assessments (whether by the City, the Administrator or otherwise), (iii) remitting the Improvement Area #1 Assessments to the Trustee, (iv) the City, the Administrator and Trustee (including legal counsel) in the discharge of their duties, (v) complying with arbitrage rebate requirements, (vi) complying with securities disclosure requirements, and (vii) the City in any way related to the collection of the Improvement Area #1 Assessments in installments, including, without limitation, the administration of the District, maintaining the record of installments, payments and reallocations and/or cancellations of Improvement Area #1 Assessments, and the repayment of the applicable series of Bonds, including, without limitation, any associated legal expenses, the reasonable costs of other consultants and advisors and contingencies and reserves for such costs as deemed appropriate by the City Council. Improvement Area #1 Assessments collected to pay Annual Collection Costs that are collected and not expended for actual Annual Collection Costs shall be carried forward and applied to reduce Annual Collection Costs in subsequent years to avoid the over-collection of Annual Collection Costs.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds Similarly Secured in such Bond Year, assuming that the Outstanding Bonds Similarly Secured are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds Similarly Secured due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Installment" means, with respect to each Assessed Parcel, each annual payment of the Improvement Area #1 Assessment as shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan as Exhibit F-1 and related to the Bonds Similarly Secured, the Improvement Area #1 Improvements or as shown on an Annual Service Plan Update as defined in the Service and Assessment Plan related to the Bonds Similarly Secured.

"Annual Service Plan Update" means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

EXHIBIT A

"Applicable Laws" means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State of Texas or of the United States, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

"Assessed Parcel" means each respective parcel of land located within Improvement Area #1 of the District against which an Improvement Area #1 Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

"Assessment Ordinance" means Ordinance No.20130620-052 adopted by the City Council on June 20, 2013, that levied the Improvement Area #1 Assessments on the Assessed Parcels.

"Authorized Denominations" means \$25,000 and any integral multiple of \$5,000 in excess thereof; provided, however, that if the total principal amount of any series of Outstanding Bonds Similarly Secured is less than \$25,000 then the Authorized Denomination of such series shall be the amount then Outstanding of such series.

"Authorized Improvements" means improvements authorized by Section 372.003 of the PID Act, including those listed in Section III of the Service and Assessment Plan.

"Bond" means any of the Bonds.

"Bond Counsel" means Norton Rose Fulbright US LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Date" means, with respect to each series of Bonds Similarly Secured, the date designated as the initial date of such series of Bonds Similarly Secured, as further described in Section 3.2.

"Bond Documents" shall have the meaning assigned to the term in Article VIII of this Indenture.

"Bond Fund" means the Fund established under the terms of the Original Indenture and confirmed pursuant to Section 6.1 and administered as provided in Section 6.4.

"Bond Ordinance" means, collectively, Ordinance No. 20130620-076 adopted by the City Council on June 20, 2013 authorizing the issuance of the Series 2013 Bonds pursuant to the Original Indenture, and Ordinance No. 20181213-093 adopted by the City Council on December 13, 2018 authorizing the issuance of the Series 2018 Bonds pursuant to this Indenture.

"Bond Year" means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

"Bonds" means, collectively, the City's bonds authorized to be issued by Section 3.1 of this Indenture.

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"Bonds Similarly Secured" means, collectively, the Series 2013 Bonds, the Series 2018 Bonds, any bonds issued to refund the Series 2013 Bonds or the Series 2018 Bonds, and any Outstanding Bonds Similarly Secured.

"Business Day" means any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the City or the Trustee.

"Certification for Payment" means a certificate executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amount of work performed and the cost thereof, presented to the Trustee to request funding for Costs from money on deposit in the Project Fund.

"City Certificate" means a certificate signed by the City Representative and delivered to the Trustee.

"City Order" means written instructions by the City, executed by a City Representative.

"City Representative" means any official or agent of the City authorized by the City Council to undertake the action referenced herein.

"Closing Date" means the date of the initial delivery of and payment for each series of Bonds Similarly Secured.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

"Costs" means the costs of the Improvement Area #1 Improvements.

"Defeasance Securities" means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

"Delinquency Reserve Requirement" means an amount equal to \$119,330.00 which will has been or will be funded from revenues received from the payment of Improvement Area #1 Assessments deposited to the Pledged Revenue Fund.

"Delinquent Collection Costs" means the costs related to the foreclosure on an Assessed Parcel and the costs of collection of a delinquent Improvement Area #1 Assessment, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in St. Paul, Minnesota, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

"DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

EXHIBIT A

"DTC Participant" shall mean brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Financing Agreement" means the Estancia Hill Country Public Improvement District Financing Agreement between the City and the Landowner dated as of June 1, 2013 which provides for the appointment, levying and collection of assessments within the District, the construction of Authorized Improvements, the maintenance of the Authorized Improvement, the issuance of bonds and other matters related thereto, as heretofore or hereinafter amended.

"Foreclosure Proceeds" means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Improvement Area #1 Assessments against any Assessed Parcel or Assessed Parcels, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

"Fund" means any of the funds established under the terms of the Original Indenture and confirmed pursuant to Section 6.1 of this Indenture.

"Improvement Area #1" means the initial phase developed within the District and further identified and described in the Service and Assessment Plan.

"Improvement Area #1 Assessment Roll" means the document attached as Exhibit F-1 to the Service and Assessment Plan, showing the total amount of the Assessment against each Assessed Parcel, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

"Improvement Area #1 Assessments" means the aggregate assessments shown on the Improvement Area #1 Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

"Improvement Area #1 Improvements" mean the public improvements and other related costs as defined and set forth in the Service and Assessment Plan.

"Indenture" means this Amended and Restated Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds Similarly Secured; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

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"Initial Bonds" means the Initial Bonds for the respective series of Bonds authorized by Section 5.2 of this Indenture.

"Interest Payment Date" means the date or dates upon which interest on the respective series of Bonds Similarly Secured is scheduled to be paid until their respective dates of maturity or prior redemption, as further described in Section 3.2.

"Investment Securities" means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended; and provided further investments are, at the time made, included in and authorized by the City's official investment policy as approved by the City Council from time to time.

"Landowner" means SLF III – Onion Creek, L.P., a Texas limited partnership (including its successors and assigns).

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds Similarly Secured.

"Original Indenture" means the Indenture of Trust, dated June 1, 2013 between the City and the Trustee.

"Outstanding" means, as of any particular date when used with reference to any series of Bonds Similarly Secured, all Bonds Similarly Secured of such series authenticated and delivered under this Indenture, except (i) any bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any bond for which the payment of the principal or Redemption Price of and interest on such bond shall have been made as provided in Article IV, and (iii) any bond in lieu of or in substitution for which a new bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

"Owner" means the Person who is the registered owner of a Bond Similarly Secured, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bond Similarly Secured are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

"Paying Agent/Registrar" means initially the Trustee, or any successor thereto as provided in this Indenture.

"Person" or "Persons" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Petitioners" means SLF III – Onion Creek, L.P., Sevensgreen One, Ltd., Quartersage II, Ltd., Reverde Three, Ltd., IV Capital Pointe, L Ltd., Stone Point Five, Ltd., Saladia VI, Ltd., Palo Grande Seven, Ltd., High Point Green, VIII, Ltd., Golondrina Nine, Ltd., X Cordoniz, Ltd., Ciervo Eleven, Ltd., Zaguan XII, Ltd., Thirteen Canard, Ltd., Ruisseau XIV, Ltd., Dindon Fifteen, Ltd., Bois de Chene XVI, Ltd., Etourneau Seventeen, Ltd., Moineau XVIII, Ltd., each a

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Texas limited partnership whose general partner is SLF III Property GP, LLC, a Texas limited liability company.

"PID Act" means Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, Texas Local Government Code, as amended.

"Pledged Funds" means the Pledged Revenue Fund, the Bond Fund, the Project Fund (but excluding the Landowner Improvement Account), the Reserve Fund, and the Redemption Fund.

"Pledged Revenue Fund" means that fund established pursuant to the terms of the Original Indenture and confirmed pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

"Pledged Revenues" means the sum of (i) the Annual Installments, less the Annual Collection Costs, (ii) any Prepayments received by the City, (iii) any Foreclosure Proceeds received by the City, and (iv) the moneys held in any of the Pledged Funds.

"Prepayment" means the payment of all or a portion of an Improvement Area #1 Assessment before the due date thereof.

"Prepayment Reserve Requirement" means an amount equal to \$197,880.00 which has been or will be funded from revenues received from the payment of Improvement Area #1 Assessments deposited to the Pledged Revenue Fund.

"Project Fund" means that fund established pursuant to the terms of the Original Indenture and confirmed pursuant to Section 6.1 and administered pursuant to Section 6.5 hereof.

"Purchaser" means the initial purchaser of the respective series of Bonds.

"Rebate Amount" has the meaning set forth in section 1.148-1(b) of the Regulations.

"Rebate Fund" means that fund established pursuant to the terms of the Original Indenture and confirmed pursuant to Section 6.1 and administered pursuant to Section 6.8 hereof.

"Record Date" means the close of business on the fifteenth calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

"Redemption Fund" means that fund established pursuant to the terms of the Original Indenture and confirmed pursuant to Section 6.1 and administered pursuant to Section 6.6 hereof.

"Redemption Price" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bond to the date fixed for redemption payable upon redemption thereof pursuant to the Indenture.

"Register" means the register specified in Article III of this Indenture.

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"Reserve Fund" means that fund established pursuant to the terms of the Original Indenture and confirmed pursuant to Section 6.1 and administered in Section 6.7 hereof.

"Reserve Fund Obligations" means cash or Investment Securities.

"Reserve Fund Requirement" means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, or (iii) 10% of the principal amount of the Bonds Similarly Secured; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to subsections (c) and (d) of Section 6.7; and provided further that as a result of an optional redemption pursuant to Section 4.3, the Reserve Fund Requirement shall be reduced by a percentage equal to the pro rata amount of Bonds Similarly Secured redeemed by such optional redemption divided by the total amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the date of delivery of the Series 2018 Bonds, the Reserve Fund Requirement is \$1,685,500 which is an amount equal to 10% of the principal amount of the Bonds Similarly Secured.

"Series 2013 Bonds" means the City of Austin, Texas, Special Assessment Revenue Bonds, Series 2013 (Estancia Hill Country Public Improvement District), dated July 16, 2013, and original issued in the principal amount of \$12,590,000.

"Series 2013 Bond Ordinance" means the ordinance adopted by the City Council on June 20, 2013 authorizing the issuance of the Series 2013 Bonds.

"Series 2018 Bonds" means the City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1), dated December 1, 2018, and original issued in the principal amount of \$4,265,000;

"Series 2018 Bond Ordinance" means the ordinance adopted by the City Council on December 13, 2018 authorizing the issuance of the Series 2018 Bonds.

"Service and Assessment Plan" means the Service and Assessment Plan (including any annual updates thereto) for the District, including the Improvement Area #1 Assessment Roll, as amended.

"Sinking Fund Installment" means the amount of money to redeem or pay at maturity the principal of Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

"Stated Maturity" means the date the applicable series of Bonds, or any portion of the Bonds, as applicable are scheduled to mature without regard to any redemption or prepayment.

"Supplemental Indenture" means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

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"Tax Certificate" means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the applicable series of Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the interest on such Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

"Trust Estate" means the Trust Estate described in the granting clauses of this Indenture.

"Trustee" means U.S. Bank National Association and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds Similarly Secured.

Section 1.2. Findings.

The declarations, determinations and findings declared made and found in the preamble to this Indenture are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and *vice versa*, and words of the singular number shall be construed to include correlative words of the plural number and *vice versa*.

(b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

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ARTICLE II

THE BONDS

Section 2.1. Security for the Bonds Similarly Secured.

The Bonds Similarly Secured, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

The lien on and pledge of the Pledged Revenues shall be valid and binding and fully perfected from and after June 1, 2013, the date of the Original Indenture, without physical delivery or transfer of control of the Pledged Revenues, the filing of the Original Indenture, this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds Similarly Secured and the pledge of the Pledged Revenues granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds Similarly Secured are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds Similarly Secured the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended; and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2. Limited Obligations.

The Bonds Similarly Secured are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds Similarly Secured shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council of the City. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds Similarly Secured and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds Similarly Secured and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

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(b) In consideration of the purchase and acceptance of any or all of the Bonds Similarly Secured by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the Owner, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

(a) The Series 2013 Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Series 2013 Bonds shall be issued in the aggregate principal amount of \$12,590,000 for the purpose of (i) paying the Costs of the Improvement Area #1 Improvements, (ii) paying interest on the Series 2013 Bonds during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization of the District, and (v) paying the costs of issuance.

(b) The Series 2018 Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Series 2018 Bonds shall be issued in the aggregate principal amount of \$4,265,000 for the purpose of (i) financing or refinancing a portion of the Costs of the Improvement Area #1 Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) Series 2013 Bonds.

(i) The Series 2013 Bonds shall be dated the date of their initial delivery thereof (the "Series 2013 Bond Date") and shall be issued in Authorized Denominations. The Series 2013 Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(ii) Interest shall accrue and be paid on each Bond from the later of the Series 2013 Bond Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on May 1 and November 1 of each year, commencing November 1, 2013 computed on the basis of a 360-day year of twelve 30-day months.

(iii) The Series 2013 Bonds shall mature on November 1 in the years and in the principal amounts and shall bear interest as set forth below:

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<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$2,695,000	4.50%
***	***	***
2028	\$9,895,000	6.00%

(iv) The Series 2013 Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Section 5.2 herein.

(b) Series 2018 Bonds.

(i) The Series 2018 Bonds shall be dated December 1, 2018 (the "Series 2018 Bond Date") and shall be issued in Authorized Denominations. The Series 2018 Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(ii) Interest shall accrue and be paid on each Bond from the later of date of initial delivery of the Series 2018 Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2019 computed on the basis of a 360-day year of twelve 30-day months.

(iii) The Series 2018 Bonds shall mature on November 1 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	1,450,000	4.000
***	***	***
2028	2,815,000	4.000

(iv) The Series 2018 Bonds shall be subject to mandatory sinking fund redemption and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Section 5.2 herein.

Section 3.3. Conditions Precedent to Delivery of Bonds.

Each series of Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Bonds and, upon payment of the purchase price of said Bonds, shall deliver the Bonds of such series upon the order of the City, but only upon delivery to the Trustee of:

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- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the applicable Bond Ordinance;
- (c) with respect to the Series 2013 Bonds only, a copy of the executed Financing Agreement;
- (d) with respect to the Series 2018 Bonds only, a City Certificate stating that the Additional Bonds Test (as defined in the Preamble) has been met;
- (e) a copy of this Indenture executed by the Trustee and the City; and
- (f) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

- (a) Principal of and interest on the Bonds Similarly Secured shall be paid in lawful money of the United States of America, as provided in this Section.
- (b) Interest on Bonds Similarly Secured shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond Similarly Secured appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.
- (c) Interest on Bonds Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.
- (d) The principal of each Bond Similarly Secured shall be paid to the Owner of such Bond Similarly Secured on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond Similarly Secured at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

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(e) If the date for the payment of the principal of or interest on the Bonds Similarly Secured shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds Similarly Secured to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds Similarly Secured thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds Similarly Secured, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds Similarly Secured for any further payment of such unclaimed moneys or on account of any such Bonds Similarly Secured, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem and City Clerk or the Deputy City Clerk, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds Similarly Secured. In lieu of the executed Certificate of Trustee described above, each Initial Bond delivered at the respective Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that such Initial Bond has been duly

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approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On each respective Closing Date, one Initial Bond representing the entire principal amount of such series of Bonds, payable in stated installments to the applicable Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor or Mayor Pro Tem and City Clerk or the Deputy City Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of such Purchaser one registered definitive Bond for each year of maturity of such series of Bonds, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

(a) The City, the Trustee the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Bond Similarly Secured remains outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register with the City, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond of the same series, the same maturity and same interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

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(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.8. Cancellation.

Bonds of any series paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of an Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds of such series that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

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(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor Bonds of the same series and same maturity, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like series, tenor, and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like series, tenor, and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in

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its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond in lieu of which such replacement Bond is delivered.

Section 3.11. Book-Entry Only System.

The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On each Closing Date the definitive Bonds for each such series shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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Section 3.12. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) Series 2013 Bonds.

(i) The Series 2013 Bonds are subject to mandatory sinking fund redemption prior to their maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective sinking fund installments as set forth in the following schedule:

Term Bonds Maturing November 1, 2018

Redemption Date
November 1, 2015

Principal Amount
\$630,000

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November 1, 2016	\$660,000
November 1, 2017	\$685,000
November 1, 2018 (maturity)	\$720,000

Term Bonds Maturing November 1, 2028

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2019	\$ 750,000
November 1, 2020	\$ 795,000
November 1, 2021	\$ 845,000
November 1, 2022	\$ 895,000
November 1, 2023	\$ 945,000
November 1, 2024	\$1,005,000
November 1, 2025	\$1,065,000
November 1, 2026	\$1,130,000
November 1, 2027	\$1,195,000
November 1, 2028 (maturity)	\$1,270,000

(ii) At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select a principal amount of Series 2013 Bonds of such maturity equal to the sinking fund installment amount of such Series 2013 Bonds to be redeemed, shall call such Series 2013 Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(iii) The principal amount of Series 2013 Bonds of a stated maturity required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Series 2013 Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2013 Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(iv) The principal amount of Series 2013 Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among sinking fund installments by the principal amount of any Series 2013 Bonds which, at least 45 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a sinking mandatory fund redemption.

(b) Series 2018 Bonds.

(i) The Series 2018 Bonds are subject to mandatory sinking fund redemption prior to their maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond

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Fund pursuant to Article VI, on the dates and in the respective sinking fund installments as set forth in the following schedule:

Term Bonds Maturing November 1, 2023

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2019	\$225,000
November 1, 2020	\$235,000
November 1, 2021	\$280,000
November 1, 2022	\$325,000
November 1, 2023 (maturity)	\$385,000

Term Bonds Maturing November 1, 2028

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2024	\$435,000
November 1, 2025	\$495,000
November 1, 2026	\$560,000
November 1, 2027	\$625,000
November 1, 2028 (maturity)	\$700,000

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select a principal amount of Series 2018 Bonds of such maturity equal to the sinking fund installment amount of such Series 2018 Bonds to be redeemed, shall call such Series 2018 Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(ii) The principal amount of Series 2018 Bonds of a stated maturity required to be redeemed on any redemption date pursuant to subparagraph (b) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Series 2018 Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2018 Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(iii) The principal amount of Series 2018 Bonds required to be redeemed on any redemption date pursuant to subparagraph (b) of this Section 4.2 shall be reduced on a pro rata basis among sinking fund installments by the principal amount of any Series 2018 Bonds which, at least forty-five (45) days prior to the sinking fund redemption date, shall have been redeemed pursuant to the extraordinary optional redemption provisions hereof and not previously credited to a sinking mandatory fund redemption.

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Section 4.3. Optional Redemption.

(a) Series 2013 Bonds. The City reserves the right and option to redeem Series 2013 Bonds, maturing on November 1, 2028, in whole or in part, on November 1, 2023 and any date thereafter, such redemption date or dates to be fixed by the City, at the Redemption Price and without premium.

(b) Series 2018 Bonds. The Series 2018 Bonds are not subject to optional redemption prior to Stated Maturity.

Section 4.4. Extraordinary Optional Redemption.

The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on the first day of any month, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(c)) and transfers to the Redemption Fund as provided in Section 6.5(d).

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds Similarly Secured are to be redeemed pursuant to either Sections 4.2, 4.3 or 4.4, Bonds Similarly Secured shall be redeemed in minimum principal amounts of \$25,000 and increments of \$5,000 thereafter by any method selected by the Trustee that results in a random selection. Each Bond Similarly Secured shall be treated as representing the number of Bonds Similarly Secured that is obtained by dividing the principal amount of such Bond Similarly Secured by the smallest Authorized Denomination for such Bond Similarly Secured.

(b) A portion of a single Bond Similarly Secured of a denomination greater than an Authorized Denomination may be redeemed, but only in a principal amount equal to \$25,000 or any integral of \$5,000 in excess thereof. The Trustee shall treat each \$25,000 portion of such Bond Similarly Secured as though it were a single bond for purposes of selection for redemption. No redemption shall result in a Bond Similarly Secured in a denomination of less than the Authorized Denomination in effect at that time.

(c) Upon surrender of any Bond Similarly Secured for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond Similarly Secured in an aggregate principal amount equal to the unredeemed portion of the Bond Similarly Secured so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond Similarly Secured or portion thereof to be redeemed, at the address shown in the Register.

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(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds Similarly Secured are to be surrendered for payment, and, if less than all the Bonds Similarly Secured Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds Similarly Secured or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond Similarly Secured shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Bonds Similarly Secured, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds Similarly Secured to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds Similarly Secured and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds Similarly Secured have not been redeemed.

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds Similarly Secured to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds Similarly Secured being redeemed.

(b) Upon presentation and surrender of any Bond Similarly Secured called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond Similarly Secured to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the principal amount plus accrued unpaid interest on such series of Bonds to the date fixed for redemption are on deposit with the Trustee;

EXHIBIT A

thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2. Form of the Bonds.

(a) Form of Bond.

(i) Series 2013 Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED

No. _____

REGISTERED

\$ _____

EXHIBIT A

United States of America
State of Texas

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

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER:</u>
_____%	November 1, ____	July 16, 2013	_____

The City of Austin, Texas (the "City"), for value received, hereby promises to pay, solely from the Pledged Revenues, to

or registered assigns, on the Maturity Date, as specified above, the sum of

DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Bond Date, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on May 1 and November 1 of each year, commencing November 1, 2013.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in St. Paul, Minnesota (the "Designated Payment/Transfer Office"), of U. S. Bank National Association, as trustee and paying agent/registrar (the "Trustee"), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a

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"Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of the date of delivery and issued in the aggregate principal amount of \$12,590,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of June 1, 2013 (the "Indenture"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying the Costs of the Improvement Projects, (ii) paying interest on the Bonds during and after the period of acquisition and construction of the Improvement Projects, (iii) making deposits to a reserve fund, a capitalized interest account, and a project fund and (iv) paying the costs of issuing the Bonds.

The Bonds are limited obligations of the City payable solely from the Pledged Revenues as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$25,000 and any multiple of \$5,000 in excess thereof.

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The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Redemption Fund pursuant to Article VI of the Indenture, on the dates and in the principal amounts as set forth in the following schedule:

Term Bonds Maturing November 1, 2018

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2015	\$630,000
November 1, 2016	\$660,000
November 1, 2017	\$685,000
November 1, 2018 (maturity)	\$720,000

Term Bonds Maturing November 1, 2028

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2019	\$ 750,000
November 1, 2020	\$ 795,000
November 1, 2021	\$ 845,000
November 1, 2022	\$ 895,000
November 1, 2023	\$ 945,000
November 1, 2024	\$1,005,000
November 1, 2025	\$1,065,000
November 1, 2026	\$1,130,000
November 1, 2027	\$1,195,000
November 1, 2028 (maturity)	\$1,270,000

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the sinking fund installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on November 1, 2028, in whole or in part, on November 1, 2023 or on any date thereafter, such redemption date or dates to be fixed by the City, at the Redemption Price and without premium.

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Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF AUSTIN, TEXAS, TRAVIS COUNTY, TEXAS OR THE STATE OF

EXHIBIT A

TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

City Clerk, City of Austin, Texas

Mayor, City of Austin, Texas

[Seal]

[End of Form of Series 2013 Bond.]

(ii) Series 2018 Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas

CITY OF AUSTIN, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER:</u>
_____%	November 1, ____	December 28, 2018	_____

The City of Austin, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

EXHIBIT A

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on May 1 and November 1 of each year, commencing May 1, 2019.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office"), of U.S. Bank National Association, as trustee and paying agent/registrar (the "Trustee"), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

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This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of December 1, 2018 and issued in the aggregate principal amount of \$4,265,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of December 1, 2018 (the "Indenture"), by and between the City and U.S. Bank National Association, Dallas, Texas, as trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) financing or refinancing a portion of the Costs of the Improvement Area #1 Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance.

The Bonds are limited obligations of the City payable solely from the Pledged Revenues as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$25,000 and any multiple of \$5,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Redemption Fund pursuant to Article VI of the Indenture, on the dates and in the principal amounts as set forth in the following schedule:

Term Bonds Maturing November 1, 2023

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2019	\$225,000
November 1, 2020	\$235,000
November 1, 2021	\$280,000
November 1, 2022	\$325,000
November 1, 2023 (maturity)	\$385,000

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Term Bonds Maturing November 1, 2028

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2024	\$435,000
November 1, 2025	\$495,000
November 1, 2026	\$560,000
November 1, 2027	\$625,000
November 1, 2028 (maturity)	\$700,000

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the sinking fund installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to extraordinary optional redemption and not previously credited to a sinking fund redemption.

The Bonds are not subject to optional redemption prior to Stated Maturity.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds,

EXHIBIT A

to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF AUSTIN, TEXAS, TRAVIS COUNTY, TEXAS OR THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

City Clerk, City of Austin, Texas

Mayor, City of Austin, Texas

[Seal]

[End of Form of Series 2018 Bonds.]

EXHIBIT A

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
§
THE STATE OF TEXAS §

REGISTER NO. _____

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

EXHIBIT A

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By: _____

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

Authorized Signatory _____

(e) Each Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on November 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
--------------	-------------------------------	-----------------------

(Information to be inserted from Section 3.2(b) hereof); and

(iii) the Initial Bond shall be numbered T-1.

EXHIBIT A

Section 5.3. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services managed by S&P Global Market Intelligence on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.4. Legal Opinion.

Each respective approving legal opinion of Bond Counsel may be printed on or attached to each Bond of such series over the certification of the City Clerk of the City, which may be executed in facsimile.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

(a) Confirmation of Funds. The following Funds were originally created and established under the Original Indenture and are hereby confirmed pursuant to the terms of this Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Funds;
- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund;
- (vii) Administrative Fund; and
- (viii) Reimbursement Fund.

(b) Creation of Accounts.

EXHIBIT A

(i) The prior creation and establishment of following Accounts under the Bond Fund are hereby confirmed:

- (A) Capitalized Interest Account; and
- (B) Principal and Interest Account

(ii) The prior creation and establishment of the following Accounts under the Reserve Fund are hereby confirmed:

- (A) Reserve Account;
- (B) Prepayment Reserve Account; and
- (C) Delinquency Reserve Account

(iii) The prior creation and establishment of the following Accounts under the Project Fund are hereby confirmed:

- (A) Bond Improvement Account;
- (B) Landowner Improvement Account; and
- (C) Costs of Issuance Account

(iv) The prior creation and establishment of the following Accounts under the Pledged Revenue Fund are hereby confirmed:

- (A) Bond Pledged Revenue Account; and
- (B) Landowner Pledged Revenue Account.

(c) Closure of Funds and Accounts.

(i) The following Account under the Bond Fund, created and established pursuant to the Original Indenture, are hereby closed:

- (A) Capitalized Interest Account.

(ii) The following Account under the Project Fund, created and established pursuant to the Original Indenture is hereby closed:

- (A) Landowner Improvement Account.

(iii) The following Account under the Pledged Revenue Fund is hereby closed:

- (A) Landowner Pledged Revenue Account.

(iv) The Reimbursement Fund is hereby closed.

EXHIBIT A

(d) Each Fund and Account previously created within such Fund and not closed pursuant to the provisions hereof shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds.

(e) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Series 2013 Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (i) to the Capitalized Interest Account of the Bond Fund: \$981,104.59;
- (ii) to the Reserve Account of the Reserve Fund: \$1,259,000.00;
- (iii) to the Costs of Issuance Account of the Project Fund: \$451,500.00; and
- (iv) to the Bond Improvement Account of the Project Fund: \$9,646,595.41.

(b) The proceeds from the sale of the Series 2018 Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (i) to the Reserve Account of the Reserve Fund: \$426,500.00;
- (ii) to the Costs of Issuance Account of the Project Fund: \$393,910.00; and
- (iii) to the Bond Improvement Account of the Project Fund: \$3,413,788.95.

Section 6.3. Pledged Revenue Fund.

(a) On or about March 10 of each year while the Bonds Similarly Secured are outstanding and beginning with the year when Improvement Area #1 Assessments are being collected, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. The City shall deposit or cause to be deposited to the Bond Pledged Revenue Account from the Pledged Revenue Fund Improvement Area #1 Assessments collected first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, second to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Fund Requirement, third, to the Prepayment Reserve Account of the Reserve Fund the amount specified by Section 6.7(a) of this Indenture, fourth, to the Delinquency Reserve Account of the Reserve Fund the amount specified by Section 6.7(a) of this Indenture, fifth, to pay other costs of the Improvement Area #1 Improvements and sixth, to pay other costs permitted by the PID Act.

EXHIBIT A

(b) From time to time as needed to pay the obligations relating to the Bonds Similarly Secured, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds Similarly Secured on the next Interest Payment Date.

(c) Reserved.

(d) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds Similarly Secured.

(e) The Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such prepayments to the Redemption Fund.

(f) The Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the Assessed Parcel or Assessed Parcels to which the Foreclosure Proceeds relate, and second, to the Redemption Fund.

(g) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee may apply Improvement Area #1 Assessments for any lawful purposes permitted by the Act for which Improvement Area #1 Assessments may be paid.

(h) Any Improvement Area #1 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Improvement Area #1 Assessments may be used under the PID Act.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds Similarly Secured.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

EXHIBIT A

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1 hereof.

(b) Reserved.

(c) Disbursements from the Project Fund to pay Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. The disbursement of funds from the Project Fund pursuant to a Certification for Payment shall be pursuant to and accordance with the disbursement procedures described in the Financing Agreement. Such provisions and procedures are herein incorporated by reference and deemed set forth herein in full.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Bond Improvement Account of the Project Fund are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements such that, in the opinion of the City Representative, it is unlikely that the amounts in the Bond Improvement Account of the Project Fund will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Bond Improvement Account of the Project Fund that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the amounts on deposit in the Bond Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

(e) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(f) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Costs of the Improvement Area #1 Improvements have been paid, or that any such Costs are not required to be paid from the Bond Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Project Fund to the Bond Fund and (ii) the Project Fund shall be closed.

(g) Not later than six months following the respective Closing Date, upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to another Account in the Project Fund and used to pay Costs or to the Bond Fund and used to pay interest on the Bonds Similarly Secured, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds

EXHIBIT A

Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds Similarly Secured to accumulate, and when accumulated maintain in the Reserve Fund an amount equal to not less than the Reserve Fund Requirement. All amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture. The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Prepayment Reserve Account on May 1 and November 1 of each year, commencing May 1, 2015, an amount equal to .20% of the interest rate component of the Annual Installments until the Prepayment Reserve Requirement has been accumulated in the Prepayment Reserve Account. The Trustee shall also deposit from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency Reserve Account on May 1 and November 1, commencing May 1, 2015, an amount equal to .30% of the interest rate component of the Annual Installments until the Delinquency Reserve Requirement has been accumulated in the Delinquency Reserve Account.

(b) Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds.

(c) Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to a percentage of the amount of the Bonds Similarly Secured redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund, as a percentage of the Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund, as a percentage of the Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such bonds to the date fixed for redemption of the Bonds Similarly Secured to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

(d) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Reserve Account exceeds the Reserve Fund Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within thirty days of such notice to the City

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Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured, or (iii) to the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Prepayment Reserve Account exceeds the Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The amount of such excess on deposit in the Prepayment Reserve Account shall be transferred to the Pledged Revenue Fund.

(f) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Delinquency Reserve Account exceeds the Delinquency Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The amount of such excess on deposit in the Delinquency Reserve Account shall be transferred to the Pledged Revenue Fund.

(g) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds Similarly Secured due on such date, the Trustee shall transfer first from the Delinquency Reserve Account of the Reserve Fund, second from the Reserve Account of the Reserve Fund and third from the Prepayment Reserve Account to the Bond Fund the amounts necessary to cure such deficiency. The Trustee shall determine the value of cash and investments on deposit in the Delinquency Reserve Account as of September 30 of each year. So long as no Event of Default under this Indenture shall have occurred and be continuing, if as of the date of such determination the value of cash and investments on deposit in the Delinquency Reserve Account exceeds the Delinquency Reserve Fund Requirement for the Bonds Similarly Secured, the Trustee shall transfer such excess at the direction of the City.

(h) At the final maturity of the Bonds Similarly Secured, the amount on deposit in the Reserve Account, the Prepayment Reserve Account and the Delinquency Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds Similarly Secured.

(i) If, after a Reserve Fund withdrawal, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Fund Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.3.

(j) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds Similarly Secured on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds Similarly Secured as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured as of such Interest Payment Date.

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Section 6.8.

Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Austin, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code.

(b) In order to assure that Rebate Amount is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of instructions from the City.

(d) If, on the date of each annual calculation, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the City may direct the Trustee, pursuant to a City Order, to transfer the amount in excess of the Rebate Amount to the Bond Fund.

Section 6.9.

Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay the Annual Collection Costs.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan.

Section 6.10.

Investment of Funds.

(a) Money in any Fund established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Order filed with the Trustee at least two (2) days in advance of the making of such investment in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act of 1987, Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds.

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provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold by the Trustee to prevent any default

(b) Obligations purchased as an investment of moneys in any Fund shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality of any investments.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Section 6.11. Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

Section 6.12. Reserved.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Improvement Area #1 Assessments:

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Improvement Area #1 Assessments against the respective Assessed Parcels from which the Pledged Revenues will be collected and received.

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Section 7.2. Assessments.

Collection and Enforcement of Improvement Area #1

(a) For so long as any Bonds Similarly Secured are Outstanding and amounts are due the Landowner to reimburse it for its funds it has contributed to pay costs of the Project Improvements, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement, or exemption in the Improvement Area #1 Assessments.

(b) The City will determine or cause to be determined, no later than March 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) The City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds Similarly Secured secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid, and the obligation to the Landowner to reimburse it for funds it has contributed to pay costs of the Project Improvements remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #1 Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto,

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upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

"*Closing Date*" means the date on which each series of Bonds Similarly Secured are first authenticated and delivered to the initial purchasers against payment therefor.

"*Code*" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"*Computation Date*" has the meaning set forth in section 1.148-1(b) of the Regulations.

"*Gross Proceeds*" means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of each series of Bonds Similarly Secured.

"*Investment*" has the meaning set forth in section 1.148-1(b) of the Regulations.

"*Nonpurpose Investment*" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds Similarly Secured are invested and which is not acquired to carry out the governmental purposes of the Bonds Similarly Secured.

"*Regulations*" means any proposed, temporary or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds Similarly Secured. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"*Yield*" of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) Bonds, as it pertains to a particular series of Bond Similarly Secured, has the meaning set forth in section 1.148-4 of the Regulations.

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(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond Similarly Secured to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of each series of Bonds Similarly Secured:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds Similarly Secured of such series, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds Similarly Secured of such series or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds Similarly Secured to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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(ii) The City covenants and agrees that the levied Improvement Area #1 Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of section 1.141-5(d) of the Regulations on the date that each series of Bonds Similarly Secured are delivered and will ensure that the Improvement Area #1 Assessments continue to meet such requirements for so long as the Bonds Similarly Secured are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of any series of Bonds Similarly Secured directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of such series of Bonds Similarly Secured.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds Similarly Secured to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond Similarly Secured is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds Similarly Secured with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of each series of Bonds Similarly Secured until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds Similarly Secured by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Order, direct the Trustee to transfer to the Rebate Fund from

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the funds or subaccounts designated in such City Order and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for any series of Bonds Similarly Secured equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds Similarly Secured, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds Similarly Secured not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Chief Financial Officer, City Treasurer, City Clerk, or Deputy City Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds Similarly Secured, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII

LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds Similarly Secured or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds Similarly Secured assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds Similarly Secured, or as to the existence of a default or event of default thereunder.

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In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Indenture, the Bonds Similarly Secured, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds Similarly Secured (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Pledged Revenues and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues or the Annual Collection Costs. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds Similarly Secured by mandamus or other proceeding at law or in equity.

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

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In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE IX

THE TRUSTEE

Section 9.1. Trustee as Registrar and Paying Agent

The Trustee is hereby designated and agrees to act as Registrar and Paying Agent for and in respect to the Bonds Similarly Secured.

Section 9.2. Trustee Entitled to Indemnity

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Outstanding Bonds Similarly Secured hereunder.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture or the Bonds Similarly Secured or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds Similarly Secured for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code.

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

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The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct.

Section 9.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed

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by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Outstanding Bonds Similarly Secured. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds Similarly Secured and may join in any action that any Owner of Bonds Similarly Secured may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds Similarly Secured or to effect or aid in any reorganization growing out of the enforcement of the Bonds Similarly Secured or this Indenture, whether or not such committee shall represent the holders of a majority of the Bonds Similarly Secured.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond Similarly Secured. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the Bonds Similarly Secured.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control

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of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor Trustee shall have been appointed by the Owners of the Bonds Similarly Secured, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds Similarly Secured within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds Similarly Secured.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms; and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds Similarly Secured, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds Similarly Secured and each of the Owners of the Bonds Similarly Secured.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further

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assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee To File Continuation Statements.

The Trustee shall have no duty or obligation to file or record any financing statements pursuant to Title 1 of the Texas Business and Commerce Code, commonly referred to as the Texas Uniform Commercial Code (the "UCC"). If necessary and upon receipt of a copy of a filed financing statement, the Trustee shall file or cause to be filed, such continuation statements as may be required by the UCC, in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC.

Section 9.14. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds Similarly Secured. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds Similarly Secured may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds

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Similarly Secured, or with the written consent without a meeting, of the Owners of the Bonds Similarly Secured of at least sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of the Bonds Similarly Secured then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, or (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds Similarly Secured required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of Bonds Similarly Secured, only to the extent permitted by law and only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
- (ii) to make modifications not adversely affecting any Outstanding Bonds Similarly Secured in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds Similarly Secured; and
- (iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds Similarly Secured.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds Similarly Secured. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this

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Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Trustee to each Owner of Bonds Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City and all Owners of Outstanding Bonds Similarly Secured shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

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Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.6. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.7. Waiver of Default

With the written consent of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Improvement Area #1 Assessments including the prosecution of foreclosure proceedings; and

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of 60 days after written notice specifying such default by the Owners of at least 25% of the Bonds Similarly Secured at the time Outstanding requesting that the failure be remedied.

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(b) Nothing in Section 11.1(a) will be viewed to be an Event of Default if such provision is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Owners of at least 25% of the Bonds Similarly Secured then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) THE PRINCIPAL OF THE BONDS SIMILARLY SECURED SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Order, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

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Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing as provided in Section 11.1, or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of at least 25% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds Similarly Secured.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, the Trustee, on behalf of the City,

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notwithstanding Section 11.2 hereof, be applied by the Trustee to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds Similarly Secured, or Redemption Price of any Bonds Similarly Secured which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

(a) No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds Similarly Secured may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

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(i) The fact and date of the execution of such instruments by any Owner of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds Similarly Secured shall bind all future Owners of the same Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds Similarly Secured.

Bonds Similarly Secured owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds Similarly Secured provided for in this Indenture, and the City shall not be entitled with respect to such Bonds Similarly Secured to give any consent or take any other action provided for in this Indenture.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Pledged Revenues.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Indenture, and

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that the Pledged Revenues are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whosoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Improvement Area #1 Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of the City, to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

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(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Other Obligations or Other Liens.

(a) The City reserves the right to issue obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

(b) The City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds Similarly Secured.

(c) Reserved.

(d) Notwithstanding anything in this Indenture to the contrary, the City reserves the right to issue bonds for the purpose of refunding all or any portion of the Bonds Similarly Secured in accordance with the provisions of the laws of the State of Texas.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds which books can be inspected by the Trustee during regular business hours of a Business Day upon request.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

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ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds Similarly Secured secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Similarly Secured Deemed Paid.

All Outstanding Bonds Similarly Secured shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest

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on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

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Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be delivered by hand, by overnight delivery service, or mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Austin, Texas
P.O. Box 2106
Austin, Texas 78768
Attn: City Treasurer

If to the Trustee
or the Paying Agent/Registrar:

U.S. Bank National Association
13737 Noel Road, Suite 800
Dallas, Texas 75240
Attn: Brian Jensen

Any such notice, demand, or request may also be transmitted to the appropriate party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail,

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facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

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Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 15.10. No Boycott of Israel (H.B. 89⁸⁵th Texas Legislature).

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Indenture is a contract for goods or services, will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 15.11. Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited (S.B. 252 85th Texas Legislature).

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

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IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF AUSTIN, TEXAS

By: _____
STEVE ADLER, Mayor

[SEAL]

Attest:

JANNETTE S. GOODALL
City Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

Signature Page to Indenture of Trust

**§[PRINCIPAL]
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)**

BOND PURCHASE AGREEMENT

[December 13], 2018

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

Ladies and Gentlemen:

The undersigned, FMSbonds, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (this "Agreement") with the City of Austin, Texas (the "City"), which will be binding upon the City and the Underwriter upon the acceptance of this Agreement by the City. This offer is made subject to its acceptance by the City by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture (defined herein) between the City and U.S. Bank National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds (defined herein), and in the Limited Offering Memorandum (defined herein).

1. Purchase and Sale of Bonds. Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the §[PRINCIPAL] aggregate principal amount of the "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1)" (the "Bonds"), at a purchase price of \$_____ (representing the aggregate principal amount of the Bonds, [plus a premium of \$_____, and] less an Underwriter's discount of \$_____).

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriter is not acting as a municipal advisor or fiduciary of the City (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd Frank Wall Street Reform and Consumer Protection Act)), but rather is acting solely in its capacity as Underwriter for its own account. The City acknowledges

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and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's length commercial transaction between the City and the Underwriter and the Underwriter has financial and other interests that differ from any other party to this Agreement, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the City with respect to the offering described herein except the obligations expressly set forth in this Agreement, (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, (v) the Underwriter has financial and other interests that differ from those of the City, and (vi) the Underwriter has provided to the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB"), which have been received by the City. The City further acknowledges and agrees that following the issuance and delivery of the Bonds, the Underwriter has indicated that it may have periodic discussions with the City regarding the expenditure of Bond proceeds and the construction of the Improvement Area #1 Improvements financed with the Bonds and, in connection with such discussions, the Underwriter shall be acting solely as a principal and will not be acting as the agent or fiduciary of, and will not be assuming an advisory or fiduciary responsibility in favor of, the City.

The Bonds shall be dated [December 1], 2018 and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Schedule I hereto. Payment for and delivery of the Bonds, and the other actions described herein, shall take place on [December 28], 2018 (or such other date as may be agreed to by the City and the Underwriter) (the "Closing Date").

2. Authorization Instruments and Law. The Bonds were authorized by Ordinance No. _____ enacted by the City Council of the City (the "City Council") on [December 13], 2018 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "Act"), and the Amended and Restated Indenture of Trust, dated as of [December 1], 2018, between the City and the Trustee, authorizing the issuance of the Bonds (the "Indenture"). The Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Bonds and interest thereon shall be secured by the proceeds of special assessments (the "Assessments") levied on the assessable parcels within Improvement Area #1 (consisting of approximately 214.9 acres within the District) of Estancia Hill Country Public Improvement District (the "District"). The District was established by Resolution No. 20130606-54 (the "Creation Resolution"), enacted by the City Council on June 6, 2013, in accordance with the Act. A Service and Assessment Plan (the "Original Service and Assessment Plan") which sets forth the costs of the Authorized Improvements in Improvement Area #1 of the District and the method of payment of the Assessments was adopted by the City Council on June 20, 2013, pursuant to Ordinance No. 20130620-052 (the "Assessment Ordinance"). Pursuant to the provisions of the Act, the City has reviewed and updated the Original Service and Assessment Plan on an annual basis, including the 2018 Amended and Restated Service and Assessment Plan

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which was approved by Ordinance No. _____, adopted by City Council on [December 13], 2018 (the "2018 Amended and Restated Assessment Plan" and together with the Original Service and Assessment Plan, the "Service and Assessment Plan"; the Service and Assessment Plan, together with the Creation Resolution, the Indenture and the Bond Ordinance, the "Authorizing Documents"). The Bonds shall be further secured by certain applicable funds and accounts created under the Indenture.

The Bonds shall be as described in Schedule I, the Indenture, and the Limited Offering Memorandum. The proceeds of the Bonds shall be used for (i) paying a portion of the costs of the Improvement Area #1 Improvements, (ii) establishing such other funds and accounts as described in the Indenture or as may be required in connection with the issuance of such bonds, and (iii) paying the costs of issuance of the Bonds.

3. Limited Public Offering. The Underwriter agrees to make a bona fide limited public offering of all of the Bonds. On or before the third (3rd) business day prior to the Closing Date, the Underwriter shall execute and deliver to Bond Counsel the Issue Price Certificate, in substantially the form attached hereto as Appendix B.

4. Establishment of Issue Price.

a. The Underwriter agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on or before the third (3rd) business day prior to Closing (as defined herein) an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the City under this Section to establish the issue price of the Bonds may be taken on behalf of the City by the City's Financial Advisor identified herein and any notice or report to be provided to the City may be provided to the City's Financial Advisor.

b. The Underwriter confirms that it has offered all the Bonds of each maturity to the public on or before the date of this Agreement at the respective offering price (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. The City will treat the first price at which 10% of each maturity of the Bonds is sold to the public as of the sale date as the issue price of that maturity (the "10% test"). At or promptly after the execution of this Agreement, the Underwriter shall report to the City on Schedule A to the issue price certificate the first price at which the Underwriter has sold to the public each maturity of Bonds, and shall identify to the City on Schedule A to the issue price certificate those maturities of the Bonds for which the 10% test has not been satisfied. If different interest coupons apply within a maturity, each separate CUSIP number within that maturity will be treated as a separate maturity for this purpose.

c. The City and the Underwriter agree that the restrictions set forth in the next sentence shall apply to those maturities of the Bonds for which the 10% test has not

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been met as of the date of this Agreement, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the City when the Underwriter has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if such sale occurs prior to the close of the fifth (5th) business day after the sale date.

d. The Underwriter confirms that any selling group agreement and each third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires, (B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public. The City acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

e. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

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(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Agreement by all parties.

5. Limited Offering Memorandum.

a. Delivery of Limited Offering Memorandum. The City previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Limited Offering Memorandum for the Bonds dated [November 29], 2018 (the “Preliminary Limited Offering Memorandum”), in a “designated electronic format,” as defined in the Municipal Securities Rulemaking Board (“MSRB”) Rule G-32 (“Rule G-32”). The City will prepare, or cause to be prepared, a final Limited Offering Memorandum relating to the Bonds (the “Limited Offering Memorandum”) which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (“Rule 15c2-12”), (iii) in a “designated electronic format,” and (iv) substantially in the form of the most recent version of the Preliminary Limited Offering Memorandum provided to the Underwriter before the execution hereof. The Limited Offering Memorandum, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds are collectively referred to herein as the “Limited Offering Memorandum.” Until the Limited Offering Memorandum has been prepared and is available for distribution, the City shall provide to the Underwriter sufficient quantities (which may be in electronic format) of the Preliminary Limited Offering Memorandum as the Underwriter reasonably

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deems necessary to satisfy the obligation of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Limited Offering Memorandum.

b. Preliminary Limited Offering Memorandum Deemed Final. The Preliminary Limited Offering Memorandum has been prepared for use by the Underwriter in connection with the public offering, sale, and distribution of the Bonds. The City hereby represents and warrants that the Preliminary Limited Offering Memorandum has been deemed final by the City as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12.

c. Use of Limited Offering Memorandum in Offering and Sale. The City hereby authorizes the Limited Offering Memorandum and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The City consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the public offering of the Bonds. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the City's acceptance of this Agreement (but, in any event, not later than the earlier of the Closing Date or seven (7) business days after the City's acceptance of this Agreement) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter. The City shall provide the Limited Offering Memorandum, or cause the Limited Offering Memorandum to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

d. Updating of Limited Offering Memorandum. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than the 25th day after the "end of the underwriting period" for the Bonds), the City becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the City will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the City will forthwith prepare and furnish, at no expense to the Underwriter (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Limited Offering Memorandum so that the

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statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or so that the Limited Offering Memorandum will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the City in accordance herewith, (i) the City makes no representations with respect to the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system, and (ii) the City makes no representation with respect to the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum under the captions and subcaptions "PLAN OF FINANCE — Development Plan" and " — Status of Land Sales to Builders," "THE IMPROVEMENTS," "THE DEVELOPMENT," "THE LANDOWNER," "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1," "BONDHOLDERS' RISKS" (only as it pertains to the Landowner, the Authorized Improvements and the Development, as defined in the Limited Offering Memorandum), "THE SERVICE AND ASSESSMENT PLAN CONSULTANT," "LEGAL MATTERS — Litigation — The Landowner," "CONTINUING DISCLOSURE — The Landowner" and " — The Landowner's Compliance with Prior Undertakings," and "INFORMATION RELATING TO THE TRUSTEE." If such notification shall be subsequent to the Closing, the City, at no expense to the Underwriter, shall furnish such legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum. The City shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

e. Filing with MSRB. The Underwriter hereby agrees to timely file the Limited Offering Memorandum with the MSRB through its Electronic Municipal Market Access ("EMMA") system within one business day after receipt but no later than the Closing Date. Unless otherwise notified in writing by the Underwriter, the City can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 is the Closing Date.

f. Limited Offering. The Underwriter hereby represents, warrants and covenants that the Bonds were initially sold pursuant to a limited offering. The Bonds were sold to not more than thirty-five persons that qualify as "Accredited Investors" (as defined in Rule 501 of Regulation D under the Securities Act (as defined herein)) or "Qualified Institutional Buyers" (within the meaning of Rule 144A under the Securities Act).

6. City Representations, Warranties and Covenants. The City represents, warrants and covenants that:

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a. Due Organization, Existence and Authority. The City is a political subdivision of the State of Texas (the "State"), and has, and at the Closing Date will have, full legal right, power and authority:

(i) to enter into:

(1) this Agreement;

(2) the Indenture;

(3) the Estancia Hill Country Annexation and Development Agreement, effective as of July 1, 2013, executed and delivered by SLF III – Onion Creek L.P., a Texas limited partnership ("the Landowner") and the City, as amended by that First Amendment dated [November 29], 2018 (as amended, the "Development Agreement");

(4) the Estancia Hill Country Public Improvement District Financing Agreement, dated as of June 20, 2013, executed and delivered by the City and the Landowner, as amended by that First Amendment dated [November 29], 2018 (as amended, the "Financing Agreement"); and

(5) the Continuing Disclosure Agreement of the Issuer with respect to the Bonds, dated as of [December 1], 2018 (the "Continuing Disclosure Agreement of Issuer"), executed and delivered by the City and U.S. Bank National Association, as Dissemination Agent.

(ii) to issue, sell, and deliver the Bonds to the Underwriter as provided herein; and

(iii) to carry out and consummate the transactions on its part described in (1) the Authorizing Documents, (2) this Agreement, (3) the Development Agreement, (4) the Financing Agreement, (5) the Continuing Disclosure Agreement of Issuer, (6) the Limited Offering Memorandum, and (7) any other documents and certificates described in any of the foregoing (the documents described by subclauses (1) through (7) being referred to collectively herein as the "City Documents").

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

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equitable principles relating to or affecting creditors' rights generally. The City has complied, and will at the Closing be in compliance, in all material respects, with the obligations on its part to be performed on or prior to the Closing Date under the City Documents.

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

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

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

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

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

g. Assessments. The Assessments constituting the security for the Bonds have been levied by the City in accordance with the Act on those parcels of land identified in the Improvement Area #1 Assessment Roll (as defined in the Service and Assessment Plan). According to the Act, such Assessments constitute a valid and legally binding first and prior lien against the properties assessed, superior to all other liens and claims, except liens or claims for state, county, school district, or municipality ad valorem taxes, and runs with the land.

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

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

j. Preliminary Limited Offering Memorandum. The information contained in the Preliminary Limited Offering Memorandum is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or

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omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system, and (ii) the City makes no representation with respect to the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum under the captions and subcaptions "PLAN OF FINANCE — Development Plan" and " — Status of Land Sales to Builders," "THE IMPROVEMENTS," "THE DEVELOPMENT," "THE LANDOWNER," "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1," "BONDHOLDERS' RISKS" (only as it pertains to the Landowner, the Authorized Improvements and the Development, as defined in the Limited Offering Memorandum), "THE SERVICE AND ASSESSMENT PLAN CONSULTANT," "LEGAL MATTERS — Litigation — The Landowner," "CONTINUING DISCLOSURE — The Landowner" and " — The Landowner's Compliance with Prior Undertakings," and "INFORMATION RELATING TO THE TRUSTEE."

k. Limited Offering Memorandum. At the time of the City's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (d) of Section 5 of this Agreement) at all times subsequent thereto during the period up to and including the 25th day subsequent to the "end of the underwriting period," the information contained in the Limited Offering Memorandum does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of the DTC, or its book-entry-only system, and (ii) the City makes no representation with respect to the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum under the captions and subcaptions "PLAN OF FINANCE — Development Plan" and " — Status of Land Sales to Builders," "THE IMPROVEMENTS," "THE DEVELOPMENT," "THE LANDOWNER," "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1," "BONDHOLDERS' RISKS" (only as it pertains to the Landowner, the Authorized Improvements and the Development, as defined in the Limited Offering Memorandum), "THE SERVICE AND ASSESSMENT PLAN CONSULTANT," "LEGAL MATTERS — Litigation — The Landowner," "CONTINUING DISCLOSURE — The Landowner" and " — The Landowner's Compliance with Prior Undertakings," and "INFORMATION RELATING TO THE TRUSTEE;" and further provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

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l. Supplements or Amendments to Limited Offering Memorandum. If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (d) of Section 5 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the 25th day subsequent to the "end of the underwriting period," the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

m. Compliance with Rule 15c2-12. During the past five years, the City has complied in all material respects with its previous continuing disclosure undertaking made by it in accordance with Rule 15c2-12, except as described in the Limited Offering Memorandum.

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

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

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

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

r. Financial Advisor. The City has engaged PFM Financial Advisors LLC as its Financial Advisor in connection with its offering and issuance of the Bonds.

By delivering the Limited Offering Memorandum to the Underwriter, the City shall be deemed to have reaffirmed, with respect to the Limited Offering Memorandum, the representations, warranties and covenants set forth above.

7. Landowner Letter of Representations. At the signing of this Agreement, the City and Underwriter shall receive from the Landowner, an executed Landowner Letter of Representations (the "Landowner Letter of Representations") in the form of Appendix A hereto, and at the Closing, a certificate signed by the Landowner (the "Landowner Certificate") in the form of Appendix F hereto, as set forth in Section 10(f) hereof.

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

9. Underwriter's Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and in the Landowner Letter of Representations the performance by the City of its obligations under this Agreement, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, accept delivery of, and pay for the Bonds shall be conditioned upon the performance by the City of its obligations to be performed hereunder at or prior to Closing and shall also be subject to the following additional conditions:

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

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b. Executed Agreements and Performance Thereunder. At the time of the Closing (i) the City Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented except with the written consent of the Underwriter; (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the City as, in the opinion of Bond Counsel and Counsel to the Underwriter, shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the City described in this Agreement and the City Documents; (iv) there shall be in full force and effect such other resolutions or actions of the Landowner as, in the opinion of Metcalfe Wolff Stuart & Williams LLP, counsel to the Landowner ("Landowner's Counsel"), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Landowner described in the Financing Agreement, the Development Agreement, the Landowner Letter of Representations, and the Continuing Disclosure Agreement of the Landowner with respect to the Bonds, dated as of [December 1], 2018, executed and delivered by the Landowner, and U.S. Bank National Association, as dissemination agent (the "Continuing Disclosure Agreement of Landowner," and together with the Development Agreement, the Financing Agreement, the Landowner Letter of Representations, the "Landowner Documents"); and (v) the City shall perform or have performed its obligations required or specified in the City Documents to be performed at or prior to Closing.

c. No Default. At the time of the Closing, no default shall have occurred or be existing and no circumstances or occurrences that, with the passage of time or giving of notice, shall constitute an event of default under this Agreement, the Indenture, the City Documents, the Landowner Documents or other documents relating to the financing and construction of the Improvement Area #1 Improvements and the Development, and the Landowner shall not be in default in the payment of principal or interest on any of its indebtedness which default shall materially adversely impact the ability of the Landowner to pay the Assessments when due.

d. Concurrent Closing of the Improvement Area #2 Bonds. The City shall issue concurrently with the issuance of the Bonds its "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #2)," dated [December 1], 2018.

e. Closing Documents. At or prior to the Closing, the Underwriter shall have received each of the documents required under Section 10 below.

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

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

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

(2) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as described herein or by the Limited Offering Memorandum, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect (the "Securities Act"), or that the Indenture need to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act"); or

(3) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental

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authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; or

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

(5) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, except as disclosed in or contemplated by the Limited Offering Memorandum; or

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

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

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

(iii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which change shall occur subsequent to the date of this Agreement and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriter; or

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

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

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

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

(viii) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, which prohibition shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance, or nonfeasance of the Underwriter.

With respect to the conditions described in subparagraphs (ii), (vii) and (viii) above, the Underwriter is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriter to invoke its termination rights hereunder.

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

a. Bond Opinion. The approving opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix D to the Limited Offering Memorandum, together with a reliance letter from Bond Counsel, dated the date of the Closing and addressed to the Underwriter, which may be included in the supplemental opinion required by Section 10(b), to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

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

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(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Limited Offering Memorandum but that Bond Counsel has reviewed the statements and information appearing under the captions and subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT" (except for the subcaption "District Collection and Delinquency History of Assessments in Improvement Area #1"), "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (except for the final paragraph thereof) "LEGAL MATTERS — Legal Opinions" (except for the final paragraph thereof), "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX B" and Bond Counsel is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan and Indenture;

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

(iii) The City has or at the time of the adoption thereof had full power and authority to adopt the Creation Resolution, the Assessment Ordinance, the Service and Assessment Plan and the Bond Ordinance (collectively, the foregoing documents are referred to herein as the "City Actions") and perform its obligations thereunder and the City Actions have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

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

c. City Legal Opinion. An opinion of an attorney for the City, dated the Closing Date and addressed to the Underwriter, the City and the Trustee, with respect to

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matters relating to the City, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

d. Disclosure Counsel Opinion. An opinion of McCall, Parkhurst & Horton, L.L.P., as Disclosure Counsel to the City, dated the Closing Date and addressed to the City in a form acceptable to the City.

e. Opinion of Landowner's Counsel. An opinion of Landowner's Counsel, substantially in the form of Appendix E hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Attorney for the City, the Underwriter, and the Trustee; or in a form otherwise agreed upon by the City and the Underwriter.

f. Landowner Certificate. The Landowner Certificate dated as of the Closing Date, signed by authorized officers of Landowner in substantially the form of Appendix F hereto.

g. City Certificate. A certificate of the City, dated the Closing Date, to the effect that:

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

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

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

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

h. Trustee's Counsel Opinion. An opinion, dated the date of Closing and addressed to the Underwriter, the City and Bond Counsel, in form and substance acceptable to counsel for the Underwriter, the City and Bond Counsel to the following effect:

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(i) The Trustee is organized, validly existing and in good standing as a national banking association organized under the laws of the United States of America, with full corporate power and authority to conduct its business and affairs as Trustee;

(ii) The Trustee has full right, power, and authority to enter into the Indenture, to perform its obligations under, and to carry out and consummate all of the transactions involving the Trustee contemplated by, the Indenture;

(iii) The Indenture has been duly authorized, executed and delivered by the Trustee and is valid and enforceable against the Trustee in accordance with its terms; and

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

i. Trustee's Certificate. A customary authorization and incumbency certificate dates as of Closing, signed by authorized officers of the Trustee in form and substance acceptable to the Underwriter and Underwriter's Counsel.

j. Underwriter Counsel's Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Orrick, Herrington & Sutcliffe LLP, counsel to the Underwriter, to the effect that:

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

(ii) Such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Limited Offering Memorandum or in the Limited Offering Memorandum and makes no representation that it has independently verified the accuracy, completeness or fairness of any such statements. In its capacity as counsel to the Underwriter, to assist the Underwriter in part of its responsibility with respect to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, such counsel has participated in conferences with representatives of the Underwriter, representatives of the City, and its counsel, Norton Rose Fulbright US LLP, as bond counsel, PFM Financial Advisors, LLC, as Financial Advisor, the service and assessment plan consultant, the Landowner, and its engineers and others, during which the contents of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum and related matters were discussed. Based on such counsel's participation in the above-mentioned conferences (which did not extend beyond the date of the

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Limited Offering Memorandum), and in reliance thereon, on oral and written statements and representations of the City, the Landowner and others and on the records, documents, certificates, opinions and matters herein mentioned, such counsel advises the Underwriter as a matter of fact and not opinion that, during the course of such counsel's representation of the Underwriter on this matter, (a) as of the date of the Preliminary Limited Offering Memorandum and as of [December 13], 2018, no facts had come to the attention of the attorneys in such counsel's firm rendering legal services to the Underwriter in connection with the Preliminary Limited Offering Memorandum which caused such counsel to believe that the Preliminary Limited Offering Memorandum contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (b) as of the date of the Limited Offering Memorandum and as of the date hereof, no facts had come to the attention of the attorneys in such counsel's firm rendering legal service to the Underwriter in connection with the Limited Offering Memorandum which caused such counsel to believe that the Limited Offering Memorandum contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, such counsel expressly excludes from the scope of this paragraph and expresses no view or opinion about (i) with respect to the Preliminary Limited Offering Memorandum, any difference in information contained therein compared to what is contained in the Limited Offering Memorandum, whether or not related to pricing or sale of the Bonds, and whether any such difference is material and should have been included in the Preliminary Limited Offering Memorandum, and (ii) with respect to both the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about verification, feasibility, valuation, appraisals, absorption, real estate or environmental matters, relationship among the parties, or any information about book-entry, DTC, Tax Matters, included or referred to therein or omitted therefrom. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum; and

(iii) The Continuing Disclosure Agreement of Issuer satisfies the requirements contained in S.E.C. Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by said Rule; provided that, for purposes of this opinion, such counsel is not expressing any view regarding the content of the Limited Offering Memorandum that is not expressly stated in numbered paragraph ii, above.

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k. Limited Offering Memorandum. The Limited Offering Memorandum and each supplement or amendment, if any, thereto.

l. Delivery of City Documents and Landowner Documents. The City Documents and Landowner Documents shall have been executed and delivered in form and content satisfactory to the Underwriter.

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

n. Federal Tax Certificate. A certificate of the City in form and substance satisfactory to Bond Counsel and counsel to the Underwriter setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code.

o. Attorney General Opinion and Comptroller Registration. The approving opinion of the Attorney General of the State regarding the Bonds and the Comptroller of the State's Certificate of Registration for the Initial Bond.

p. Continuing Disclosure Agreements. The Continuing Disclosure Agreement of Issuer and the Continuing Disclosure Agreement of Landowner, shall have been executed by the parties thereto in substantially the forms attached to the Preliminary Limited Offering Memorandum as Appendix E-1 and Appendix E-2.

q. Letter of Representation of the Appraiser. (i) Letter of Representation of the Appraiser, substantially in the form of Appendix G hereto, addressed to the City, Bond Counsel, the Underwriter, and the Trustee, or in form otherwise agreed upon by the Underwriter, and (ii) a copy of the real estate appraisal of the property in Improvement Area #1 of the District dated [September 20], 2018.

r. Letter of Representation of Service and Assessment Plan Consultant. Letter of Representation of Service and Assessment Plan Consultant, substantially in the form of Appendix H hereto, addressed to the City, Bond Counsel, the Underwriter, and the Trustee, or in form otherwise agreed upon by the Underwriter.

s. Evidence of Filing of Landowner Agreement. Evidence that the Estancia Hill Country Public Improvement District Landowner Agreement between the City, the Landowner, and other landowners, dated as of June 1, 2013, has been filed of record in the real property records of Travis County, Texas.

t. Lender Consent Certificate. Lender Consent Certificate of Bank of the Ozarks and any other lienholder on land in Improvement Area #1 of the District consenting to and acknowledging the creation of the District, the adoption of the Assessment Ordinance, the levy of the Assessments, and the subordination of their

EXHIBIT B

respective liens to the lien created by the Assessments, in form and substance acceptable to the Underwriter, Underwriter's Counsel and Bond Counsel.

u. Rule 15c2-12 Certification. A resolution, ordinance or certificate of the City whereby the City has deemed the Preliminary Limited Offering Memorandum final as of its date, except for permitted omissions, as contemplated by Rule 15c2-12 in connection with the offering of the Bonds.

v. Dissemination Agent. Evidence acceptable to the Underwriter in its sole discretion that the City has engaged a dissemination agent acceptable to the Underwriter for the Bonds, with the execution of the Continuing Disclosure Agreement of Issuer and the Continuing Disclosure Agreement of Landowner by other parties thereto being conclusive evidence of such acceptance by the Underwriter.

w. BLOR. A copy of the Blanket Letter of Representation to DTC relating to the Bonds and signed by the City.

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

11. City's Closing Conditions. The obligation of the City hereunder to deliver the Bonds shall be subject to receipt on or before the Closing Date of the purchase price set forth in Section 1 hereof, the Attorney General Opinion and the opinion of Bond Counsel described in Section 10(a) hereof.

12. Consequences of Termination. If the City shall be unable to satisfy the conditions contained in this Agreement or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and the Underwriter and the City shall have no further obligation hereunder, except as further set forth in Sections 13, 15 and 16 hereof.

13. Costs and Expenses.

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

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b. The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the limited offering of the Bonds; (ii) fees of Underwriter's Counsel; and (iii) all other expenses, including CUSIP fees (including out-of-pocket expenses and related regulatory expenses), incurred by it in connection with its public offering and distribution of the Bonds, except as noted in Subsection 13(a) above.

c. The City acknowledges that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a nonprofit corporation ("Texas MAC") whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities. The estimated Texas MAC fee for this financing is \$[].

14. Notice. Any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to: City of Austin, Texas, 301 W. 2nd Street, Austin, Texas 78701, Attention: Treasurer or City of Austin, P.O. Box 2106, Austin, TX 78768, Attention: Treasurer.

Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: EMSbonds, Inc., 100 Crescent Court, Suite 700, Dallas, Texas 75201, Attention: Tripp Davenport, Director.

15. Entire Agreement. This Agreement is made solely for the benefit of the City and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties, and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided the City shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Bonds; or (ii) delivery of any payment for the Bonds pursuant to this Agreement. The agreements contained in this Section and in Section 16 shall survive any termination of this Agreement.

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

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

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

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

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

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

22. Anti-Boycott Verification. The Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, does not boycott Israel and, to the extent this Indenture is a contract for goods or services, will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Underwriter understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

23. Iran, Sudan and Foreign Terrorist Organizations. The Underwriter represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Underwriter and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Underwriter understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

24. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Underwriter's participation in the execution of this Agreement generated by the Texas Ethics

EXHIBIT B

Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Underwriter, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Underwriter and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Underwriter; and, neither the City nor its consultants have verified such information.

[Signature pages follow]

DRAFT

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

FMSbonds, Inc.,
as Underwriter

By: _____

Name: Theodore A. Swinarski

Title: Senior Vice President - Trading

DRAFT

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Accepted at _____ a.m./p.m. central time on the
date first stated above.

City of Austin, Texas

By: _____
Mayor

DRAFT

EXHIBIT B

SCHEDULE I

\$(PRINCIPAL)

CITY OF AUSTIN, TEXAS

(a municipal corporation of the State of Texas located in Travis, Hays and Williamson Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

Interest Accrues From: Date of Delivery

\$ _____ Serial Bonds

Maturity	Principal Amount	Interest Rate	Price or Yield ^(a)
----------	---------------------	------------------	----------------------------------

\$ _____ Term Bonds

\$ _____ % Term Bonds, Due _____, 20____, Priced to Yield _____ %^(c)

\$ _____ % Term Bonds, Due _____, 20____, Priced to Yield _____ %^(c)

\$ _____ % Term Bonds, Due _____, 20____, Priced to Yield _____ %^(c)

- (a) The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after _____, 20____, at the redemption price of 100% of the principal amount of such Bonds, or portion thereof, to be redeemed, plus accrued interest to date of redemption:
- (b) The Bonds are also subject to extraordinary optional redemption as described in the Limited Offering Memorandum under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Term Bonds maturing _____, 20____, are also subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installments as set forth in the following schedule.

\$ _____ Term Bonds Maturing _____, 20____

Redemption Date

Sinking Fund
Installment

The Term Bonds maturing _____, 20____, are also subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installments as set forth in the following schedule.

\$ _____ Term Bonds Maturing _____, 20____

Redemption Date

Sinking Fund
Installment

Schedule I-1

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The Term Bonds maturing _____, 20__, are also subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installments as set forth in the following schedule.

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
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EXHIBIT B

APPENDIX A

FORM OF LANDOWNER LETTER OF REPRESENTATIONS

**\$(PRINCIPAL)
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)**

LANDOWNER LETTER OF REPRESENTATIONS

[December 13], 2018

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

FMSbonds, Inc.
100 Crescent Court, Suite 700
Dallas, Texas 75201

Ladies and Gentlemen:

This letter is being delivered to the City of Austin, Texas (the "City") and FMSbonds, Inc. (the "Underwriter"), in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the "Bond Purchase Agreement") for the sale and purchase of the \$(PRINCIPAL) "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1)" (the "Bonds"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the City, and the City has agreed to sell to the Underwriter the Bonds. In order to induce the City to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Bonds by the City and the purchase of them by the Underwriter, the undersigned, SLF III – Onion Creek, L.P., a Texas limited partnership (the "Landowner"), makes the representations, warranties, and covenants contained in this Landowner Letter of Representations. Unless the context clearly indicates otherwise, each capitalized term used in this Landowner Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Bonds represents a negotiated transaction, the Landowner understands, and hereby confirms, that the

EXHIBIT B

Underwriter is not acting as a fiduciary of the Landowner, but rather is acting solely in its capacity as Underwriter of the Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Landowner Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Landowner becomes aware of any fact or event which might or would cause information as set forth in the Limited Offering Memorandum, as then supplemented or amended, under the captions "PLAN OF FINANCE — Development Plan" and " — Status of Land Sales to Builders," "THE IMPROVEMENTS," "THE DEVELOPMENT," and "THE LANDOWNER" and, to the best of its knowledge after due inquiry, (1) any information pertaining to Lennar Homes of Texas Land and Construction Ltd. set forth under the captions "PLAN OF FINANCE — Development Plan" and "THE DEVELOPMENT", (2) any information pertaining to M/I Homes of Austin, LLC set forth under the caption "THE DEVELOPMENT", and (3) the information set forth under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Landowner, the Authorized Improvements and the Development, as defined in the Limited Offering Memorandum), "LEGAL MATTERS — Litigation — The Landowner," and "CONTINUING DISCLOSURE — The Landowner" and " — The Landowner's Compliance with Prior Undertakings," to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Landowner will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request).

3. Landowner Documents. Landowner has executed and delivered each of the below listed documents (individually, a "Landowner Document" and collectively, the "Landowner Documents") in the capacity provided for in each such Landowner Document, and each such Landowner Document constitutes a valid and binding obligation of Landowner, enforceable against Landowner in accordance with its terms, except as the enforcement thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or similar laws or equitable principles affecting the rights of creditors generally:

- a. this Landowner Letter of Representation;
- b. that certain Estancia Hill Country Annexation and Development Agreement dated July 1, 2013 made by and between the Landowner and the City, as amended by that First Amendment dated [November 29], 2018;
- c. that certain Estancia Hill Country Public Improvement District Financing Agreement dated June 20, 2013 made by and between the Landowner and the City, as amended by that First Amendment dated [November 29], 2018 (the "Financing Agreement"); and

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d. that certain Continuing Disclosure Agreement of Landowner, dated as of [December 1], 2018 made by and among the Landowner and U.S. Bank National Association, as dissemination agent.

The Landowner has complied in all material respects with all of the Landowner's agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Landowner under the Landowner Documents on or prior to the date hereof, to the extent that compliance or satisfaction was required on or prior to the date hereof.

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

a. Due Organization and Existence. The Landowner is duly formed and validly existing as a limited partnership under the laws of the State of Texas.

b. Organizational Documents. The copies of the organizational documents of the Landowner provided by the Landowner (the "Landowner Organizational Documents") to the City and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

c. No Breach. The execution and delivery of the Landowner Documents by Landowner does not violate any judgment, order, writ, injunction or decree binding on Landowner or any indenture, agreement, or other instrument to which Landowner is a party.

d. No Litigation. Other than as described in the Preliminary Limited Offering Memorandum, there are no proceedings pending or to the knowledge of Landowner threatened in writing before any court or administrative agency against Landowner that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of Landowner to perform its obligations under the Landowner Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Preliminary Limited Offering Memorandum.

e. Information. The information prepared and submitted by the Landowner to the City or the Underwriter in connection with the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum was, and is, as of this date, true and correct in all material respects.

f. Preliminary Limited Offering Memorandum. The Landowner represents and warrants that the information set forth in the Preliminary Limited Offering Memorandum, as of its date and the date hereof, under the captions "PLAN OF FINANCE — Development Plan" and " — Status of Land Sales to Builders," "THE IMPROVEMENTS," "THE DEVELOPMENT," and "THE LANDOWNER" and, to the best of its knowledge after due inquiry, (1) any information pertaining to Lennar Homes of Texas Land and Construction Ltd. set forth under the captions "PLAN OF FINANCE

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– Development Plan” and “THE DEVELOPMENT”, (2) any information pertaining to M/I Homes of Austin, LLC set forth under the caption “THE DEVELOPMENT”, and (3) the information set forth under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Landowner, the Authorized Improvements and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS – Litigation – The Landowner,” and “CONTINUING DISCLOSURE — The Landowner” and “– The Landowner’s Compliance with Prior Undertakings,” is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Landowner agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (f) with respect to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

g. Events of Default. No “Event of Default” or “event of default” by the Landowner under any of the Landowner Documents, any documents to which Landowner is a party described in the Preliminary Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Improvement Area #1 Improvements to which the Landowner is a party, or event that, with the passage of time or the giving of notice or both, would constitute such “Event of Default” or “event of default,” by the Landowner has occurred and is continuing, which event of default could have a material adverse effect on the Bonds or on the Landowners’ ability to perform its obligations under the Landowner Documents.

5. Indemnification.

a. The Landowner will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions “PLAN OF FINANCE — Development Plan” and “– Status of Land Sales to Builders,” “THE IMPROVEMENTS,” “THE DEVELOPMENT,” and “THE LANDOWNER” and, to the best of its knowledge after due inquiry, (1) any information pertaining to Lennar Homes of Texas Land and Construction Ltd. set forth under the captions “PLAN OF FINANCE – Development Plan” and “THE DEVELOPMENT”, (2) any information pertaining to M/I Homes of Austin, LLC set forth under the caption “THE DEVELOPMENT”, and (3) the information set forth under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Landowner, the Authorized Improvements, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS – Litigation – The Landowner,” and “CONTINUING DISCLOSURE — The Landowner” and “– The Landowner’s Compliance with Prior Undertakings,” or any amendment or supplement to the Limited Offering Memorandum amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission or alleged untrue

EXHIBIT B

statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

b. Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the City, the Landowner or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Landowner Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, provided the Landowner shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Bonds (b) delivery of any payment by the Underwriter for the Bonds hereunder, and (c) any termination of the Bond Purchase Agreement.

7. Binding on Designated Successors and Assigns. This Landowner Letter of Representations will be binding upon the Landowner and (i) any entity to which the Landowner assigns its rights or obligations under the Financing Agreement related to all or a portion of the property in Improvement Area #1 (other than a Transferee, as defined in the Financing Agreement); (ii) any entity which is the successor by merger or otherwise to all or substantially all of the Landowner's assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of

EXHIBIT B

the assets of the Landowner. This Landowner Letter of Representations will inure solely to the benefit of the Underwriter and the City, and no other person or firm or entity will acquire or have any right under or by virtue of this Landowner Letter of Representations.

LANDOWNER:

SLF III - ONION CREEK, L. P.,
a Texas limited partnership
(as Landowner)

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

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

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

By: _____
Name: _____
Title: _____

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EXHIBIT B

APPENDIX B

**§[PRINCIPAL]
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of FMSbonds, Inc. ("FMS"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the City of Austin, Texas (the "Issuer").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) FMS offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, FMS agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which FMS sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

EXHIBIT B

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2018.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents FMS's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Tax Exemption with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

FMSbonds, Inc.,
as Underwriter

By: _____

Name: Theodore A. Swinarski

Title: Senior Vice President - Trading

Dated: _____

EXHIBIT B

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES [AND INITIAL OFFERING
PRICES OF THE HOLD-THE-MATURITY-OFFERING-PRICE MATURITIES]**

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EXHIBIT B

SCHEDULE B

PRICING WIRE AND EQUIVALENT COMMUNICATIONS

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EXHIBIT B

APPENDIX C

[LETTERHEAD OF CITY ATTORNEY]

[CLOSING DATE]

FMSbonds, Inc.
100 Crescent Court, Suite 700
Dallas, Texas 75201

U.S. Bank National Association
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

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

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\$(PRINCIPAL)
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

Ladies and Gentlemen:

I am an Assistant City Attorney for the City of Austin, Texas (the "City") and am rendering this opinion for limited purposes in connection with the issuance and sale of \$(PRINCIPAL) of "City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1)" (the "Bonds"), by the City, a political subdivision of the State of Texas.

The Bonds are authorized pursuant to Ordinance No. 20181213-____, enacted by the City Council of the City (the "City Council") on [December 13], 2018 (the "Bond Ordinance"), and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "Act") and the Amended and Restated Indenture of Trust dated as of [December 1], 2018 (the "Indenture") by and between the City and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not defined herein shall have the same meanings as in the Indenture, unless otherwise stated herein.

In connection with rendering this opinion, I have reviewed:

(a) Resolution No. 20130606-054 (the "Creation Resolution"), enacted by the City Council on June 6, 2013;

(b) Ordinance No. 20130620-052, accepted and approved by the City Council on June 3, 2013, and the original Service and Assessment Plan (the "Original Service and Assessment Plan") attached as an exhibit thereto (the "Assessment Ordinance");

EXHIBIT B

(c) The Ordinance No. 20181213-_____ accepted and approved by City Council on [December 13], 2018 approving the 2018 Amended and Restated Service and Assessment Plan (together with the Original Service and Assessment Plan, the "Service and Assessment Plan");

(d) The Bond Ordinance;

(e) The Indenture;

(f) The Estancia Hill Country Annexation and Development Agreement, effective as of July 1, 2013, executed and delivered by the City and SLF III – Onion Creek L.P., a Texas limited partnership (the "Landowner"), as amended by that First Amendment dated [November 29], 2018 (the "Development Agreement");

(g) The Estancia Hill Country Public Improvement District Financing Agreement, dated as of June 20, 2013, executed and delivered by the City and the Landowner, as amended by that First Amendment dated [November 29], 2018 (the "Financing Agreement"); and

(h) The Continuing Disclosure Agreement of the Issuer, dated as of [December 1], 2018, executed and delivered by the City and U.S. Bank National Association (the "Dissemination Agent") (the "Continuing Disclosure Agreement of Issuer").

The Creation Resolution, the Assessment Ordinance and the Bond Ordinance shall hereinafter be collectively referred to as the "Authorizing Documents" and the remaining documents shall hereinafter be collectively referred to as the "City Documents."

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

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

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

2. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending, or threatened against the City: (a) affecting the existence of the City or the titles of its officers to their respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, including the Assessments in the District pursuant to the provisions of the Assessment Ordinance and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability of the City's performance of the City

EXHIBIT B

Documents, (e) contesting the exclusion of the interest on the Bonds from federal income taxation, or (f) which may result in any material adverse change relating to the financial condition of the City.

3. The Authorizing Documents were duly enacted by the City and remain in full force and effect on the date hereof.

4. The City Documents have been duly authorized, executed and delivered by the City and remain legal, valid and binding obligations of the City enforceable against the City in accordance with their terms. However, the enforceability of the obligations of the City under such City Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, or (c) the application of Texas law relating to action by future councils and relating to governmental immunity applicable to governmental entities.

5. To the best of my knowledge, the performance by the City of the obligations under the Authorizing Documents and the City Documents will not violate any provision of any Federal or Texas constitutional or statutory provision.

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

7. The City has duly authorized and delivered to the Underwriter the Preliminary Limited Offering Memorandum.

8. Based upon our limited participation in the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum (collectively, the "Limited Offering Memorandum"), the statements and information contained in the Limited Offering Memorandum with respect to the City under the captions and subcaptions "ASSESSMENT PROCEDURES — Assessment Methodology" and "— Assessment Amounts," "THE CITY," "THE DISTRICT," "LEGAL MATTERS — Litigation — The City," "CONTINUING DISCLOSURE — The City" and " — The City Compliance with Prior Undertakings" and "APPENDIX A" are a fair and accurate summary of the law relating to collection and enforcement of assessments and the documents and facts summarized therein.

9. The adoption of the Authorizing Documents, the execution and delivery of the City Documents and the compliance with the provisions of the Authorizing Documents and the City Documents under the circumstances contemplated thereby, to the best of my knowledge: (a) do not and will not in any material respect conflict with, or constitute on the part of the City, a breach of or default under any agreement to which the City is a party or by which it is bound, and (b) do not and will not in any material respect conflict with, or constitute on the part of the City, a violation, breach of, or default under any existing law, regulation, court order or consent decree to which the City is subject.

EXHIBIT B

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

Very truly yours,

Mary Searcy Marrero
Assistant City Attorney
City of Austin

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EXHIBIT B

APPENDIX D

[RESEVED]

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EXHIBIT B

APPENDIX E

[LETTERHEAD OF METCALFE WOLFF STUART & WILLIAMS LLP
COUNSEL TO THE LANDOWNER]

City of Austin
Attn: Ms. Maria Sanchez
PO Box 1088
Austin, Texas 78767-1088

U.S. Bank National Association
555 San Felipe Street, Suite 1150
Houston, Texas 77056

FMSbonds, Inc.
100 Crescent Court, Suite 700
Dallas, Texas 75201

Norton Rose Fulbright US LLP
Attn: Stephanie Leibe
98 San Jacinto Boulevard
Austin, TX 78701

\$[4,265,000]
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT
AREA #1)

Ladies and Gentlemen:

We have acted as special counsel for SLF III – ONION CREEK, L.P., a Texas limited partnership (the “**Owner**”), SLF III Property GP, LLC, a Texas limited liability company, the general partner of Owner (“**Owner GP**”), Stratford Land Fund III, L.P., a Delaware limited partnership, the sole and managing member of Owner GP (“**Stratford Manager**”) and Stratford Fund III GP, LLC, a Texas limited liability company, the general partner of Stratford Manager (“**Stratford Manager GP**”), in connection with the issuance and sale by the City of Austin, Texas (the “**City**”) of \$[4,265,000] City of Austin, Texas, Special Assessment Revenue Bonds,

EXHIBIT B

Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the "**Bonds**"), pursuant to that certain Amended and Restated Indenture of Trust dated as of [December 1], 2018 (the "**Indenture**"), by and between the City and U.S. Bank National Association, as trustee (the "**Trustee**"). Proceeds from the sale of the Bonds will be used, in part, to fund certain public infrastructure improvements in the development known as "Estancia Hill Country" (the "**Project**"). Owner, Owner GP, Stratford Manager and Stratford Manager GP are referred to herein collectively as our "**Client**".

The Bonds are being sold to FMSbonds, Inc. (the "**Underwriter**"), pursuant to that certain Bond Purchase Agreement dated [December 13], 2018, by and between the City and the Underwriter (the "**Bond Purchase Agreement**"). This opinion is being delivered pursuant to Section 10(e) of the Bond Purchase Agreement.

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

a. **Assumptions and Bases for Opinions and Assurances**

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

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

- (1) The Indenture executed by the City and the Trustee;
- (2) The Bond Purchase Agreement executed by the Underwriter and the City;
- (3) The Landowner Letter of Representations executed by the Owner dated [December 13], 2018;
- (4) The Landowner Certificate executed by the Owner pursuant to Section 10(f) the Bond Purchase Agreement dated [December 28], 2018;
- (5) The Development Agreement executed and delivered by the City and the Owner dated June 20, 2013, as amended by that First Amendment dated [November 29], 2018;
- (6) The Financing Agreement executed by the City and Owner, dated June 20, 2013, as amended by that First Amendment dated [November 29], 2018;
- (7) The Landowner Agreement executed by the City, Owner and the other "Landowners" named therein, dated June 1, 2013; and

EXHIBIT B

- (8) The Continuing Disclosure Agreement executed by the Trustee and the Owner dated [December 1], 2018.
- (b) The Preliminary Limited Offering Memorandum, dated [November 29], 2018, relating to the issuance of the Bonds as authorized by the City (the "**Preliminary Limited Offering Memorandum**");
- (c) The final Limited Offering Memorandum relating to the issuance of the Bonds, dated [December 13], 2018, as authorized by the City (the "**Limited Offering Memorandum**"); and
- (d) The certificates described on Exhibit A attached hereto relating to the organization and existence of our Client ("**Owner Certificates**").

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

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

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

EXHIBIT B

directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Documents.

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

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

We bring to your attention that as special counsel, we have only been engaged by our Client in connection with the Documents (and the transactions contemplated in the Documents) and do not represent Client generally.

b. Opinions

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

1. The Owner, Owner GP and Stratford Manager GP are validly existing and are in good standing under the laws of the State of Texas.
2. Stratford Manager is validly existing and is in good standing under the laws of the State of Delaware.
3. The Owner has the requisite partnership power to execute, deliver and perform its obligations under each of the Documents to which it is a party and has taken all necessary partnership action to authorize the execution and delivery of such Documents and the performance by Owner of the obligations under such Documents.
4. The execution and delivery by the Owner of the Documents to which it is a party will not:
 - (i) to our knowledge, violate any provision of any existing law, statute, rule or regulation applicable to the Owner under the laws of the State of Texas nor subject the Owner to a fine, penalty or other similar sanctions under any law, statute, rule or regulation applicable to the Owner;

EXHIBIT B

(ii) to our knowledge, violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Owner, nor, to our knowledge, will the performance of the agreements in the Documents violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Owner; or

(iii) violate the Owner Basic Documents (as defined on Exhibit A), nor will the performance by the Owner of the agreements in the Documents violate the Owner Basic Documents.

5. To our knowledge, the execution, delivery and performance by the Owner of the Documents to which it is a party do not constitute a breach of or default under any existing loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Client is a party or is otherwise subject, which violation, breach or default would materially adversely affect the Owner or the transactions contemplated by the Documents.

6. To our knowledge, no consent, approval, authorization or other action by, or filing with, any governmental authority is required for the execution and delivery by the Owner of the Documents to which the Owner is a party, other than as are required with respect to the financing transaction evidenced thereby.

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

8. No taxes or other charges, including, without limitation, intangible or documentary stamp taxes, mortgage or recording taxes, transfer taxes or similar charges, are payable to the State of Texas by the Owner on account of its execution or delivery of any of the Documents or the recording or filing of any of the Documents in the Official Public Records of Travis County, Texas, except for normal filing or recording fees.

Assurances

Subject to the assumptions, qualifications and limitations set forth herein, we provide you the following assurances:

- A. There are no actions, suits or proceedings pending or threatened against the Owner identified in the Legal Opinion Certificate or to our knowledge in any court of law or equity, or before or by any governmental instrumentality with respect to (i) its organization or existence or qualification to do business in the State of Texas; (ii) its authority to execute or deliver the Documents to which it is a party; (iii) the validity or enforceability against it of such Documents or the transactions contemplated thereby; (iv) the titles of its officers executing the Documents; (v) the execution and delivery of the Documents on behalf of the Owner; or (vi) the operations or financial condition of the

EXHIBIT B

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

- B. As special counsel to Owner, we reviewed the portions of the Preliminary Offering Memorandum and the Limited Offering Memorandum under the sections "PLAN OF FINANCE — Development Plan" and " — Status of Land Sales to Builders," "THE IMPROVEMENTS," "THE DEVELOPMENT," "THE LANDOWNER," "BONDHOLDERS' RISKS," "LEGAL MATTERS — Litigation — The Landowner" and "CONTINUING DISCLOSURE — The Landowner" and " — The Landowner's Compliance with Prior Undertakings," with such review being limited to information pertaining to the Owner, the Authorized Improvements and the Development (as defined in the Limited Offering Memorandum) (collectively, the "**Owner Statements**"). We did not participate in the preparation of the documents incorporated by reference in the Limited Offering Memorandum or in the preparation of any other portions of the Limited Offering Memorandum, other than the Owner Statements (provided that we did participate in the preparation of the Service and Assessment Plan and the Financing Agreement attached as appendices to the Limited Offering Memorandum). The purpose of our professional engagement was not to establish or to confirm factual matters set forth in the Limited Offering Memorandum, and we have not undertaken to verify independently any of such factual matters. Moreover, many of the determinations required to be made in the preparation of the Limited Offering Memorandum involve matters of a non-legal nature. Subject to the foregoing and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that nothing came to our attention that caused us to believe that the Owner Statements in the Preliminary Limited Offering Memorandum, as of its date and the date of the Bond Purchase Agreement, and the Limited Offering Memorandum, as of its date and the date hereof, contain any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Owner Statements and we do not express any belief with respect to the financial statements or other financial, engineering, statistical or accounting data or information, or any information incorporated by reference or the appendices attached to the Limited Offering Memorandum. The negative assurance provided in this paragraph is furnished by us only to Underwriter, is solely for the benefit of Underwriter in its capacity as Underwriter to assist Underwriter in establishing defenses under applicable securities laws and may not be used, quoted or relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing securities from Underwriter and any other addressees of this letter).

a. Qualifications

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

EXHIBIT B

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

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

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

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

(e) No opinions or statements are implied beyond those expressly stated in this opinion letter. Without limiting the generality of the preceding sentence, unless explicitly addressed in this opinion letter, the opinions and confirmations set forth in this opinion letter do not address any of the following legal issues, and we specifically express no opinion with respect thereto: (a) securities laws, "Blue Sky" laws, and laws relating to commodity (and other) futures and indices and other similar instruments; (b) margin regulations; (c) pension and employee benefit laws and regulations; (d) antitrust and unfair competition laws; (e) laws concerning filing and notice requirements, other than requirements applicable to charter-related documents such as a certificate of merger; (f) compliance with fiduciary duty requirements; (g) the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities, and special political subdivisions, and

EXHIBIT B

judicial decisions to the extent that they deal with any of the foregoing matters in this paragraph; (h) the creation, attachment, perfection, or priority of a lien, or security interest in, or to, collateral, or enforcement of a security interest in collateral comprising personal property; (i) environmental laws; (j) zoning, land use, condominium, cooperative, subdivision, and other development laws; (k) tax laws; (l) patent, copyright and trademark, state trademark, and other intellectual property laws; (m) racketeering laws; (n) health and safety laws; (o) labor laws; (p) laws concerning (i) national and local emergency, (ii) possible judicial deference to acts of sovereign states, and (iii) criminal and civil forfeiture; (q) laws of general application to the extent it provides for criminal prosecution (e.g., mail fraud and wire fraud statutes); (r) bulk transfer laws; (s) laws concerning access by the disabled and building codes; (t) title to any property, the characterization of any property as real property, personal property, or fixtures, or the accuracy or sufficiency of any description of collateral or other property; and (u) usury.

(f) Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property nor do we express any opinion with regarding to the sufficiency or accuracy of any legal descriptions contained in the Documents.

(g) The opinions expressed herein regarding the enforceability of the Documents is subject to the qualification that certain of the remedial, waiver or other provisions thereof may not be enforceable; but such unenforceability will not, in our judgment, render the Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Documents, except to the extent of any economic consequences of any procedural delays which may result therefrom.

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

EXHIBIT B

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

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

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

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

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

Very truly yours,

METCALFE WOLFF STUART & WILLIAMS, LLP

By: _____

EXHIBIT B

EXHIBIT A

Organizational Documents and Certificates

1. Agreement of Limited Partnership of SLF III – Onion Creek, L.P., a Texas limited partnership, dated December 12, 2007.
2. Limited Liability Company Agreement of SLF III Property GP, LLC, a Texas limited liability company, dated December 12, 2007.
3. Limited Partnership Agreement of Stratford Land Fund III, L.P., a Delaware limited partnership, dated September 12, 2007, as amended by that certain Amendment to the Limited Partnership Agreement of Stratford Land Fund III, L.P. executed on November 20, 2007 but dated effective for all purposes as of September 12, 2007, and as further amended by that certain Second Amendment to the Limited Partnership Agreement of Stratford Land Fund III, L.P. dated May 9, 2008.
4. Limited Liability Company Agreement dated effective September 7, 2007, of Stratford Fund III GP, LLC, a Texas limited liability company.
5. Certified copy of Certificate of Formation of SLF III – Onion Creek, L.P., a Texas limited partnership, from the Texas Secretary of State dated ____, 2018.
6. Certified copy of Certificate of Formation of SLF III Property GP, LLC, a Texas limited liability company, from the Texas Secretary of State dated ____, 2018.
7. Certified copy of Certificate of Formation of Stratford Land Fund III, L.P., a Delaware limited partnership, from the Delaware Secretary of State dated ____, 2018.
8. Certified copy of Certificate of Formation of Stratford Fund III GP, LLC, a Texas limited liability company, from the Texas Secretary of State dated ____, 2018.
9. Certificate of Fact dated ____, 2018, from the Texas Secretary of State for SLF III – Onion Creek, L.P., a Texas limited partnership.

EXHIBIT B

10. Certificate of Fact dated _____, 2018, from the Texas Secretary of State for SLF III Property GP, LLC, a Texas limited liability company.
11. Certificate of Existence and Good Standing dated _____, 2018, from the Delaware Secretary of State for Stratford Land Fund III, L.P., a Delaware limited partnership
12. Certificate of Fact dated _____, 2018, from the Texas Secretary of State for Stratford Fund III GP, LLC, a Texas limited liability company.
13. Certificate of Good Standing dated _____, 2018, from the Texas Comptroller of Public Accounts, for SLF III – Onion Creek, L.P., a Texas limited partnership.
14. Certificate of Good Standing dated _____, 2018, from the Texas Comptroller of Public Accounts, for SLF III Property GP, LLC, a Texas limited liability company.
15. Certificate of Good Standing dated _____, 2018, from the Texas Comptroller of Public Accounts, for Stratford Fund III GP, LLC, a Texas limited liability company.
16. Legal Opinion Certificate dated as of the date hereof, executed by Stratford Fund III, GP, LLC
17. Approval of Bonds and Documents by Owner and General Partner dated _____, 2018, executed by Phillip F. Wiggins as sole member and manager of Stratford Fund III GP, LLC.

Items 1-8 above are referred to in this opinion letter as the “**Owner Basic Documents**”.

EXHIBIT B

ATTACHMENT I

Legal Opinion Certificate

DRAFT

EXHIBIT B

EXHIBIT F

CLOSING CERTIFICATE OF LANDOWNER

SLF III – Onion Creek, L.P., a Texas limited partnership (the “Landowner”), DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum.

1. The Landowner is a limited partnership organized, validly existing and in good standing under the laws of the State of Texas.

2. Representatives of the Landowner have provided information to the City of Austin, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the City of its \$[PRINCIPAL] aggregate principal amount of Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the “Bonds”), pursuant to the Preliminary Limited Offering Memorandum, dated [November 29], 2018, and Limited Offering Memorandum dated [December 13], 2018 (together, the “Limited Offering Memorandum”).

3. The Landowner has delivered to the Underwriter and the City true, correct, complete and fully executed copies of the Landowner’s organizational documents, and such documents have not been amended or supplemented since delivery to the Underwriter and the City and are in full force and effect as of the date hereof.

4. The Landowner has delivered to the Underwriter and the City a (i) Certificate of Good Standing from the Texas Secretary of State and (ii) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Landowner.

5. The Landowner has executed and delivered each of the below listed documents (individually, a “Landowner Document” and collectively, the “Landowner Documents”) in the capacity provided for in each such Landowner Document, and each such Landowner Document constitutes a valid and binding obligation of the Landowner, enforceable against the Landowner in accordance with its terms, except as the enforcement thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or similar laws or equitable principles affecting the rights of creditors generally:

(a) that certain Landowner Letter of Representations dated [December 13], 2018;

(b) that certain Estancia Hill Country Annexation and Development Agreement, effective as of July 1, 2013, executed and delivered by the Landowner and the City, as amended by that First Amendment dated [November 29], 2018;

(c) that certain Estancia Hill Country Public Improvement District Financing Agreement dated June 20, 2013 made by and between the Landowner and the City, as amended by that First Amendment dated [November 29], 2018; and

EXHIBIT B

(d) that certain Continuing Disclosure Agreement of Landowner, dated as of [December 1], 2018 made by and among the Landowner and U.S. Bank National Association, as dissemination agent.

6. The Landowner or other development entities owned all of the Assessed Property (as defined in the Service and Assessment Plan) located in Improvement Area #1 of the District on the date that the Assessment Ordinance was adopted and such landowners are not entities that may claim a homestead right under Texas law.

7. The Landowner has complied in all material respects with all of the Landowner's agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Landowner under the Landowner Documents on or prior to the date hereof, to the extent that compliance or satisfaction was required on or prior to the date hereof.

8. The execution and delivery of the Landowner Documents by the Landowner does not violate any judgment, order, writ, injunction or decree binding on the Landowner or any indenture, agreement, or other instrument to which the Landowner is a party. There are no proceedings pending or to the Landowner's knowledge threatened in writing before any court or administrative agency against the Landowner that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on such ability of the Landowner to perform its obligations under the Landowner Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Limited Offering Memorandum.

9. The Landowner certified the information contained in the Limited Offering Memorandum, as of its date and the date hereof, under the captions "PLAN OF FINANCE — Development Plan" and "— Status of Land Sales to Builders," "THE IMPROVEMENTS," "THE DEVELOPMENT," and "THE LANDOWNER" and, to the best of its knowledge after due inquiry, (1) any information pertaining to Lennar Homes of Texas Land and Construction Ltd. set forth under the captions "PLAN OF FINANCE — Development Plan" and "THE DEVELOPMENT", (2) any information pertaining to M/I Homes of Austin, LLC set forth under the caption "THE DEVELOPMENT", and (3) the information set forth under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Landowner, the Authorized Improvements and the Development, as defined in the Limited Offering Memorandum), "LEGAL MATTERS — Litigation — The Landowner," and "CONTINUING DISCLOSURE — The Landowner" and "— The Landowner's Compliance with Prior Undertakings," does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

10. To the best of Landowner's knowledge, the Landowner is in compliance in all material respects with all provisions of applicable law in all material respects relating to the Landowner in connection with the development of the property in Improvement Area #1 owned by the Landowner. Except as otherwise described in the Limited Offering Memorandum: (a) to the best of Landowner's knowledge, there is no default of any zoning condition, land use permit

EXHIBIT B

or development agreement binding upon the Landowner or any portion of the Development that would materially and adversely affect the Landowner's ability to complete or cause to be completed the development of the property in Improvement Area #1 owned by the Landowner as described in the Limited Offering Memorandum; and (b) Landowner has no reason to believe that any additional permits, consents and licenses required to complete the development of the property in Improvement Area #1 owned by the Landowner as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

11. The Landowner is not insolvent and has not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

12. To the best of Landowner's knowledge, the Landowner is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets is subject, which default would have a material and adverse effect on the Bonds or the development of Improvement Area #1.

Dated: _____, 2018

LANDOWNER

SLF III - ONION CREEK, L. P.,
a Texas limited partnership
(as Landowner)

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

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

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

By: _____

Name: _____

Title: _____

EXHIBIT B

APPENDIX G

[LETTERHEAD OF APPRAISER]

[DATE]

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

FMSbonds, Inc.
100 Crescent Court, Suite 700
Dallas, Texas 75201

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-2784

U.S. Bank National Association
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

Re: City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the "Bonds")

Ladies and Gentlemen:

The undersigned, _____, representative of Paul Hornsby & Company appraiser of (i) the undeveloped property contained in Estancia Hill Country Public Improvement District Improvement Area #1 ("District"), does hereby represent the following:

1. Paul Hornsby & Company has supplied certain information contained in the Preliminary Limited Offering Memorandum for the Bonds, dated [November 29], 2018, and the Limited Offering Memorandum for the Bonds, dated on or about [December 13], 2018 (together, the "Limited Offering Memorandum"), relating to the issuance of the Bonds by the City of Austin, Texas, as described above. The information Paul Hornsby & Company has provided is the real estate appraisal of the property in the District, located in APPENDIX F to the Limited Offering Memorandum, and the description thereof, set forth under the caption "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 — The Appraisal".

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

3. Paul Hornsby & Company agrees to the inclusion of the Appraisal in the Limited Offering Memorandum and the use of its name in the Limited Offering Memorandum for the Bonds.

4. Paul Hornsby & Company agrees that, to the best of its ability, it will inform you immediately should it learn of any event(s) or information of which you are not aware

EXHIBIT B

subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about [December 28], 2018) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any statement in the appraisal materially misleading.

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

Sincerely yours,

Paul Hornsby & Company

By: _____
Its: _____

DRAFT

EXHIBIT B

APPENDIX H

[LETTERHEAD OF P3WORKS, LLC]

[DATE]

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

FMSbonds, Inc.
100 Crescent Court, Suite 700
Dallas, Texas 75201

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-2784

U.S. Bank National Association
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

Re: City of Austin, Texas, Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1) (the "Bonds")

Ladies and Gentlemen:

The undersigned, _____, representative of P3Works, LLC ("P3Works"), consultant in connection with the administration, of Estancia Hill Country Public Improvement District (the "District") for the City of Austin, Texas (the "City"), does hereby represent the following:

1. P3Works has supplied certain information contained in the Preliminary Limited Offering Memorandum, dated [November 29], 2018 (the "Preliminary Limited Offering Memorandum"), and the final Limited Offering Memorandum, dated on or about [December 13], 2018 (the "Limited Offering Memorandum"), both in connection with the Bonds, relating to the issuance of the Bonds by the City, as described above. The information P3Works provided for the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum is located (a) under the caption "ASSESSMENT PROCEDURES — Assessment Methodology" and "— Assessment Amounts," (b) under the caption "THE DISTRICT — District Collection and Delinquency History of Improvement Area #1 Assessments," (c) under the caption "THE SERVICE AND ASSESSMENT PLAN CONSULTANT" and (d) in the Service and Assessment Plan (the "SAP") for the City located in APPENDIX C to the Limited Offering Memorandum.

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

3. P3Works agrees to the inclusion of the SAP in the Limited Offering Memorandum and to the use of its name in the Limited Offering Memorandum for the Bonds.

EXHIBIT B

4. P3Works agrees that, to the best of its ability, it will inform you immediately should it learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Bonds (anticipated to occur on or about [December 28], 2018) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any such information materially misleading.

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

Sincerely yours,

P3Works, LLC

By: _____

Its: _____

DRAFT

EXHIBIT C

LANDOWNER AGREEMENT Estancia Hill Country Public Improvement District Improvement Area #1

This landowner agreement (this *Agreement*) is entered into between the City of Austin, Texas, a municipal corporation of the State of Texas (the *City*) and Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership (the *Landowner* and together with the *City*, the *Parties*, each individually a *Party*). This Agreement shall be effective on the latest date it is executed by all the Parties (the *Effective Date*).

RECITALS

WHEREAS, the Landowner owns approximately 44.1 acres of land (the *Assessed Property*) located in the first improvement area (*Improvement Area #1*) of the Estancia Hill Country Public Improvement District (the *District*); Improvement Area #1 and the District are more particularly defined and described in the 2018 Amended and Restated Service and Assessment Plan, attached hereto as Exhibit A (the *SAP*); and

WHEREAS, the City Council (the *City Council*) of the City adopted Ordinance No. 20130620-052 on June 20, 2013 (the *Original Assessment Ordinance*) approving the original Service and Assessment Plan (the *Original SAP*) and levying special assessments against property located in Improvement Area #1, including the Assessed Property (the *Original Improvement Area #1 Assessments*), which are reflected in the assessment roll attached as an exhibit to the Original SAP (the *Original Improvement Area #1 Assessment Roll*); and

WHEREAS, the City Council adopted Ordinance No. _____ on December 13, 2018 (the *Assessment Ordinance*), approving the SAP, levying assessments against the second improvement area, and updating the special assessments levied against property located in Improvement Area #1, including the Assessed Property (the *Improvement Area #1 Assessments*), which are reflected in the assessment roll attached as an exhibit to the SAP (the *Improvement Area #1 Assessment Roll*); and

WHEREAS, the Landowner has built single-family homes on certain portions of the Assessed Property and the Landowner intends to build single-family homes on the remaining portions of the Assessed Property; and

WHEREAS, the Assessed Property was unplatted at the time the Original Improvement Area #1 Assessments were levied on the Assessed Property; and

WHEREAS, the Original Improvement Area #1 Assessments in the Original SAP levied against the unplatted Assessed Property were calculated based on anticipated lot development information, including the number of lots and the size of the lots (the *Development Plan*), which were provided for inclusion in the Original SAP and the Original Improvement Area #1 Assessment Roll; and

EXHIBIT C

WHEREAS, a change to the original Development Plan resulted in an unanticipated change to the Original Improvement Area #1 Assessments per lot; and

WHEREAS, the City Council found in the Assessment Ordinance that revisions to the Original SAP and the Original Improvement Area #1 Assessments were necessary to, among other things, account for the Landowner's changes to the original Development Plan; and

WHEREAS, certain of the Assessed Property subject to the update to their respective Original Improvement Area #1 Assessments have already been sold (the *Previously Sold Properties*) to third-party homebuyers and, thus, the revised Original Improvement Area #1 Assessments pertaining to the Previously Sold Properties do not apply to the respective Previously Sold Properties; and

WHEREAS, the Previously Sold Properties will continue to be subject to their respective Original Improvement Area #1 Assessments and the difference between such assessment and their respective revised Improvement Area #1 Assessment (the *Previously Sold Properties Incremental Assessment*) will be subject to Prepayment (as defined in the Original Indenture) by the Landowner pursuant to the provisions of this Agreement and the Original Indenture of Trust by and between the City and U.S. Bank National Association (the *Trustee*), dated June 1, 2013 (the *Original Indenture*); and

WHEREAS, the Improvement Area #1 Assessments in the SAP updated against the unplatted Assessed Property are calculated based on the Landowner's Development Plan which the Landowner provided for inclusion in the SAP and the Improvement Area #1 Assessment Roll; and

WHEREAS, additional changes to the Landowner's Development Plan could result in a change to the Improvement Area #1 Assessments per lot; and

WHEREAS, to the extent that revisions to the Landowner's Development Plan result in a recalculated Improvement Area #1 Assessments in excess of the Maximum Assessment (as defined in the SAP) levied against the respective Assessed Property (the *Incremental Assessment*), the Landowner will be responsible for the Incremental Assessment and will be required to make a Prepayment (as defined in the Indenture) pursuant to the provisions of this Agreement and the Amended and Restated Indenture of Trust by and between the City and the Trustee, dated December 1, 2018 (the *Indenture*); and

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits hereinafter set forth, the Parties agree as follows:

ARTICLE I **DEFINITIONS; APPROVAL OF AGREEMENTS**

Definitions. Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the SAP.

EXHIBIT C

Affirmation of Recitals. The matters set forth in the Recitals of this Agreement are true and correct and are incorporated in this Agreement for all purposes.

ARTICLE II AGREEMENT OF LANDOWNER

A. Landowner ratifies, confirms, consents, accepts, agrees, and approves:

(i) the Improvement Area #1 Assessments pertaining to the Assessed Property as updated and reflected in the SAP and the Improvement Area #1 Assessment Roll.

B. Landowner consents, acknowledges, accepts, and agrees to:

(i) make a Prepayment in the amount of the Previously Sold Properties Incremental Assessment pursuant to the terms of this Agreement and the Original Indenture; and

(ii) make Prepayments in the amount of the Incremental Assessment pursuant to the terms of this Agreement, the Indenture, and the SAP in the event that the Improvement Area #1 Assessments pertaining to the Assessed Property exceed the Maximum Assessment pertaining to such property.

ARTICLE III MISCELLANEOUS

A. Notices. Any notice or other communication (a *Notice*) required or contemplated by this Agreement shall be given at the addresses set forth below. Notices shall be in writing and shall be deemed given: (i) five business days after being deposited in the United States Mail, Registered or Certified Mail, Return Receipt Requested; or (ii) when delivered by a nationally recognized private delivery service (e.g., FedEx or UPS) with evidence of delivery signed by any person at the delivery address. Each Party may change its address by written notice to the other Parties in accordance with this section.

Landowner
Lennar Homes of Texas Land and
Construction Ltd.
Attn: Richard Maier
13620 N. FM 620 Bldg. "B"
Austin, Texas 78717

City
City of Austin, Texas
Attn: City Treasurer
P.O. Box 1088
Austin, Texas 78767

B. Parties in Interest. In the event of the sale or transfer of Assessed Property in Improvement Area #1 or any portion thereof, the purchaser or transferee shall be deemed to have

EXHIBIT C

assumed the obligations of the Landowner with respect to such property or such portion thereof, and the seller or transferor shall be released with respect to such property or portion thereof.

C. Amendments. This Agreement may be amended only by a written instrument executed by all the Parties.

D. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

E. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Agreement and the application of such provision to other persons and circumstances shall nevertheless be valid, and this Parties hereby declare that this Agreement would have been enacted without such invalid provision.

[SIGNATURE PAGES TO FOLLOW]

DRAFT

EXHIBIT C

EXECUTED by the Parties on the dates stated below.

THE CITY OF AUSTIN, TEXAS

By: _____
Spencer Cronk, City Manager

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

BEFORE ME, a Notary Public, on this day personally appeared, by Spencer Cronk, City Manager of the City of Austin, a Texas municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed on behalf of that municipal corporation.

GIVEN UNDER MY HAND AND SEAL of office this _____ day of _____, 2018.

(SEAL)

Notary Public, State of Texas

EXHIBIT C

LANDOWNER:

**LENNAR HOMES OF TEXAS LAND AND
CONSTRUCTION, LTD.,**
a Texas limited partnership

By: Lennar Texas Holding Company
a Texas limited liability company,
its General Partner

By: _____

Name: _____

Title: _____

THE STATE OF TEXAS
COUNTY OF DALLAS

THIS INSTRUMENT is acknowledged before me on this ____ day of _____, 2018, by
_____, as _____ of Lennar Texas Holding Company, general partner of
Lennar Homes of Texas Land and Construction, Ltd.

[SEAL]

Notary Public, State of Texas

EXHIBIT C

EXHIBIT A

2018 Amended and Restated Service and Assessment Plan

DRAFT

**CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of [December 1], 2018 (this "Disclosure Agreement") is executed and delivered by and between the City of Austin, Texas (the "Issuer") and U.S. Bank National Association (the "Dissemination Agent"), with respect to the Issuer's "Special Assessment Revenue Bonds, Series 2018 (Estancia Hill Country Public Improvement District Improvement Area #1)" (the "Bonds"). The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Amended and Restated Indenture of Trust dated as of [December 1], 2018, relating to the Bonds (the "Indenture"), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Administrator" shall mean the employee or designee of the Issuer who shall have the responsibilities provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

"Annual Collection Costs" shall have the meaning assigned to such term in the Indenture.

"Annual Financial Information" shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Annual Installment" shall have the meaning assigned to such term in the Indenture.

"Annual Issuer Report" shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Assessments" shall have the meaning assigned to such term in the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee.

EXHIBIT D

"Disclosure Agreement of Landowner" shall mean the Continuing Disclosure Agreement of the Landowner dated as of [December 1], 2018 executed and delivered by the Landowner and the Dissemination Agent and relating to the Bonds.

"Disclosure Representative" shall mean the City Treasurer of the Issuer or his or her designee, or such other officer or employee as the Issuer, may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean Estancia Hill Country Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

"Fiscal Year" shall mean the calendar year from October 1 through September 30.

"Improvement Area #1" means Improvement Area #1 of the Estancia Hill Country Public Improvement District established by the Issuer and related to the Bonds.

"Landowner" shall mean SLF III - Onion Creek, L.P., a Texas limited partnership, and its successors and assigns.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"Limited Offering Memorandum" shall mean that Limited Offering Memorandum dated [December 13], 2018 prepared in connection with the Issuance of the Bonds.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Outstanding" shall have the meaning assigned to such term in the Indenture.

"Owner" shall mean the registered owner of any Bonds.

"Participating Underwriter" means FMSbonds, Inc., and its successors and assigns.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Service and Assessment Plan" shall have the meaning assigned to such term in the Indenture.

EXHIBIT D

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax liability.

"Trustee" shall mean U.S. Bank National Association or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, commencing with the Fiscal Year ending September 30, 2018, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report, if audited financial statements are not available by that date; provided, however, if the audited financial statements are not complete within such period, then the Issuer shall provide unaudited financial statements within such period. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (and of the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Issuer Report pursuant to this paragraph. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than ten (10) days prior to the date specified in Section 4 of this Disclosure Agreement for providing the Annual Issuer Report to the MSRB, the Issuer shall either:

(i) Provide the Annual Issuer Report to the Dissemination Agent. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than the date specified in Section 4 of this Disclosure Agreement for providing the Annual Issuer Report to the MSRB. If by the fifth (5th) day before the filing date required under Section 4 of this Disclosure Agreement, the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the filing date required under Section 4 of this Disclosure Agreement; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report within the time required under this Disclosure Agreement, state the date by which the Annual Issuer Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB, no later than six months after the end of each Fiscal Year; provided further, however, that in the event the Disclosure Representative fails

EXHIBIT D

to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day of the six month period after the end of the Fiscal Year. Or,

(ii) Notify the Dissemination Agent that the Issuer will provide or cause to be provided the Annual Issuer Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a report certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2nd) Business Day prior to the six month period after the end of the Fiscal Year. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day of the six month period after the end of the Fiscal Year.

(c) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a);

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file, the following:

(a) Not later than six months after the end of each Fiscal Year (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts securing the Bonds.

(ii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update").

(iii) Listing of any property or property owners in the District representing more than fifteen percent (15%) of the levy of Assessments; the amount of the levy of Assessments against

EXHIBIT D

such landowners, and the percentage of such Assessments relative to the entire levy of Assessments within the District, all as of the October 1 billing date for the succeeding Fiscal Year.

(iv) The total amount of Annual Installments assessed and collected during such Fiscal Year, together with the amount of Assessments prepaid during such Fiscal Year.

(v) The amount of Assessments collected from the property owners during such Fiscal Year.

(vi) The amount of Assessments delinquent greater than six months, one year and two years, and, if delinquencies amount to more than five percent (5%) of aggregate amount of Assessments due in any year, a list of property owners whose Assessments are delinquent.

(vii) The amount of delinquent Assessments by Fiscal Year: (1) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted); (2) which are currently subject to foreclosure proceeding which have not been concluded; (3) which have been reduced to judgment but not collected; (4) which have been reduced to judgment and collected; and (5) the result of any foreclosure sales of assessed property within Improvement Area #1 if the assessed property represents more than three percent (3%) of the total amount of Assessments.

(viii) The principal and interest paid on the Bonds during the most recent Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.

(ix) Any changes to the methodology for levying the Assessments in Improvement Area #1 since the report of the most recent Fiscal Year.

(x) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements are not included with the financial information provided under subsection 4(a) above, unaudited financial statements shall be included with such financial information within the time period specified.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

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SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan

EXHIBIT D

of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to immediately file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer provided such notice is delivered to the Dissemination Agent by 2:00 P.M. central standard time on any such day. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Day of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8, 10, 13, or 14 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB.

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SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be U.S. Bank National Association.

SECTION 8. Administrator. The Issuer may, from time to time, appoint or engage an Administrator or successor Administrator to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Administrator, with or without appointing a successor Administrator. Initially and if at any other time during the term of this Disclosure Agreement there is not any other designated Administrator, the Issuer shall be the Administrator.

SECTION 9. Amendments; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

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In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Landowner by the Landowner, and a default under the Disclosure Agreement of Landowner by the Landowner shall not be deemed a default under this Disclosure Agreement by the Issuer.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Landowner or from Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including

EXHIBIT D

attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

(b) The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such

EXHIBIT D

illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent agrees that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Amended and Restated Service and Assessment Plan. The Dissemination Agent has entered into a separate agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Anti-Boycott Verification. The Dissemination Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, does not boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent and exists to make a profit.

SECTION 20. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

EXHIBIT D

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Dissemination Agent and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Dissemination Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent and exists to make a profit.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow]

DRAFT

EXHIBIT D

CITY OF AUSTIN, TEXAS

By: _____
Mayor

DRAFT

EXHIBIT D

U.S. BANK NATIONAL ASSOCIATION
(as Dissemination Agent)

By: _____
Authorized Officer

DRAFT

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF ISSUER

EXHIBIT D

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT

Name of Issuer: City of Austin, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2018
(Estancia Hill Country Public Improvement District
Improvement Area #1)
CUSIP Nos. [insert CUSIP NOS.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Austin, Texas, has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated [December 1], 2018, between the Issuer and U.S. Bank National Association, as "Dissemination Agent". The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by _____.

Dated: _____

U.S. Bank National Association
on behalf of the City of Austin, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Austin, Texas

EXHIBIT D

EXHIBIT B

**CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP NOS: [insert CUSIP NOs.]

DISSEMINATION AGENT

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

*Excluding Audited Financial Statements of the Issuer

EXHIBIT D

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

Bonds (Principal Balance)

Funds and Accounts [list]

TOTAL ASSETS

LIABILITIES

Outstanding Bond Principal

Outstanding Program Expenses (if any)

TOTAL LIABILITIES

EQUITY

Assets Less Liabilities

Debt to Value Ratio

Form of Accounting ☐ Cash ☐ Accrual ☒ Modified Accrual

ITEMS REQUIRED BY SECTION 4(a)(ii) - (x)

[Insert a line item for each applicable listing]

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EXHIBIT D

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments Delinquent if not received
March 10	40	Issuer forwards payment to Trustee for all collections received as of the last day of February, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware of actual and specific delinquencies
March 15	45	Issuer should be aware if Reserve Fund needs to be utilized for debt service payment on May 1. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.
		Issuer should also be aware if, based on collections, there will be a shortfall for November payment.
		Issuer and/or Administrator should determine if previously collected surplus funds plus actual collections will be fully adequate for debt service in May and November.
		At this point, if total delinquencies are under 5% and if there is adequate funding for May and November payment, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties Reserve Fund payment to Bond Fund may be delinquent by more than one year or if the

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures are subject to adjustment by the Issuer.

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delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.

If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full May and November payment, the collection-foreclosure procedure will proceed against all delinquent properties.

May 1

90

Trustee pays bond interest payments to bondholders.

Reserve fund payment may be required if Assessments are below approximately 50% collection rate.

Dissemination Agent to notify MSRB if Reserve Fund utilized for debt service.

Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.

May 5

95

Issuer to notify Dissemination Agent for disclosure to MSRB of all delinquencies.

If any property owner with ownership of property responsible for more than \$10,000 of the Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the May or November bond payments, the City Treasurer shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Assessments.

June 15

135

Preliminary Foreclosure activity commences.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

July 1

150

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the

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		Issuer commence foreclosure or provide plan for collection.
July 15	165	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 1 (day 180).
August 1	180	Foreclosure action to be filed with the court.
August 15	195	Issuer notifies Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
September 1	210	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify MSRB and the Issuer that it is appropriate to file action.

A committee of not less than 25% of the Owners may request a meeting with the City Manager or Assistant City Manager to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day 30 if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed 5%, Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Assessments.